CABINET

Date: 18 July 2022

Subject: Financial Report 2022/23 – Period 2 May 2022

Lead officer: Roger Kershaw

Lead member: Councillor Billy Christie

Recommendations:

A. That Cabinet note the financial reporting data for month 2, May 2022, relating to revenue budgetary control, showing a forecast net adverse variance at 31 May on net expenditure of £4,951m when corporate and funding items are included.

B. That Cabinet note the contents of Section 5 and Appendix 5b of the report and approve the adjustments to the Capital Programme in the Table below:

	Budget 2022-23	Budget 2023-24	Narrative
	£	£	
Environment and Regeneration			
Highways & Footways - Highways bridges & structures	(365,950)	365,950	Reprofiled in line with projected spend
Highways & Footways - Culverts	(208,370)	208,370	Reprofiled in line with projected spend
Wimbledon Area Regeneration - Wimb Public Realm Implement	(805,110)	475,110	Reprofiled in line with projected spend
Wimbledon Area Regeneration - Wimb Vill Herit Led Pblc Realm	(750,000)	750,000	Reprofiled in line with projected spend
Wimbledon Area Regeneration - Wimbledon Hill Rd	330,000		Sub Project of Wimb. Public Realm
Total	**(1,799,430)**	**1,799,430**	

C. That Cabinet ask CMT to investigate and report back on measures to reduce the adverse variance, recognising that CSF have set some actions out already in Section 4.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the Period 2 monitoring report for 2022/23 presented in line with the financial reporting timetable.

This financial monitoring report provides -

1.1.1 A full year forecast projection as at period 2.
1.1.2 An update on the financial impact of Covid-19
1.1.3 An update on the capital programme and detailed monitoring information;
1.1.4 An update on Corporate Items in the budget 2022/23;
1.1.5 Progress on the delivery of the 2022/23 revenue savings

2. THE FINANCIAL REPORTING PROCESS

2.1 The Council's services are still 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 continues to be monitored closely given its impact on service delivery. Inflationary pressure in the supply of goods and services to the Council, energy costs, cost of borrowing and potential wage increases against budget add to the Council's financial challenges in 2022/23 and future years.

2.2 There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored. CSF are forecasting a £10.7m deficit at the year end which is an improvement on the 2021/22 deficit of £13.5m. The pressures on this budget stem from three areas, staffing, transport and placements. We are currently 2 months into a 5 year recovery plan as agreed with the DFE and we expect to see significant improvements in this area as the plan starts to have a positive impact.

2.3 Chief Officers, together with budget managers with support from Service Financial Advisers are responsible for keeping budgets under 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. 2022/23 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 2 (to 31 May 2022), the year-end forecast is a net adverse variance of £6.938m on Net Service Expenditure; a favourable variance of £1.580m on Corporate Provisions; and a small adverse variance of £0.022m relating to Covid-19. A summary is provided on the following details and more detailed analysis by Department is set out in Section 4 of the report.

Summary Position as at 31st May 2022

	Current Budget 2022/23 £000s	Year to Date Budget (May) £000s	Year to Date Actual (May) £000s	Full Year Forecast (May) £000s	Forecast Variance at year end (May) £000s	Outturn variance 2021/22 £000s
Department						
Corporate Services	29,549	4,907	6,512	30,086	537	645
Children, Schools and Families	60,986	10,880	7,556	62,629	1,643	2,426
Community and Housing	66,376	13,722	13,822	66,193	(185)	(699)
Environment & Regeneration	12,052	1,443	(7,042)	16,563	4,512	3,431
Overheads	(431)			0	431	
NET SERVICE EXPENDITURE	**168,532**	**30,952**	**20,848**	**175,471**	**6,938**	**5,803**
Corporate Items						
Impact of Capital on revenue budget	11,066	11,066	694	11,066	0	(235)
Other Central budgets	(13,281)	663	238	(14,861)	(1,580)	(17,298)
Levies	988	82	241	988	0	0
TOTAL CORPORATE PROVISIONS	**(1,227)**	**11,811**	**1,173**	**(2,807)**	**(1,580)**	**(17,533)**
Covid-19	**0**			**0**	22	**176**
TOTAL GENERAL FUND	**167,305**	**42,764**	**22,021**	**172,664**	**5,380**	**(11,730)**
FUNDING						
Revenue Support Grant	(5,350)	-446	-963	-5,350	0	0
Business Rates	(32,380)	0	(1,716)	(32,380)	0	0
Other Grants	(25,602)	(2,133)	(5,039)	(25,602)	0	0
Council Tax and Collection Fund	(103,973)	0	0	(103,973)	0	0

COVID-19 emergency funding	0	0	0	(2,498)	(429)	710
Income compensation for SFC	0	0	0	0	0	
FUNDING	**(167,305)**	**(2,579)**	**(7,718)**	**(169,803)**	**(429)**	**710**
NET	**0**	**40,184**	**14,303**	**7,313**	**4,951**	**(11,020)**

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 ongoing situation continues to make forecasting difficult as it is unclear if or when some service areas will see activity return to pre-Covid levels.

Covid Expenditure

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

Income shortfall

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

Savings unachieved

Departmental budgets are adjusted for the agreed savings targets for 2022/23 as part of the budget setting process. The savings which are now under pressure due to inflation and other factors are included in the forecast of the departments. This is inclusive of 2021/22 savings which are still under pressure where they have not been adjusted for. Further details are set out in Appendices 6 and 7.

Cashflow

The Covid-19 outbreak created pressure on the council's cash-flow, but the position has stabilised since the middle of 2021. Through prudent treasury cash flow management, the Council continues to meet any additional expenditure from its cash in balances in the bank and primarily from liquid cash balances held in Money Market Funds (MMFs).

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.

Since December 2021, the Bank of England has steadily increased the base rate from 0.10% to 1.25% in June 2022. Further increases are expected given the current forecasts for inflation and the Bank's overarching brief to bring inflation down to 2.0% over the medium-term. As a result of this policy the Council can expect to receive additional interest income on deposits, although much of this additional income has already been expected in the 2022/23 budget.

The Council still has a strong position on its liquidity and where the opportunity arises places excess cash in short-term deposits to generate income.

Cash flow is monitored daily, and the current forecast shows the Council has sufficient funds to meet its payment needs going forward over the medium term, but there still is a concern over the longer term in the context of the DSG deficit, subject to the use of Safety Valve funding. However, if a cash shortfall occurs, the Council has the option to borrow from the market to meet its needs.

4. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	Current Budget £000	Full year Forecast (May) £000	Full Year Forecast Variance (May) £000	Outturn Variance 2021/22 £000
Customers, Policy & Improvement	5,486	4,805	(681)	(191)
Infrastructure & Technology	12,709	13,179	470	80
Corporate Governance	2,220	2,249	29	141
Resources	5,903	6,342	440	13
Human Resources	2,154	2,348	195	214
Corporate Other	1,077	1,162	85	388
Total (Controllable)	**29,549**	**30,086**	**538**	**645**

Overview

The department is currently forecasting an adverse variance of £538k at year end.

Customers, Policy and Improvement - £681k favourable variance

The favourable variance is primarily due to various vacancies during the year, such as (£556k) anticipated underspends on consultants' budget within Customer Contact, (£127k) in the AD and Programme Office budgets (£23k). The Voluntary Sector Coordination budget also has a favourable variance of (£44k) on grants expenditure.

The Registrars service achieved a favourable variance of (£80k) due to the strong recovery of income levels following the cessation of Covid restrictions in the previous financial year.

Additional favourable variances include (£26k) due to an over-achievement against the cash collection saving, (£13k) in the Community Engagement team and (£10k) in the Complaints team due to staffing underspends and various running costs less than budget.

Partially offsetting the favourable variances are the Press and PR budget which has a £144k adverse variance owing to the use of agency staff and New Priorities. There is also a net adverse variance of £36k in the Translations services due to under-achievement against the income budget as external demand remains low and a £7k adverse variance in the Policy and Strategy team partly due to the use of agency staff.

Infrastructure & Technology - £470k 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 £208k on the Corporate Print Strategy and £105k on the PDC (Chaucer Centre). These are reviewed throughout the year and adjusted 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 £103k 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 (£36k adverse) due to 2020/21 savings for reducing cleaning in corporate buildings remaining unachievable within the current circumstances. A further £45k 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.

Additional adverse variances include £101,044 - Commercial Services were part funded by MIB and funds will run out in October. Forecast relates to current staffing level to end of year. Awaiting the implementation of the recommendations of the recent review. AD – IT is also forecasting an adverse variance of £79k owing to the use of agency staff and £25k on security services.

There are also multiple favourable variances within the division, such as on the Microsoft EA (Enterprise Agreement) which is forecast less than budgeted by £148k, £29k on IT Service delivery, £24k in Safety Services due to recruitment lag as well as contingency not expected to be required in year and the Business Systems Team is also forecasting a £29k favourable variance.

Postal Services £80k forecast underspend relates to income forecast from postal recharges. This offsets the forecast overspends on Printing and Photocopying where income targets are not expected to be achieved.

Corporate Governance – £29k adverse variance

SLLp (South London Legal Partnership) is currently forecasting a £889k deficit overall, £144k is forecast to be LBM's share. The variance in SLLp is largely due to a 13% reduction in income projection from chargeable hours. In the last two months, the service has done less chargeable work for the boroughs and has been prudent in their forecast. This will be reviewed and updated to reflect any changes in chargeable work.

Resources - £440k adverse variance

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 £208k (inclusive of the shared service element) as a result of unachieved income which will be monitored as the circumstances around the pandemic improve and the service is able to operate more fully. The Local Taxation Service has a £268k adverse variance due to anticipated under recovery on the court fees.

