CABINET

Date: 16 January 2023

Subject: Financial Report 2022/23 – Period 8 November 2022

Lead officer: Roger Kershaw

Lead member: Councillor Billy Christie

Urgent report:

Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest details on the Council's current year expenditure and income and forecast outturn for 2022/23. It is important that this consideration is not delayed in order that the Council can review and discuss the information in the report and take into account any potential implications for the budget 2023/24 and MTFS 2023-2027

Recommendations:

A. That Cabinet note the financial reporting data for month 8, November 2022, relating to revenue budgetary control, showing a forecast net favourable variance at 30 November on service expenditure of £0.183m when corporate and funding items are included.

B. That CMT note the contents of Section 5 and approve the adjustments to the Capital Programme contained in Appendix 5b
That Cabinet note the contents of Section 5 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
Corporate Services	£	£	
Customer Contact	(160,000)		Vired to a separate project within customer contact
Customer Contacts - Complaints System	160,000		Vired from the general project code for a separate project
Civic Centre - Workplace Design Project	(1)	473,000	Elements of Project funded from Revenue Reserve
Invest to Save- Photovoltaics & Energy Conserv	(50,000)	50.000	Reprofiled in accordance with Projected Spend
Community and Housing			
Disabled Facilities Grant- Project General	181,200		Funding to match Forecast
Children, Schools and Families			
Hollymount Capital Maintenance	(50,000)	50,000	Virement and re-profiling of schemes within the Schools Capital Maintenance programme to provide for new schemes within the approved grant sum and to reflect anticipated and actual final accounts on schemes.
Hatfeild Capital Maintenance	(35,000)	35,000	
Dundonald Capital Maintenance	(5,000)		
Merton Park Capital Maintenance	(14,500)		
Wimbledon Park Capital Maintenance	(50,000)	50,000	
Abbotsbury Capital Maintenance	(10,000)		
Bond Capital Maintenance	(6,000)		
Gorringe Park Capital Maintenance	(4,500)		
St Marks Capital Maintenance	10,000		
Lonesome Capital Maintenance	(19,000)		
Sherwood Capital Maintenance	(40,000)	8,000	
Links capital maintenance	16,000		
Hillcross capital maintenance	16,000		
William Morris Capital Maintenance	(10,000)	10,000	
Perseid Upper Capital Maintenance	(50,000)	50,000	
Cricket Green Capital Maintenance	(7,080)		
Melrose Whatley Avenue Capital Maintenance	56,080		
Perseid Lower - School Expansion	(30,000)	30,000	Reprofiled in accordance with Projected Spend
CSF Schemes - Devolved Formula Capital	728,250		Additional Government Grant to be passported directly to schools
Children's Centres - Bond Road Familty Cenre	(30,000)	30,000	Reprofiled in accordance with Projected Spend
Children's Centres - Family Hubs	15,0000	15,000	New Dof E Grant for Family Hubs

Continued…………….

	Budget 2022-23	Budget 2023-24	Narrative
Environment and Regeneration			
On Street Parking - P&D - ANPR Cams Air Qual & Traf Sens	86,000		Scheme Funded from Revenue Contributions
Off Street Parking - P&D - Car Park Upgrades	(130,000)	130,000	Reprofiled in accordance with Projected Spend
CCTV Investment - CCTV Cameras and Infrastructure Upgrade	(497,770)	497,770	Reprofiled in accordance with Projected Spend
CCTV Investment - Willow Lane Bridge Improvements	(27,280)	27,280	Reprofiled in accordance with Projected Spend
CCTV Investment - Brangwyn Cres/Cside East Improvements	(52,430)	52,430	Reprofiled in accordance with Projected Spend
Highways & Footways - Vivacity Monitors	(39,180)		Budget being moved to revenue along with S106 funding
Mitcham Area Regeneration - Pollards Hill Bus Shelter	(50,000)	50,000	Reprofiled in accordance with Projected Spend
Sports Facilities - Leisure Centre Plant & Machine	(50,000)	50,000	Matchfunding for playzone £50k 22/23 and £50k 23/24
Total	**323,790**	**1,135,480**	

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the Period 8 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 .