The Corporate Accountancy service is forecasting a £10k adverse variance. A further adverse variance of £55k is forecast on insurance premiums and £56k on pensions. Even though six schools moved out of the council cover, the insurance premium did not change significantly. The service is currently working on the open claims and are planning to reduce the annual insurance provision to the insurance fund to mitigate 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 £19k adverse variance owing to salary budget pressure as well as revenue costs for upgrading the financial system planned for later this year.

Within the Benefits Administration services is a £116k favourable variance is largely due to grant receipts from DWP.

Additional adverse variances within the team include £35k on the budget management team due to maternity cover, and £10k on Local welfare support.

Favourable variances within Resources include £14k on the Director of Corporate Services budget due to consultants and subscription budgets not required in year. The Support team within Revenues and Benefits has £19k favourable variances mainly against staffing costs and £12k on business rates.

Human Resources – £195k adverse variance

This adverse variance is primarily due to agency cover in place against the AD budget (£155k variance), HR Business partnerships (£28k) and staff side budget resulting from maternity leave (£12k).

Additionally, there is an adverse variance of £30k relating to the HR Transactions budget for the shared payroll system and iTrent client team charges from Kingston and £10k within Payroll services.

Corporate Items - £85k adverse variance

A favourable variance in the budget for cost of elections is partially offset by an adverse variance due to £75k spend on Project Chaplin.

Environment & Regeneration

Environment & Regeneration	2022/23 Current Budget £000	Full year Forecast (May) £000	Forecast Variance at year end £000	2021/22 Outturn Variance £000
Public Protection	(15,606)	(12,055)	3,551	4,142
Public Space	17,580	17,928	348	157
Senior Management	1,340	1,350	10	(192)
Sustainable Communities	8,737	9,340	603	(675)
Total (Controllable)	**12,051**	**16,563**	**4,512**	**3,431**

Description	2022/23 Current Budget £000	Forecast Variance at year end (May) £000	2021/22 Variance at year end £000
Regulatory Services	608	258	38
Parking Services	(17,493)	3,278	4,181
Safer Merton & CCTV	1,278	15	(77)
Total for Public Protection	**(15,606)**	**3,551**	**4,142**
Waste Services	15,265	(108)	390
Leisure & Culture	572	272	(210)
Greenspaces	2,428	113	(93)
Transport Services	(685)	71	70
Total for Public Space	**17,580**	**348**	**157**
Senior Management & Support	1,340	10	(192)
Total for Senior Management	**1,340**	**10**	**(192)**
Property Management	(2,724)	(118)	(708)
Building & Development Control	7	321	335
Future Merton	11,545	400	(303)
Total for Sustainable Communities	**8,737**	**603**	**(675)**
Total Excluding Overheads	**12,051**	**4,512**	**3,431**

Overview

The department is currently forecasting an adverse variance of £4,512k at year end. The main areas of variance are Regulatory Services, Parking Services, Leisure & Culture, Greenspaces, Property Management, Development & Building Control and Future Merton.

Public Protection

Regulatory Services adverse variance of £258k

The section has cumulative income savings of £135k relating to potential commercial opportunities. Since the pandemic, the focus has been redirected from income generation to Covid-19 service delivery and service improvement including a major IT project. The IT transition Project is scheduled for completion in the first quarter of 22/23 which will then allow some resources to refocus on income generation.

Actions to reduce the use of agency staff is forecast to create a favourable variance of £56k by year-end.

Although the service has seen an increasing in licensing income from alcohol licencing, temporary notices and massage/special treatment licences, the service is still forecasting an income shortfall of £120k. Current forecasts estimate an adverse variance against the trading standards income budget of £95k, environmental health-pollution £59k and health & safety £50k.

Parking Services adverse variance of £3,278k

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 £1.4m, £867k, and £1.1m, respectively. This is primarily due to a reduction in proposed income from across the various permit categories.

Other adverse variances within the service include skip licences £101k, supplies and services £59k and premises £43k. These adverse variances are being partially offset by a favourable variance on parking admin fee of £235k and third-party payments £21k.

It should be noted that the section has a £3,800k budget expectation relating to the review of parking charges, which began on the 14th of January 2020. The new charges were designed to influence motorists' behaviour and reduce the use of the motor car. The extent to which behaviour has been affected is masked by the impact of Covid-19, but work continues to try and better understand this. A recent review of the budget expectation has indicated a shortfall of £1,800k. 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 was not implemented until February 2022.

Public Space

Waste Services favourable variance of £108k

Included in this section are savings target of £104k (ENV2022-23 01) for disposal processing savings (Food Waste Recyclate). The service is projecting to deliver these savings.

The section is forecasting a favourable variance on disposal costs of (£122k). The current forecast is at par with last year's actuals and is despite changes to our residents' working arrangements, where we have seen a greater increase in the number of households now working from home post pandemic resulted in an increase in overall domestic waste across all kerbside collection services. This section will continue to be closely monitored and the service is currently supporting SLWP in the planning of the re-procurement of both Food and Garden waste processing services which currently expire this financial year.

Other favourable variances include (£157k) on the Council’s Environmental Enforcement services in respect of enforcing and issuing Fix Penalty Notices for littering, (£73k) on employee related spend and (£29k) on supplies and service.

These favourable variances are partly offset by an adverse variance of £56k which is being forecast in relation to its waste collection and street cleansing contract, because of agreed and necessary services being undertaken on our behalf by the service provider.

An adverse variance of £153k 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, 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. There is an additional variance of £141k being forecast against the SLWP management fee.

Leisure & Culture adverse variance of £272k

Due to the unprecedented increase in energy bills, the service is currently forecasting to spend double its leisure centre utilities budget resulting in a variance of £434k. The service is also projecting an under recovery on its water sports income from Wimbledon sailing base of £55k and an under recovery in lettings income of £35k.

These adverse variances are partly offset by the following favourable variances on employees (£159k) and supplies and services (£87k) resulting from the reduction in grants payments and social initiatives payments.

During the pandemic, Merton Council issued a loan of £575k to GLL to help it keep afloat. The payment terms offered to GLL were flexible, but to be repaid over the life of the contract, meaning that as GLL recovers financially from the impact of Covid, it can make staged payments.

Greenspaces adverse variance of £113k

The primary reason for the adverse variances is expected under recovery in HFL Canons income of £90k and expected under recovery in parks operations income of £58k.

The service also receives guaranteed cemeteries income for a service managed by Idverde. In addition to the guaranteed income, Merton Council was to receive a discount on the contract of £45k a year as it was predicted that other Councils would join the contract. Merton council was expecting an income of £15k for sports and £34k for adventure golf as well as any excess revenue share over and above the guaranteed income. As only Merton and Sutton were the only councils to join the partnership, this has meant that Merton and Sutton must forgo the discount, and there has been a suspension on golf and sports income.

The above has also resulted in Merton council having to forgo its portion of the excess revenue share from 2018/19 – 2020/21 of £501k.

Sustainable Communities

Future Merton adverse variance of £400k

The reason for the adverse variances on Highways Maintenance of £266k is mainly due to expected cost of reactive repairs but also some over-spend for 1) Bishopsford Bridge, 2) traffic signals (where TfL charge has increased), and 3) a small under achievement on JCD income (now only approx. £20k below target).

Additional adverse variances include Street Lighting £330k, due to the significant increase in energy costs, under recovery in income from Merantun £100k and £100k on Local Plan Fees.

The above adverse variances are partly offset by anticipated underspends on Temp traffic orders (£80k), CPZs (£70k) and streetworks/permitting (£61k).

Property Management favourable variance of £118k

The principal reason for the favourable variance relates to exceeding the commercial rental income expectations by £262k, 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 £142k due to an underspend being forecast on salaries against a budget of £314k.

This is being partially offset by an adverse variance of £112k on premises related expenditure, for example, building improvements, utilities, repairs & maintenance costs, and £166k 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 £321k

The adverse variance is primarily due to a £158k under recovery in Building control income and £343k adverse variance on employees. This adverse variance is partly offset by a £87k anticipated over recovery in Development Control income and £95k supplies and services underspend.

The staffing budget has been hugely underspent in past due to holding vacancies until a restructure. They are anticipating that they will spend up to the budget target as review starts next week and they will be filling all vacancies once reviewed. They have already got one agency person in who has started collecting income. Once they have a full team, they will then be generating more income but the impact of this will be known towards end of year.

The services expects that income will undoubtedly be higher than but have been prudent in calculating forecasts to avoid being overly optimistic early in the year.

Children Schools and Families

Children, Schools and Families (£000's)		2022/23 Current Budget		Full Year Forecast		Forecast Variance May		2022/23 Covid Forecast Impact		2021-22 Year Variance
Education										
Education Budgets	£	19,066	£	20,610	£	1,544	£	-	£	394
Depreciation	£	9,801	£	9,801	£	-	£	-	£	-
Other Education Budgets	£	135	£	135	£	-	£	-	-£	(114)
Education Services Grant	-£	(1,062)	-£	(1,062)	£	-	£	-	-£	(12)
Education Sub-total	**£**	**27,940**	**£**	**29,484**	**£**	**1,544**	**£**	**-**	**£**	**268**
Other CSF										
Child Social Care & Youth Inclusion	£	22,138	£	23,690	£	1,552	£	-	£	2,009
Cross Department	£	875	£	46	-£	(830)	£	-	£	-
PFI Unitary Costs	£	8,409	£	8,409	£	-	£	-	£	766
Pension and Redundancy Costs	£	1,624	£	1,000	-£	(624)	£	-	-£	(617)
Other CSF Sub-total	**£**	**33,046**	**£**	**33,145**	**£**	**98**	**£**	**-**	**£**	**2,158**
Grand Total	**£**	**60,986**	**£**	**62,629**	**£**	**1,642**	**£**	**-**	**£**	**2,426**

Summary

The department is forecasting an overspend of £1.642m as at period 2, compared to the year-end position of an overspend of £2.4m. It is very early in the year, but it is apparent that the trends seen on the latter part of 2021/22 are continuing.