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.

2.2 The Council is also facing significant inflationary pressures 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. Whereas higher interest rates will have a positive impact on our investment returns these will be overshadowed by the inflationary pressures the Council faces together with the potential for increased demands for some of the Council's services due to the cost of living crisis.

2.3 There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored. The cumulative deficit at the end of 2021/22 was £26.930m and the deficit is forecast to continue to increase to £33.681m by the end of 2022/23 after the second tranche of Safety Valve funding. The Safety Valve programme is starting to have a positive impact, but progress is currently behind the agreed target.

2.4 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 8 (to 30 November 2022), the year-end forecast is a net adverse variance of £8.492m on Net Service Expenditure; a favourable variance of £8.334m on Corporate Provisions; and a small adverse variance of £0.089m relating to Covid-19. With a favourable forecast variance of £0.429 in funding, the Net Forecast Variance at year end is a favourable variance of £0.183m. A summary is provided on the following details and more detailed analysis by Department is set out in Section 4 of the report.

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

Covid-19 Financial

Summary Position as at 30th November 2022

	Current Budget 2022/23 £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 2021/22 £000s
Department							
Corporate Services	31,984	20,683	24,780	33,456	1,472	1,093	645
Children, Schools and Families	62,112	34,600	31,267	63,229	1,117	1,356	2,426
Community and Housing	68,040	52,626	44,839	68,792	752	830	(699)
Public Health	(162)	1,302	(5,298)	(162)	0	0	
Environment & Regeneration	13,508	2,224	(4,720)	18,659	5,151	4,820	3,431
Overheads	(272)			(272)	0	272	
NET SERVICE EXPENDITURE	**175,211**	**111,435**	**90,868**	**183,702**	**8,492**	**8,371**	**5,803**
			6				
Corporate Items							
Impact of Capital on revenue budget	11,066	6,455	3,723	10,947	(119)	(119)	(235)
Other Central budgets	(20,484)	2,522	(668)	(28,700)	(8,215)	(6,922)	(17,298)
Levies	988	494	747	988	0	0	0
TOTAL CORPORATE PROVISIONS	**(8,430)**	**9,471**	**3,803**	**(16,765)**	**(8,334)**	**(7,041)**	**(17,533)**
Covid-19	**0**	**0**	**89**	**89**	89	89	176
TOTAL GENERAL FUND	**166,781**	**120,906**	**94,671**	**167,026**	**246**	**1,418**	**(11,730)**
FUNDING							
Revenue Support Grant	(5,350)	(2,675)	(3,638)	(5,350)	0	0	
Business Rates	(31,856)	0	(29,330)	(31,856)	0	0	
Other Grants	(25,602)	(12,801)	(17,926)	(26,031)	(429)	(429)	
Council Tax and Collection Fund	(103,973)	0	(103,973)	(103,973)	0	0	
COVID-19 emergency funding	0	0	(442)	0	0	0	710
Income compensation for SFC	0	0	0	0	0	0	
FUNDING	**(166,781)**	**(15,476)**	**(155,308)**	**(167,210)**	**(429)**	**(429)**	**710**
NET	**0**	**105,430**	**(60,637)**	**(183)**	**(183)**	**989**	**(11,020)**

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 Appendix 6.

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 2.25% in September 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 (November) £000	Full Year Forecast Variance (November) £000	Full Year Forecast Variance (October) £000	Outturn Variance 2021/22 £000
Customers, Policy & Improvement	5,669	5,857	188	97	(191)
Infrastructure & Technology	13,205	13,673	468	334	80
Corporate Governance	2,697	2,657	(41)	(45)	141
Resources	6,321	6,721	399	412	13
Human Resources	2,266	2,476	209	160	214
Corporate Other	1,825	2,074	248	135	388
Total (Controllable)	**31,984**	**33,456**	**1,472**	**1,093**	**645**

Overview

Corporate Services is currently forecasting an adverse variance of £1.472m at year end. This has moved adversely by £343k since period 7. Corporate Governance is forecasting a positive contribution towards the overall adverse variance with an underspend of (£41k). The main areas of adverse variances are Infrastructure & Technology; Resources; Human Resources; Customers, Policy & Improvement and Corporate other with agency staff costs being one of the key contributors. This is being addressed by aiming to recruit more permanent staff. Other contributing factors are unachievable income targets, increased inflationary costs for services, materials and equipment. Corporate Services are managing some of the budget pressures by holding vacancies open in the short term. We shall also continue to work on reducing our agency spend where practical.