The greatest impact on the forecast since April has been the continuing dependency on agency social workers, the high cost of social care placements, high levels of general inflation and rising fuel costs, which will impact across all budgets but is particularly hitting the costs of the transport and the PFI schools catering contract.
A number of actions are being put in place to try to pull back this forecast overspend:

- a recruitment campaign for social workers building on the recent OFSTED judgement;
- signing up to the London Pledge to try to stem the growth in agency social worker rates;
- all new agency staff requests for Children's Social Care to be agreed at CSC management team meetings;
- working with E&R to try to maximise the use of the bus fleet rather than taxis;
- developing more in-borough special places to reduce out of borough transport;
- a focus on transport in EHCP reviews and a focus on reviewing plans that include transport.

Mitigating action	Forecast impact £000
Agency staff recruitment	480
Transport (bus utilisation and policy)	68
PFI energy cost charge to PFI reserve	1,412
Total	**1,960**

Local Authority Funded Services (£000's)	Budget	May Variance	202122 Outturn Variance
Child Social Care and Youth Inclusion			
Senior Management	£ 303	£ 200	£ 429
Head of Help & Family Assessment	£ 3,070	-£ (676)	-£ (676)
Head of Family Support & Safeguarding	£ 4,560	£ 1,539	£ 2,019
Head of Corporate Parenting	£ 12,416	£ 1,061	£ 809
Head of Adolescent and Safeguarding	£ 1,789	-£ (572)	-£ (572)
CSC & Youth Incl Total	**22,138**	**1,552**	**2,009**
Education			
Contracts, Proc & School Org	£ 7,854	£ 1,474	£ 409
Early Years & Children Centres	£ 4,191	-£ (146)	-£ (311)
Education - School Improvement	£ 64	£ 16	-£ (1)
Education Inclusion	£ 1,775	-£ (10)	-£ (131)
Schools Delegated Budget	£ -	£ -	-£ (3)
SEN & Disability Integrat Serv	£ 2,151	£ 19	£ 49
Senior Management	£ 1,985	£ 172	£ 364
Policy, Planning & Performance	£ 829	£ 75	£ 75
Departmental Business Support	£ 216	-£ (57)	-£ (57)
Education Total	**£ 19,065**	**£ 1,543**	**£ 394**
Other CSF			
Joint Commissioning & Partnrsh	£ 875	-£ (830)	£ 0
PFI Unitary Charges	£ 8,409	£ -	£ 766
Depreciation	£ 9,801	£ -	-£ (0)
Other Education Budgets	£ 135	£ -	-£ (114)
Education Services Grant	-£ (1,062)	£ -	-£ (12)
Pension & Redundancy Costs	£ 1,624	-£ (624)	-£ (617)
Education Total	**£ 19,782**	**-£ (1,454)**	**£ 23**
LA Total	**£ 60,985**	**£ 1,641**	**£ 2,426**

Child Social Care & Youth Inclusion

The main pressures in Child Social Care & Youth Inclusion budget remain the dependency on and increasing cost of agency social workers and the cost of placements for looked alter children. Agency social work rates have been increasing steadily across London. By the end of last year hourly rates had increased by an average of £4ph and due to the restructuring of this division the use of agency social workers increased from 67 to 92. This situation has improved in the last month and at the end of May the number of agency staff had reduced to 66.

Merton has signed up to the London Pledge which will provide consistency and reduce risk of competitive high-cost agency staff spend. We are in the early days of the arrangements which is in place to ensure collaborative practice across boroughs in London. Future agency requirements will be agreed as CSC&YI management team meetings.

We are revising our recruitment campaign and are in discussions with sector lead agencies in devising a microsite to demonstrate the Merton offer in a more consistent and clear way, showcasing our offer to the workforce alongside celebrating the successes of Social Care in the borough. We are awaiting proposals from various agencies and will be looking to launch this quarter which will enable us to attract more permanent talent thereby reducing reliance on agency spend.

It is difficult to predict recruitment success in such a competitive labour market, but we have eight trainees who will be ready to start case holding in September and who will replace agency social workers. A prudent estimate is that this combined with moderate recruitment success has reduced the agency staff forecast by £480k part year effect with obviously greater impact in 2023/24.

The cost of residential placements remains a concern and the high level of general inflation is likely to make this worse over the coming period as providers settle pay claims. The forecast now includes the increased contribution to holiday periods in 52-week residential placements from social care as part of the DSG Safety Valve. A similar contribution is reflected in the Adult Social Care placement forecast (Community & Housing).

Education

The Education budget is facing significant pressures in the cost of transport. Although the Safety Valve programme is starting to have an impact, the number of children with an Education Health & Care Plan (EHCP) which includes home to school transport has been increasing and this was anticipated in the first year of the Safety Valve plan prior to more in borough provision coming online. COVID has reduced the number of taxi firms in the market, reducing competition. The shortage of drivers and increased fuel costs is pushing up the costs of all forms of transport. This is reflected in the increased from year-end in the forecast overspend from £0.39m to £1.6m. That forecast reflects the expected spike in transport needs in September with the start of the new school year.

We will be working with E&R to try to maximise the use of the bus fleet over taxis. We will be providing more local places with the opening of new special places in September which will reduce out of borough travel, although this is already factored into the forecast. We will apply the refreshed transport policy with new applications and through reviews. These additional actions have further mitigated the overspend by £68,000 part year effect.

Other CSF

There is a significant forecast pressure of £1.4m o the PFI schools catering contract caused by fuel and general inflation. However, this in year pressure has been mitigated by charging the overspend to the PFI reserve.

Dedicated Schools Budget (£000's)	Budget	May Variance	April Variance	202122 Outturn Variance
Education				
Contracts, Proc & School Org	£ 291	£ 12	£ -	-£ (16)
Early Years & Children Centres	£ 16,353	-£ (904)	£ -	-£ (3,348)
Education - School Improvement	£ 1,129	-£ (191)	£ -	-£ (41)
Education Inclusion	£ 1,504	-£ (6)	£ -	£ 99
SEN & Disability Integrat Serv	£ 17,476	£ 11,685	£ -	£ 13,899
Sub-total	**£ 36,753**	**£ 10,596**	**£ -**	**£ 10,593**
CSC & Youth Inclusion				
DSG - Child Social Care & Youth Incl	£ 44	-£ (2)	£ -	-£ (7)
Sub-total	**£ 44**	**-£ (2)**	**£ -**	**-£ (7)**
Schools Delegated Budget				
DSG Reserve	**£ -**	**£ -**	**£ -**	**-£ (2)**
Retained Schools Budgets	£ 2,828	-£ (218)	£ -	-£ (417)
Schools Delegated Budget	-£ (39,784)	£ 334	£ -	£ 3,387
Sub-total	**-£ (36,956)**	**£ 116**	**£ -**	**£ 2,967**
DSG Total	**-£ (159)**	**£ 10,710**	**£ -**	**£ 13,553**

Dedicated Schools Grant (DSG) and Safety Valve

The government has launched a Green Paper on SEND, which proposes some significant changes to the way those with SEND are supported. The Schools Bill also includes provision to try to ensure that mainstream schools are inclusive of those with SEND. The combination of the Green Paper, the Schools Bill and the two programmes are an acknowledgement from government that the SEND system is broken. A failure in funding keeping pace with demand and costs have combined with policy changes (such as the extension in responsibility to age 25) to leave the majority of authorities in England with rising demand and increasing deficits. Merton in particular has faced a high level of EHCPs and the impact of having a significant amount of expensive independent sector provision in the area.

Merton is already on a path to refresh our SEND offer and ways of working. Although there is naturally a focus on the deficit in the DSG and the DfE Safety Valve process, it is about rebalancing the system and meeting needs locally. The Merton programme is congruent with the Green Paper and means that we will be well set to implement the changes that will emerge from it.

Merton was invited to join the second tranche of the Safety Valve programme process in July 2021. The programme is a mechanism for the DfE to provide deficit funding to local authorities in recognition of the significant pressures. The agreement with the DfE in March 2022 commits them to £28.8m deficit funding, of which £11.6m has been paid upfront. The remainder will be paid over five years subject to meeting the agreement conditions. In return the Council has committed to delivering the plan against nine conditions and to reduce the deficit to zero with the DfE funding by the end of year five (March 2027). Although the agreement was not signed until March, work commenced in January on implementing the plan in recognition that the actions set out are necessary with or without DfE support.

A key part of the Merton SEND plan is the expansion of local maintained special school places. The preponderance of expensive independent special school provision is a major factor in our deficit and across southwest London and Surrey. We made clear that we would need additional capital to fulfil the need for more places and rapidly pulled together a bid as soon as the bidding round was opened. We were pleased to receive confirmation of £8.2m capital funding in June in addition to the £6.6m capital funding announced in April. This is in addition to £5.8m capital funding provided by the Council in 2021/22 and 2022/23. This will allow us to deliver 284 additional local special schools places starting with the Whatley Avenue annexe to Melrose School. Discussions with DfE about the proposed new special school will commence in July.

The Whatley Avenue annexe will open in September and the number of new Education Health & Care Plans (EHCPs) is stabilising. A review of all placements in independent sector special schools and negotiations with those providers is well underway. Work is also well advanced on enhancing the support that is ordinarily available to meet special needs in mainstream schools without the need for an assessment for an EHCP. Our partnership with our schools is key and we are working with them to promote inclusion and early support. We have recently submitted our first monitoring return which shows good progress against the plan and the nine conditions, and we await feedback.

Although we commenced work in January, formally we are only two months into the five year plan, but it is progressing. The plan commits the Council to balancing the DSG budget in year by 2027 but the DfE acknowledges that it will continue to run at a deficit until then. The forecast to year end of £10.7m is an improvement on the 2021/22 deficit if £13.5m, but we are working to reduce this further in year.

<u>**Community and Housing Summary Position**</u>

Community & Housing	2022/23 Current Budget £ 'M	2022/23 Full Year Forecast £ 'M (May)	2022/23 Full Year Variance £'M (May)	2022/23 Outturn Variance £'M (Mar'22)
Adult Social Care	60,517	60,097	(420)	(881)
Libraries and Heritage	2,499	2,507	8	105
Merton Adult Learning	4	4	0	0
Housing General Fund	3,519	3,746	227	77
Public Health	(162)	(162)	0	0
Total Favourable/ Unfavourable	66,377	66,192	(185)	(699)

Note. Figures highlighted in 'Red' = underspend

Adult Social Care

Adult Social Care is currently forecasting a favourable variance of £420k. The current position reflects an increase in gross placements since April as reflected in the movement in placements diagram below and the discharge activities provided later in this report.

Placement forecast for 2022/23 is based on Mosaic expenditure figures to May 2022 and income based on 2021/22 billing data. It should also be noted that the Financial Assessment Team has several vacancies, thus are experiencing a backlog of assessments currently and as a result is prioritising assessment for residential and other high-cost packages. This is intended to mitigate the risk of unrecoverable debt increasing. Recruitment to the vacant posts is in progress and despite the scarcity of experienced Financial Assessment Officers the service is confident, based on applications received, about being able to appoint.

Monthly Movements in Packages of Care April 2022 to May 2022

Month	New Customers	Deceased Customers	Customers No Longer Receiving a Service	Net Movement
April'22	53	-21		
May'22	43	-21		
Total	**96**	**-42**		
Annual Average 2021/22	**50**	**-17**	**-20**	**13**
Annual Average 2020/21	**37**	**-27**	**-17**	**-7**
Annual Average 2019/21	**34**	**-24**	**-24**	**-14**
Annual Average 2018/19	**36**	**-23**	**-25**	**-11**

The above table shows that there were 96 new customers to May 2022. The service is currently interrogating data to ascertain leavers to May and how many placements in terms of numbers and cost are due to Covid discharges since April 2022.

The sustained growth in out of hospital demand continues and has not returned to the pre-COVID levels as reflected in the forecasted placements expenditure to May 2022. In addition to this growth in demand, the service is facing significant provider inflation costs driven by a 6.6% increase in the minimum wage and high inflation in other costs areas such as food and fuel.

The service continues to interrogate the placement data to establish causes to spend patterns. Increased Hospital discharge pathway 1 (return to home) is a current primary driver where following hospital discharge, clients go on to need a longer-term homecare package once the 4 weeks discharge to assess period ceased. This has resulted in an increase pressure on the placement budgets.

This service has recently undertaken a recruitment drive to increase capacity for the Reablement team and implement a new reablement process as an analysis of this function showed that only 65% of client were triage through Reablement instead of the predicted 75%.

Discharge activity is expected to remain under severe pressure into 2022/23 as general hospital activity is at record levels, compounded by additional recent Covid admissions, together with an ever-growing backlog of elective procedures.

There is a requirement to maintain the Discharge to Assess model into 2022/23 but the funding for this is not yet announced. It is expected to come through the Better Care Fund, but it is not certain that it will be additional funding rather than a demand on existing funds.

Description of Pathways: -

Pathway 0- 50 % of Clients

- People discharged requring minimal support,or interventions from health and social care services.

Pathway 1- 45% of clients

- People who are discharged and able to return home with a new, additional or a restarted package of care.

Pathway 2- 4% of clients

- People who discharged with a short term intensive support package at a 24 hour bed based setting before returning home.

Pathway 3-1% of clients

- People who require 24 hours bed based care

Comparison of discharge activities between 2021/22 to May 2022

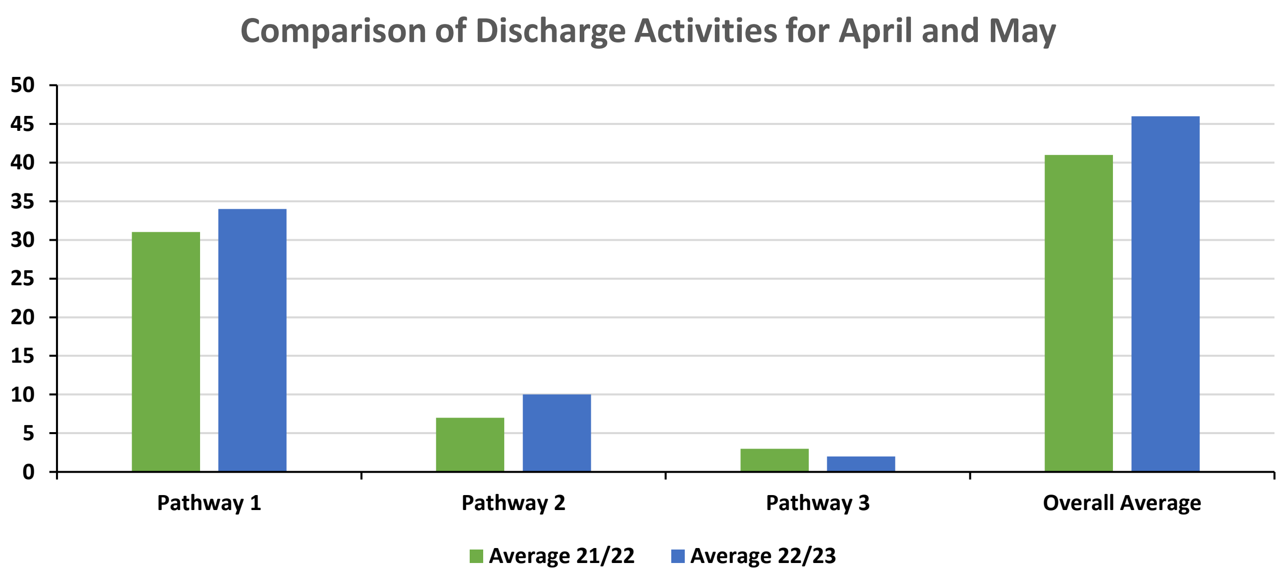
Discharge Activities April to May 2021/22

Week Commencing (2021/22)	Pathway 1	Pathway 2	Pathway 3	Grand Total
05/04	24	6	3	33
12/04	32	9	2	43
19/04	34	11	2	47
26/04	35	7	6	48
03/05	25	5	1	31
10/05	32	11	2	45
17/05	30	5	3	38
24/05	40	6	0	46
31/05	27	6	5	38
Grand Total	279	66	24	369
Average	**31**	**7**	**3**	**41**

Discharge Activities April to May 2022/23

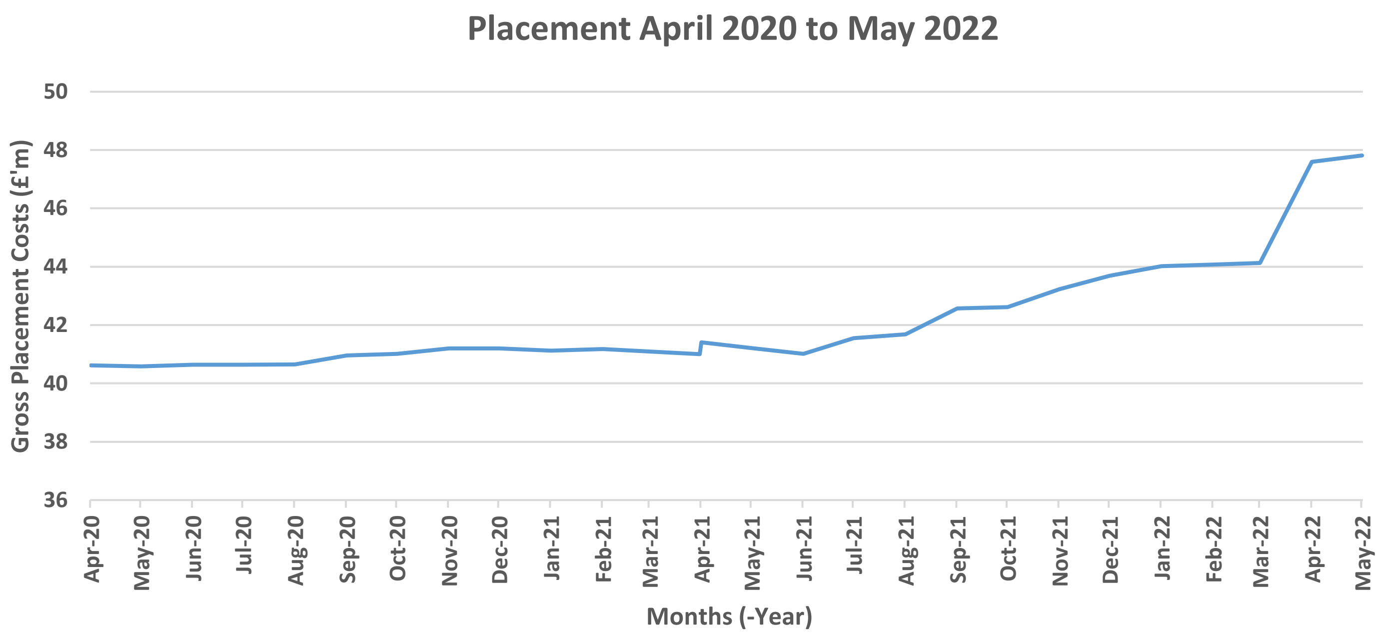
Week Commencing (2022/23)	Pathway 1	Pathway 2	Pathway 3	Grand Total
04/04	34	15	2	51
11/04	34	10	1	45
18/04	30	13	2	45
25/04	25	6	1	32
02/05	36	7	1	44
09/05	33	11	3	47
16/05	45	9	2	56
23/05	27	14	1	42
30/05	38	9	1	48
Grand Total	302	94	14	410
Average	**34**	**10**	**2**	**46**

Bar Chart depicting comparison of the average discharge activities between April to May 2021/22 and 2022/23



This shows the increase in Pathway 1 discharges and the overall increase in the average discharges as compared to April/May 2021/22. This is further reinforced by the graph below which shows an upward trend in gross cost of placements.

During 2021/22 the department alluded to an anticipated increase in numbers of customers needing care with corresponding increase in costs. It was also observed that that increase seems to be in the older people cohort, which could be due to the impact of the covid-19 pandemic, possibly the effects of long covid-19.



Adult Social Care Internal Provision –favourable Variance - £63k

Direct Provision is forecasting an underspend on staffing due to vacancies in day services and residential care which the service is reluctant to fill at this stage since it is not operating at full capacity. This will be kept under review as there might be a need to recruit if numbers increase at the centres. There is also currently a shortage of available bank staff to cover some residential shifts which has led to staff working overtime to ensure safe staffing levels. An additional amount has been added to budgets to cover utilities cost pressures.

Library & Heritage Service- Unfavourable Variance - £8k

This service is forecasting an unfavourable variance of £8k in May' 2022. This is due to the expected inflationary pressures in 2022/23 for utilities and security costs

Library & Heritage Services are now back to pre-pandemic levels of usage and a significant amount of work is being undertaken to increase income generation from the use of hireable spaces. Examples include recent long-term arrangements with Barclays and Catch 22.

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).

New funding streams are being allocated to enhance curriculum provision around mathematics (Multiply government initiative) and green skills. The service is in the process of awarding new provider contracts to support with some of this.

Housing General Fund- Unfavourable variance - £227k

This service is currently forecasting an unfavourable variance of £227k for May. Current unfavourable variance made up of an underspend on housing related support and overspend on Temporary Accommodation as the service continues to see a gradual increase in families in temporary accommodation in the borough.

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

Analysis of Housing and Temporary Accommodation Expenditure to May 2022

Housing	Total Budget 2022/23 £000	Forecast Expenditure (May'22) £'000	Forecast Variances (May'22) £'000	Outturn Variances (March'22) £000
Temporary Accommodation-Expenditure	2,544	4,026	1,482	1,346
Temporary Accommodation-Client Contribution	(140)	(330)	(190)	(177)
Temporary Accommodation-Housing Benefit Income	(2,087)	(3,274)	(1,187)	(465)
Temporary Accommodation-Subsidy Shortfall	322	1,577	1,255	838
Temporary Accommodation-Grant	0	(981)	(981)	(1,514)
Subtotal Temporary Accommodation	639	1,018	379	28
Housing Other Budgets	2,880	2,728	(152)	49
Total Controllable (Favourable)/Unfavourable Variance	3,519	3,746	227	77

Number of households in Temporary Accommodation in May 2022

Previous Financial Years (Month' Year)	Annual Numbers at Financial Year End
Mar'17	186
Mar'18	**165**
Mar'19	174
Mar'20	**199**
Mar'21	197
Mar'22	**230**

Total numbers in temporary accommodation (TA) in March 2022 was 230 which is an overall increase of 17% on March 2021.

Current Financial Years (Month' Year)	Numbers In	Numbers Out	Net Movement
Apr'22	18	15	233
May'22	28	7	**254**

The table above shows numbers in temporary accommodation (TA) to May 2022. This shows that net numbers in (TA) is increasing and as of May 2022 it is at the highest it has ever been but is significantly lower than neighbouring boroughs.

This is due to a combination of factors: -

1. Increase in demand
2. Fewer private sector rentals
3. Increase in numbers going in into TA but fewer are leaving those accommodation.

Feedback from other boroughs is that this situation is London wide and since January in some cases there has been a doubling of homelessness applications.

Public Health –Breakeven position

The service is forecasting a breakeven position In May 2022.

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. Current conversations are regarding inflationary increases for 2022/23 as the service is seeking to extend contract to 2023/24.

Covid-19 Related Programmes

The team will continue Covid-19 resilience programme and the refreshed Local Outbreak Management Plan (LOMP) which will be funded by the Contain Outbreak Management Fund (COMF) funding in 2022/23.

CORPORATE ITEMS

The details comparing actual expenditure up to 31 May 2022 against budget are contained in Appendix 1. COVID-19 corporate expenditure is again shown on a separate line, but it is intended that in future all Covid related expenditure will be charged to the appropriate service: -

Corporate Items	Current Budget 2022/23 £000s	Full Year Forecast May) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2021/22 £000s
Impact of Capital on revenue budget	**11,066**	**11,066**	**0**	**(235)**
Investment Income	(396)	(396)	0	(143)
Pension Fund	503	503	0	0
Pay and Price Inflation	6,076	7,046	970	(1,945)
Contingencies and provisions	20,444	17,894	(2,550)	(17,212)
Income Items	(4,223)	(4,223)	0	10
Appropriations/Transfers	(10,091)	(10,091)	0	1,972
Central Items	**12,312**	**10,732**	**(1,580)**	**(17,318)**
Levies	988	988	0	0
Depreciation and Impairment	(25,593)	(25,593)	0	20
TOTAL CORPORATE PROVISIONS	**(1,227)**	**(2,807)**	**(1,580)**	**(17,533)**
COVID-19 Emergency expenditure	0	22	22	235
TOTAL CORPORATE EXPENDITURE inc. COVID-19	**(1,227)**	**(2,785)**	**(1,558)**	**(17,298)**

Based on expenditure to 31 May 2022, a favourable variance of £1.558m including Covid (£1.580m excluding Covid) is forecast for corporate expenditure items. The reasons for the variance are: -

1. An adverse variance of £50k is forecast on the cost of providing the 2022 local government elections including making them Covid compliant

2. As a result of negotiations that led to signing the DSG Safety Valve Agreement at the end of 2021/22, a favourable variance of c.£6.5m of the budget provision towards the DSG deficit would not be needed. However, this is dependent on targets agreed including mitigations and actions to clear the DSG deficit by 2026/27 being achieved. The current DSG forecast is £3.9m over that planned and therefore only £2.6m is available. This is being kept under regular review to ensure that the Safety Valve payments due from the government are not at risk.

3. For 2022/23 the final pay award has not been agreed but provision of 2% was included in the MTFS (Medium Term Financial Strategy). The current high level of inflation and cost of living and pay negotiations in other public sector services indicate that the provision will not be sufficient. An adverse variance of £2.970m is therefore included in the forecast which assumes that the final pay award will be in the region of 5% due in part to the impact of increases in the National Living Wage. To mitigate this, it is assumed that a contribution of £2m will be made from reserves although it should be recognised that this is a one-off resource and the effects of the pay award will be ongoing.

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 22/23	Variance	Revised Budget 22/23	Current Budget 2023-24	Variance	Revised Budget 23/24	Current Budget 2024-25	Variance	Revised Budget 24/25	Current Budget 2025-26	Variance	Revised Budget 25/26
Corporate Services	8,145		**8,145**	19,463		**19,463**	4,755		**4,755**	12,427		**12,427**
Community & Housing	995		**995**	2,495		**2,495**	1,177		**1,177**	1,237		**1,237**
Children Schools & Families	8,772		**8,772**	6,928		**6,928**	8,737		**8,737**	3,479		**3,479**
Environment and Regeneration	17,343	(1,765)	**15,578**	8,183	1,799	**9,983**	6,349		**6,349**	22,923		**22,923**
Total	**35,255**	**(1,765)**	**33,489**	**37,069**	**1,799**	**38,869**	**21,018**	**0**	**21,018**	**40,066**	**0**	**40,066**

5.2 The table below summarises the position in respect of the 2022/23 Capital Programme as of May 2022. The detail is shown in Appendix 5a.

Capital Budget Monitoring - May 2022

Department	Actuals	Year to Date Budget	Variance	Final Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Corporate Services	146,015	0	146,015	8,145,170	8,145,170	0
Community and Housing	52,486	0	52,486	994,530	994,530	0
Children Schools & Families	172,060	(458,605)	630,665	8,771,520	8,771,520	0
Environment and Regeneration	630,682	0	630,682	15,577,940	15,577,940	0
Total	**1,001,244**	**(458,605)**	**1,459,849**	**33,489,160**	**33,489,160**	**0**

1. Corporate Services – budget managers are projecting full spend on all budgets.
2. Community and Housing – budget managers are projecting full spend on all budgets.
3. Children, Schools and Families – budget managers are projecting full spend on all budgets. The Melrose School expansion is a major scheme which completed at the end of February 2022, some three months later than programmed. The contract is subject to a series of cost claims by the contractor which are being considered line by line by the council's appointed project manager, quantity surveyor and the design consultant.
4. Environment and Regeneration – After the adjustments in the Table below budget managers are forecasting full spend on their budgets.

		Budget 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Narrative
Environment and Regeneration		£	£	£	£	
Highways & Footways - Highways bridges & structures	(1)	(365,950)	365,950			Reprofiled in line with projected spend
Highways & Footways - Culverts	(1)	(208,370)	208,370			Reprofiled in line with projected spend
Highways & Footways - Accessibility Programme		16,000				TfL (Transport of London) Funding
Highways & Footways - Casualty Reduction in Schools		12,000				TfL Funding
Cycle Route Improvements - Cycle Improve Residential Street		5,980				TfL Funding
Wimbledon Area Regeneration - Wimb Public Realm Implement	(1)	(805,110)	475,110			Reprofiled in line with projected spend
Wimbledon Area Regeneration - Wimb Vill Herit Led Plc. Realm	(1)	(750,000)	750,000			Reprofiled in line with projected spend

Wimbledon Area Regeneration - Wimbledon Hill Rd	(1)	330,000				Sub Project of Wimb. Public Realm
Total		**(1,765,450)**	**1,799,430**	**0**	**0**	

(1) Requires Cabinet approval

- Appendix 5c shows the revised funding of the proposed budget for 2022/23 and 2023/24
- The table below summarises the movement in the Capital Programme for 2022/23 since its approval in March 2022 (£000s):

Depts.	Original Budget 22/23	Net Slippage 2021/22	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 22/23
Corporate Services	8,522	5,454			161	(5,992)	**8,145**
Community & Housing	2,530	87			50	(1,673)	**995**
Children Schools & Families	6,441	888		2,287		(845)	**8,772**
Environment and Regeneration	15,118	3,489		787	273	(4,089)	**15,578**
Total	**32,611**	**9,919**	**0**	**3,074**	**484**	**(12,599)**	**33,489**

- The table below compares capital expenditure (£000s) to May 2022 to that in previous years':

Depts.	Spend To May 2019	Spend To May 2020	Spend to May 2021	Spend to May 2022	Variance 2019 to 2022	Variance 2020 to 2022	Variance 2021 to 2022
CS (Corporate Services)	95	10	(4)	146	51	136	150
C&H	65	36	82	52	(12)	17	(30)
CSF	693	(80)	404	172	(521)	252	(232)
E&R	110	238	815	631	521	393	(185)
Total Capital	**963**	**204**	**1,298**	**1,001**	**39**	**797**	**(296)**

Outturn £000s	23,161	16,930	21,776	
Budget £000s				33,489
Projected Spend May 2022 £000s				33,489
Percentage Spend to Budget				2.99%
% Spend to Outturn/Projection	4.16%	1.20%	5.96%	2.99%
Monthly Spend to Achieve Projected Outturn £000s				3,079

- May is two months of the way through the financial year and departments have spent just under 3.0% of the budget. Spend to date is higher than two of the last three previous financial years

Department	Spend To April 2022 £000s	Spend To May 2022 £000s	Increase £000s
CS	(4)	146	150
C&H	1	52	52
CSF	(114)	172	286
E&R	(575)	631	1,205
Total Capital	**(691)**	**1,001**	**1,693**

- During May 2022 officers spent just under £1.7 million, to achieve year end spend officers would need to spend approximately £3.1 million each month to year end. Finance officers will continue to review in detail the projected outturn with budget managers.
- On 17 June 2022, the Authority received notification that it will receive £8,270,367 safety net funding in addition to the £6,624,992 High Needs Grant announce earlier in the financial year. The DfE complimented officers on the strength of Merton's proposals and this is reflected in the Authority receiving everything it bid for. It is clear from the award that the DfE is expecting all the high needs allocation to be applied to the SEN expansions in the bid. Appendix 5d summarises the impact this and other amendments to the programme have on its funding.

1) CONSULTATION UNDERTAKEN OR PROPOSED

- All relevant bodies have been consulted.

2) TIMETABLE

- Following current financial reporting timetables.

3) FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- All relevant implications have been addressed in the report.

4) LEGAL AND STATUTORY IMPLICATIONS

- All relevant implications have been addressed in the report.

5) HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- Not applicable

6) CRIME AND DISORDER IMPLICATIONS

- Not applicable

7) RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

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

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

Appendix 1-	Detailed Corporate Items table
Appendix 2 –	Pay and Price Inflation
Appendix 3 –	Treasury Management: Outlook
Appendix 5a –	Current Capital Programme
Appendix 5b -	Detail of Virements
Appendix 5c -	Summary of Capital Programme Funding
Appendix 6-	Progress on Savings 2021/22
Appendix 7-	Progress on Savings 2022/23

8) BACKGROUND PAPERS

- Budgetary Control files held in the Corporate Services department.

9) REPORT AUTHOR

Name: Roger Kershaw

– Tel: 020 8545 3458

Email: roger.kershaw@merton.gov.uk

APPENDIX 1

3E.Corporate Items	Original Budget 2022/23 £000s	Current Budget 2022/23 £000s	Year to Date Budget May) £000s	Year to Date Actual (May) £000s	Full Year Forecast May) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2021/22 £000s
Cost of Borrowing	11,066	11,066	11,066	694	11,066	0	(235)
Use for Capital Programme						0	0
Impact of Capital on revenue budget	**11,066**	**11,066**	**11,066**	**694**	**11,066**	**0**	**(235)**
Investment Income	**(396)**	**(396)**	**(396)**	**(157)**	**(396)**	**0**	**(143)**
Pension Fund	**503**	**503**	**42**	**0**	**503**	**0**	**0**
Corporate Provision for Pay Award	3,468	2,076	173	0	3,046	970	(195)
Corporate Provision for National Minimum Wage	1,500	1,500	125	0	1,500	0	(1,500)
Provision for excess inflation	2,500	2,500	208	0	2,500	0	(250)
Pay and Price Inflation	**7,468**	**6,076**	**506**	**0**	**7,046**	**970**	**(1,945)**
Contingency	1,500	1,500	125	0	1,500	0	(488)
Bad Debt Provision	1,500	1,500	125	0	1,500	0	(2,397)
Loss of income arising from P3/P4	400	400	33	0	400	0	(200)
Loss of HB Admin grant	23	23	2	0	23	0	(23)
Apprenticeship Levy	450	450	38	109	450	0	(69)
Revenuisation and miscellaneous	6,028	6,028	502	286	6,078	50	(3,153)
Growth - Provision against DSG	10,543	10,543	879	0	7,943	(2,600)	(10,882)
Contingencies and provisions	**20,444**	**20,444**	**1,704**	**394**	**17,894**	**(2,550)**	**(17,212)**
Other income	0	0	0	0	0	0	10
CHAS IP/Dividend	(2,223)	(4,223)	(352)	(2,000)	(4,223)	0	0
Income items	**(2,223)**	**(4,223)**	**(352)**	**(2,000)**	**(4,223)**	**0**	**10**
Appropriations: CS Reserves	(2,167)	(2,167)	(181)	0	(2,167)	0	0
Appropriations: E&R Reserves	(1,314)	(1,314)	(109)	0	(1,314)	0	0
Appropriations: CSF Reserves	(300)	(300)	(25)	0	(300)	0	0
Appropriations: C&H Reserves	(104)	(104)	(9)	0	(104)	0	0
Appropriations:Public Health Reserves	(93)	(93)	(8)	0	(93)	0	0
Appropriations:Corporate Reserves	(8,112)	(6,112)	(509)	0	(6,112)	0	1,972
Appropriations/Transfers	**(12,091)**	**(10,091)**	**(841)**	**0**	**(10,091)**	**0**	**1,972**
Depreciation and Impairment	**(25,593)**	**(25,593)**	**0**	**0**	**(25,593)**	**0**	**20**
Central Items	**(822)**	**(2,215)**	**11,729**	**(1,068)**	**(3,795)**	**(1,580)**	**(17,533)**
Levies	**988**	**988**	**82**	**241**	**988**	**0**	**0**
TOTAL CORPORATE PROVISIONS	**166**	**(1,227)**	**11,811**	**(827)**	**(2,807)**	**(1,580)**	**(17,533)**
COVID-19 Emergency expenditure					22	**22**	**235**
TOTAL CORPORATE EXPENDITURE inc. COVID-19	**166**	**(1,227)**	**11,811**	**(827)**	**(2,785)**	**(1,558)**	**(17,298)**

Appendix 2

<u>Inflation & Pay Forecast at May 2022</u>

On 22 June it was announced by the Office for National Statistics that year-on-year inflation had increased to 9.1%, the highest rate in 40 years amid record prices for petrol and significant increases in the cost of food and energy.

The Consumer Prices Index (CPI) rose by 9.1% in the 12 months to May 2022, up from 9.0% in April. On a monthly basis, CPI increased 0.7% in May 2022, compared with 0.6% in May 2021. Rising prices for food and non-alcoholic beverages, compared with falls a year ago, resulted in the largest upward contribution to the change in both the CPIH and CPI 12-month inflation rates between April and May 2022. There were also large upward contributions to the annual inflation rate in May 2022 from housing and household services principally from electricity, gas and other fuels, and owner occupiers' housing costs and transport principally from motor fuels and second-hand cars.

The largest offsetting downward contributions to change in the rates were from recreation and culture and clothing and footwear.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 7.9% in the 12 months to May 2022, up from 6.2% in the 12 months to April.

The RPI rate for May 2022 was 11.7%, which is up from 11.1% in April.

Earlier in June the bank of England warned that inflation was on track to reach 11.0% later this year after allowing for further increases in gas and electricity prices.

The Council's Business Plan for the medium-term agreed at Council in March 2022 supported an increase of 2.5% in 2022/23 followed by further increases of 1.5% in each of the years 2023/24 to 2025/26. Each additional 1% of inflation adds c. £1.5m to the Council's expenditure. A provision for volatile prices is held corporately, with £2.5m provided for 2022/23 and a further £0.5m in each of the years 2023/24 to 2025/26.

<u>Pay and Price Inflation as of June 2022</u>
In 2022/23, the budget includes 2% for increases in pay and 2.5% for increases in general prices, with an additional amount of £2.5m which will be held to help services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 9.1% and RPI at 11.7% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

<u>Pay:</u>
For 2022/23 the final pay award has not been agreed but provision of 2% was included in the MTFS 2022-26.

On 6 June 2022, the three local government unions, UNISON, GMB and Unite, representing 1.4 million council and school employees, submitted a pay claim for staff in England, Wales and Northern Ireland.

The 2022 claim, which would apply from the start of April 2022, would see council employees receive either a £2,000 rise at all pay grades or the current rate of RPI (presently 11.7%), whichever is higher for each individual.

Given the current pressure that pay negotiations are under, and the continuing upward forecast for inflation in the coming months, it seems inevitable that the current 2% provision will not be sufficient and an award of 5% is more realistic and an unfavourable variance of c. £2.970m (3%) is currently forecast.

Pay growth has continued to strengthen in line with the sustained tightening in the labour market. Whole-economy average weekly earnings growth rose to 5.4% in the three months to February relative to a year ago, partly reflecting strength in bonuses. Private sector regular pay growth – which excludes bonuses – also rose, to 4.5%, stronger than expected in February. That translates to growth in Bank staff's estimate of underlying pay, which strips out estimates of compositional and furlough effects of around 4%. Since labour costs tend to make up a large proportion of costs for service sector firms, it is likely that the strength in pay growth can explain some of the recent rises in services inflation. Indicators of pay growth are above pre-Covid levels. HMRC data suggest that median pay growth – which is less affected by compositional effects – had already reached 5% in the three months to March. The KMPG/REC UK Report on Jobs permanent salaries index rose in February, close to its peak reached late last year. And the percentage of firms expecting pay growth of 3% or higher over the next 12 months in the Lloyds Business Barometer survey remains elevated, at over twice its pre-Covid level.

The Council's Business for the medium-term agreed at Council in March 2022 assumes pay increases of 2.0% in each of the years covered by the Plan (2022/23 - 2025/26).

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

	2022 Q2	**2023 Q2**	**2024 Q2**	**2025 Q2**
GDP	3.2 (3.2)	0.0 (1.2)	0.2 (1.0)	0.7
CPI inflation	9.1 (7.0)	6.6 (3.5)	2.1 (1.9)	1.3
LFS unemployment rate	3.6 (3.9)	3.9 (4.4)	4.6 (4.7)	5.5
Excess supply/**Excess demand**	**+½** (0)	-1¼ (-½)	-1¾ (-½)	-2¼
Bank Rate	1.0 (0.7)	2.5 (1.4)	2.4 (1.4)	2.0

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 (June 2022)			
2022 (Quarter 4)	Lowest %	Highest %	Average %
CPI	5.8	10.5	8.6
RPI	8.3	14.4	10.9
LFS Unemployment Rate	3.5	5.0	4.0
2023 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.6	8.1	3.0

RPI	1.9	9.6	4.1
LFS Unemployment Rate	3.2	4.8	4.1

Note the wide range between highest and lowest forecasts which reflects the volatility and uncertainty arising from volatile fuel and utility costs affecting on the cost of living and the difficulty of forecasting how the situation will evolve. Clearly where the level of inflation during the year exceeds the amount provided for in the budget, this will put pressure on services to stay within budget and will require effective monitoring and control.

Independent medium-term projections for the calendar years 2022 to 2026 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (May 2022)					
	2022	2023	2024	2025	2026
	%	%	%	%	%
CPI	7.5	4.2	2.5	2.6	2.5
RPI	9.1	5.9	3.6	3.9	4.1
LFS Unemployment Rate	4.0	4.0	3.9	3.8	3.8

APPENDIX 3

Treasury Management: Outlook

The Bank's Monetary Policy Committee (MPC) sets monetary policy to keep inflation low and stable, which supports growth and jobs. Subject to maintaining price stability, the MPC must also 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.

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

Key judgements and risks

The conclusions that the MPC reach in the May 2022 Monetary Policy Report are supported by the following Key Judgements: -

Key judgement 1: persistently higher global commodity prices and tradable goods prices from supply chain constraints, both accentuated by the invasion of Ukraine, lead to a sharp slowdown in world activity and push global consumer price inflation up further before their effects eventually dissipate.

Key judgement 2: the labour market tightens further in the near term before the slowdown in demand leads to a rise in unemployment and excess supply over the rest of the projection.

Key judgement 3: demand growth in the UK slows sharply over the first half of the projection, predominantly reflecting the adverse impact of higher global commodity and tradable goods prices.

Key judgement 4: the vast majority of the increase and subsequent fall in CPI inflation reflects the impact of external factors. Domestic price pressures rise further this year, as wage growth strengthens and companies rebuild their margins. The increase in excess supply moderates these forces such that inflation is close to the 2% target in two years' time and well below it in three years.

The Bank of England have made the following points about the current economic conditions

Global

Prior to the war, global GDP growth was slightly stronger than expected partly because Omicron weighed on activity by less than predicted. The build up to and subsequent Russian invasion of Ukraine has pushed up commodity prices further, lifted the outlook for global consumer price inflation, and led to a deterioration in the near-term outlook for global growth.

United Kingdom

At its meeting ending on 15 June 2022, the MPC voted by a majority of 6-3 to increase Bank Rate by 0.25 percentage points, to 1.25%.

The MPC outlined the background behind the decision as “the market implied path for Bank Rate had risen materially since the MPC’s previous meeting, reaching around 2.9% by end-2022 and peaking at 3.3% in 2023. This path continued to be higher than the expectations for Bank Rate of respondents to the Bank’s latest Bank of England Market Participants Survey, perhaps in part reflecting upside risks to the inflation outlook domestically and internationally. The sterling effective exchange rate had depreciated by around 2½% since the previous MPC meeting and by almost 4% compared to the 15-day moving average on which the May Monetary Policy Report projections had been conditioned. Sterling had been particularly weak against the US dollar”

The Chancellor of the Exchequer had announced a £15 billion Cost of Living Support package on 26 May. This had included: a direct one-off payment of £650 for households on means-tested benefits; a payment of £300 to pensioners; and a £150 Bank of England Page 5 payment to people on disability benefits. There had been a doubling of the universal rebate through the Energy Bills Support Scheme, providing an additional £200 to households. The Chancellor had also announced that the original £200 rebate would no longer have to be repaid in subsequent years. The announced measures took effect over the second half of this year, with additional payments for households receiving means-tested benefits starting as soon as July. The payments to Benefit recipients were skewed towards people on lower incomes. Taken together, and using standard fiscal multipliers, initial Bank staff analysis suggested that these measures were likely to boost GDP by around 0.3% and raise CPI inflation by 0.1 percentage points in the first year, with some upside risks around these estimates given the targeted and front-loaded nature of some of the measures.

Three members preferred a 0.5 percentage point increase in Bank Rate at this meeting. These members put a higher weight on the prospect of more resilience in demand or shortfalls in supply or both, such that cost and capacity pressures would remain relatively strong over the forecast period. These members also judged that monetary policy should lean strongly against risks that recent trends in pay growth, firms’ pricing decisions, and inflation expectations in the economy more widely would become more firmly embedded. Faster policy tightening now would help to bring inflation back to the target sustainably in the medium term and reduce the risks of a more extended and costly tightening cycle later. The MPC would take the actions necessary to return inflation to the 2% target sustainably in the medium term, in line with its remit. The scale, pace and timing of any further increases in Bank Rate would reflect the Committee’s assessment of the economic outlook and inflationary pressures. The Committee would be particularly alert to indications of more persistent inflationary pressures, and would if necessary act forcefully in response.

In its May Monetary Policy Report the MPC set out updated central projections for activity and inflation in the UK. The projections in the report are conditioned on a market-implied path for Bank Rate that rises to around 2½% by mid-2023, before falling to 2% at the end of the forecast period. Fiscal policy is assumed to evolve in line with announced Government policies. Wholesale energy prices are assumed to follow their respective futures curves for the first six months of the projections and remain constant beyond that, in contrast to futures curves, which are downward sloping over coming years. There are material risks around this assumption.

The MPC's forecast projections

	2022 Q2	2023 Q2	2024 Q2	2025 Q2
GDP	3.2 (3.2)	0.0 (1.2)	0.2 (1.0)	0.7
CPI inflation	9.1 (7.0)	6.6 (3.5)	2.1 (1.9)	1.3
LFS unemployment rate	3.6 (3.9)	3.9 (4.4)	4.6 (4.7)	5.5
Excess supply/**Excess demand**	**+½** (0)	-1¼ (-½)	-1¾ (-½)	-2¼
Bank Rate	1.0 (0.7)	2.5 (1.4)	2.4 (1.4)	2.0

Appendix 5a

Capital Budget Monitoring – May 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Capital	**1,001,244**	**(458,605)**	**1,459,849**	**33,489,160**	**33,489,160**	**0**
Corporate Services	**146,015**	**0**	**146,015**	**8,145,170**	**8,145,170**	**0**
Customer Contact Programme	0	0	0	468,000	468,000	0
Works to other buildings	44,131	0	44,131	1,189,720	1,189,720	0
Civic Centre	0	0	0	360,000	360,000	0
Invest to Save schemes	0	0	0	717,560	717,560	0
Business Systems	0	0	0	2,473,940	2,473,940	0
Social Care IT System	0	0	0	281,000	281,000	0
Disaster recovery site	9,792	0	9,792	94,080	94,080	0
Planned Replacement Programme	92,093	0	92,093	1,229,820	1,229,820	0
Acquisitions Budget	0	0	0	469,050	469,050	0
Westminster Coroners Court	0	0	0	862,000	862,000	0
Community and Housing	**52,486**	**0**	**52,486**	**994,530**	**994,530**	**0**
Telehealth	0	0	0	30,400	30,400	0
Disabled Facilities Grant	52,486	0	52,486	885,130	885,130	0
Major Projects - Social Care H	0	0	0	50,000	50,000	0
Major Library Projects	0	0	0	5,000	5,000	0
Libraries IT	0	0	0	24,000	24,000	0

Capital Budget Monitoring – May 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Children Schools & Families	**172,060**	**(458,605)**	**630,665**	**8,771,520**	**8,771,520**	**0**
Primary Schools						
Hollymount	0	0	0	4,200	4,200	0
West Wimbledon	(7,388)	0	(7,388)	158,610	158,610	0
Hatfield	67,296	0	67,296	85,290	85,290	0
Hillcross	0	0	0	220,110	220,110	0
Joseph Hood	0	0	0	81,120	81,120	0
Dundonald	2,500	0	2,500	36,080	36,080	0
Merton Abbey	0	0	0	8,610	8,610	0
Merton Park	(809)	0	(809)	14,500	14,500	0
Pelham	(879)	0	(879)	126,000	126,000	0
Poplar	0	0	0	40,000	40,000	0
Wimbledon Chase	(2,371)	0	(2,371)	185,390	185,390	0
Wimbledon Park	19,030	0	19,030	164,130	164,130	0
Abbotsbury	0	0	0	137,000	137,000	0
Malmsbury	0	0	0	47,000	47,000	0
Morden	(2,219)	0	(2,219)	75,000	75,000	0
Bond	0	0	0	52,000	52,000	0
Cranmer	5,061	0	5,061	250,830	250,830	0
Gorringe Park	0	0	0	60,000	60,000	0
Haslemere	0	0	0	251,740	251,740	0
Liberty	(487)	0	(487)	80,490	80,490	0
Links	(2,739)	0	(2,739)	114,850	114,850	0
Singlegate	0	0	0	145,000	145,000	0
St Marks	(2,739)	0	(2,739)	68,760	68,760	0
Lonesome	(1,665)	0	(1,665)	161,280	161,280	0
Sherwood	(2,350)	0	(2,350)	150,150	150,150	0
William Morris	(3,170)	0	(3,170)	18,420	18,420	0
Unlocated Primary School Proj	0	(576,520)	576,520	425,300	425,300	0

Appendix 5a

Capital Budget Monitoring – May 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Secondary						
Harris Academy Morden	0	0	0	135,000	135,000	0
Harris Academy Merton	0	0	0	34,170	34,170	0
Raynes Park	0	0	0	76,000	76,000	0
Ricards Lodge	0	0	0	21,610	21,610	0
Rutlish	13,964	0	13,964	23,080	23,080	0
Harris Academy Wimbledon	0	0	0	14,940	14,940	0
SEN						
Perseid	(41,126)	0	(41,126)	399,490	399,490	0
Cricket Green	(15,000)	0	(15,000)	46,120	46,120	0
Melrose	(31,606)	0	(31,606)	97,000	97,000	0
Melrose Whatley Ave SEN	65,982	0	65,982	0	0	0
Unlocated SEN	11,332	0	11,332	2,972,940	2,972,940	0
Melbury College - Smart Centre	0	0	0	131,360	131,360	0
Medical PRU	42,489	0	42,489	461,700	461,700	0
Mainstream SEN (ARP)	0	0	0	397,910	397,910	0
Other						
CSF Safeguarding	0	0	0	152,000	152,000	0
Devolved Formula Capital	58,954	117,915	(58,961)	353,740	353,740	0
Children's Centres	0	0	0	55,000	55,000	0
Youth Provision	0	0	0	237,600	237,600	0

Appendix 5a

Capital Budget Monitoring – May 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Environment and Regeneration	**630,682**	**0**	**630,682**	**15,577,940**	**15,577,940**	**0**
On Street Parking - P&D	61,078	0	61,078	672,780	672,780	0
Off Street Parking - P&D	30,283	0	30,283	534,510	534,510	0
CCTV Investment	0	0	0	1,015,840	1,015,840	0
Public Protection and Development	0	0	0	50,000	50,000	0
Fleet Vehicles	0	0	0	748,470	748,470	0
Alley Gating Scheme	150	0	150	46,000	46,000	0
Waste SLWP	(119,173)	0	(119,173)	433,430	433,430	0
Street Trees	0	0	0	103,990	103,990	0
Raynes Park Area Roads	0	0	0	43,500	43,500	0
Highways & Footways	616,798	0	616,798	5,814,940	5,814,940	0
Cycle Route Improvements	4,554	0	4,554	368,640	368,640	0
Mitcham Area Regeneration	(24,652)	0	(24,652)	1,183,950	1,183,950	0
Wimbledon Area Regeneration	10,089	0	10,089	1,265,870	1,265,870	0
Morden Area Regeneration	0	0	0	350,000	350,000	0
Borough Regeneration	13,647	0	13,647	807,140	807,140	0
Property Management Enhancement	0	0	0	35,000	35,000	0
Wimbledon Park Lake and Waters	133,873	0	133,873	520,210	520,210	0
Sports Facilities	(40,043)	0	(40,043)	315,220	315,220	0
Parks	(55,921)	0	(55,921)	1,268,450	1,268,450	0

Appendix 5b

Virement, Re-profiling and New Funding - May 2022

		2022/23 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2022/23 Budget	2023/24 Budget	Movement	Revised 2023/24 Budget	Narrative
-		£	£		£	£	£		£	
Environment and Regeneration										
Highways & Footways - Highways bridges & structures	(1)	**965,950**			(365,950)	**600,000**	**260,000**	365,950	**625,950**	Reprofiled in line with projected spend
Highways & Footways - Culverts	(1)	**508,370**			(208,370)	**300,000**	**0**	208,370	**208,370**	Reprofiled in line with projected spend
Highways & Footways - Accessibility Programme				16,000		**16,000**	**0**		**0**	TfL Funding
Highways & Footways - Causality Reduction in Schools		**0**		12,000		**12,000**	**0**		**0**	TfL Funding
Cycle Route Improvements - Cycle Improve Residential Stre		**23,580**		5,980		**29,560**	**0**		**0**	TfL Funding
Wimbledon Area Regeneration - Wimb Public Realm Implement	(1)	**975,110**	(330,000)		(475,110)	**170,000**	**0**	475,110	**475,110**	Reprofiled in line with projected spend
Wimbledon Area Regeneration - Wimb Vill Herit Led Plc. Realm	(1)	**800,000**			(750,000)	**50,000**	**0**	750,000	**750,000**	Reprofiled in line with projected spend
Wimbledon Area Regeneration - Wimbledon Hill Rd	(1)	**122,540**	330,000			**452,540**		0	**0**	Sub Project of Wimb. Public Realm
Total		**3,395,550**	**0**	**33,980**	**(1,799,430)**	**1,630,100**	**260,000**	**1,799,430**	**2,059,430**	

(1) Requires Cabinet approval

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 2-3-22	**25,850**	**6,761**	**32,611**
Outturn Adjustments	**(965)**	**3,608**	**2,643**
Approved Outturn	**24,885**	**10,369**	**35,255**
Childrens, Schools and Families			
Safety Valve Funding	**(447)**	**447**	**0**
Environment and Regeneration			
Highways & Footways - Highways bridges & structures	**(366)**	**0**	**(366)**
Highways & Footways - Culverts	**(208)**	**0**	**(208)**
Highways & Footways - Accessibility Programme	**0**	**16**	**16**
Highways & Footways - Casuality Reduction in Schools	**0**	**12**	**12**
Cycle Route Improvements - Cycle Improve Residential Stre	**0**	**6**	**6**
Wimbledon Area Regeneration - Wimb Public Realm Implement	**(475)**	**0**	**(475)**
Wimbledon Area Regeneration - Wimb Vill Herit Led Plc. Realm	**(750)**	**0**	**(750)**
	0	**0**	**0**
May 22 Monitoring	**22,639**	**10,850**	**33,489**

Capital Programme Funding Summary 2023/24

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 2-3-22	**13,823**	**4,227**	**18,050**
Outturn Adjustments	**2,894**	**16,125**	**19,019**
Approved Outturn	**16,717**	**20,352**	**37,069**
Childrens, Schools and Families			
Safety Valve Funding	**(1,336)**	**1,336**	**0**
Environment and Regeneration			
Highways & Footways - Highways bridges & structures	**366**	**0**	**366**
Highways & Footways - Culverts	**208**	**0**	**208**
Wimbledon Area Regeneration - Wimb Public Realm Implement	**475**	**0**	**475**
Wimbledon Area Regeneration - Wimb Vill Herit Led Plc. Realm	**750**	**0**	**750**
May 22 Monitoring	**17,181**	**21,688**	**38,869**

Capital Programme Funding Summary 2024/25

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 2-3-22	**11,129**	**4,820**	**15,949**
Outturn Adjustments	**4,762**	**307**	**5,069**
Approved Outturn	**15,891**	**5,127**	**21,018**
<u>Childrens, Schools and Families</u> Safety Valve Funding	**(4,437)**	**4,437**	**0**
May 22 Monitoring	**11,454**	**9,564**	**21,018**

Capital Programme Funding Summary 2025/26

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 2-3-22	**34,469**	**3,400**	**37,869**
Outturn Adjustments	**1,370**	**827**	**2,197**
Approved Outturn	**35,839**	**4,227**	**40,066**
<u>Childrens, Schools and Families</u> Safety Valve Funding	**650**	**(650)**	**0**
May 21 Monitoring	**36,489**	**3,577**	**40,066**

Appendix 6 Progress on Savings 2021/22

Department	Target Savings 2021/22	Shortfall 2021/22	Period 1 Forecast Shortfall	Projected Shortfall 2022/23
	£000	**£000**	**£000**	**£000**
Corporate Services	1,322	232		
Children Schools and Families	1,460			
Community and Housing	2,541	910		910
Environment and Regeneration	1,375	1,269		
Total	**6,698**	**2,411**	**0**	**910**

Appendix 7 Progress on Savings 2022/23:

Department	Target Savings 2020/21	Shortfall 2020/21	Shortfall 2021/22	Projected Shortfall 2022/23 (May'22)
	£000	**£000**	**£000**	**£000**
Corporate Services	2,718	883	213	678
Children Schools and Families	2,969	664	500	100
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**	**906**

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