Customers, Policy and Improvement - £188k adverse variance

The variance for CPI has moved adversely by £55k since period 7.
Adverse variances within the division include:

- £317k within Press and Publications owing to use of agency staffing over establishment and unachievable income targets.
- £46k increase in IT costs for Customer Contact
- £42k within the Marketing and Communications team due to staffing and printing costs
- £37k in Translations services due to under-achievement against the income budget and increased interpretation costs.
- £25k increase in IT costs for a third party to assist with clearing the backlog within the Blue Badge service

- £17k Policy, Strategy and Partnerships overspend within its staffing budget lines, this will be funded by underspend in Programme Office
- £10k for Reg of Birth, Deaths & Marriages increased costs

Above adverse variances are partly offset by favourable variances as follows:

- (£129k) within the AD due to a vacancy being held pending recruitment.
- (£78k) Programme Office due to vacancies of which £51k will be used to fund a MIB funded post now that this funding has been exhausted.
- (£43k) Voluntary Sector Coordination - reduced grants expenditure
- (£28k) due to an over-achievement against the cash collection saving
- (£19k) in the Merton Link team and
- (£15k) in the Community Engagement team due to staffing underspends and various running costs less than budget.
- (£10k) decrease in staff costs within Complaints team.

Infrastructure & Technology - £468k adverse variance

The adverse variance has moved adversely by £134k since period 7.

Many of the adverse variances within the division are due to reduced recharges resulting from the changes in working arrangements surrounding the covid-19 pandemic.
These adverse variances include:

- £183k on the Corporate Print Strategy.
- The FM External account is also forecasting a £125k adverse variance due to the lack of commissions since the pandemic began, though the forecast is significantly improved on the outturn position for 2021/22.
- £123k increased costs for Garth Road archive storage due to cancellation of unpaid income invoices to Veolia total £85k and NNDR internal recharge of £40k
- £120k on the PDC (Chaucer Centre). These are reviewed throughout the year and adjusted depending on the level of room bookings.
- There is an adverse variance of £67k on Corporate Contracts due to 2020/21 savings for reducing cleaning in corporate buildings remaining unachievable within the current circumstances.
- A further £49k adverse variance is within the Client Financial Affairs team, mainly relating to the unachieved saving (reference 2019-20 CS23) for the introduction of a charging scheme and the cost of agency cover for maternity leave.
- Printing and photocopying team is forecasting £50k overspend. This will be offset by underspend from Post services.
- Security Services is also forecasting an adverse variance of £34k due to the contract cost being higher than the budget.
- Civic centre increased repairs and maintenance of £23k. This is likely to increase as Facilities have now almost exhausted the remaining budget for repairs and maintenance. Only very high priority repairs and maintenance is now being carried and each purchase order is being approved directly by the Assistant Director.
- IT Service Delivery £25k owing to the use of agency staff covering vacant posts.
- £10k increase in Corporate services buildings costs

There are also multiple favourable variances within the division, such as

- the Microsoft EA (Enterprise Agreement) which is forecasted less than budget by (£135k)
- (£110k) underspend for Postal Services. This offsets the forecast overspends on Printing and Photocopying where income targets are not expected to be achieved.
- A lag in recruitment has also resulted in a (£41k) favourable variance within Facilities.
- (£38k) in Safety Services due to recruitment lag as well as contingency not expected to be spent in year
- Transactional services have a (£34k) staffing underspend due to a part vacant post.

Corporate Governance – (£41k) favourable variance

The variance has changed adversely by £4k since period 7.

- Local Election expenses is forecasting an overspend of 21K of which £9k is increase in premises related expenses - miscoded external lighting costs for Canons LC.
- SLLP (South London Legal Partnership) is currently forecasting £247k deficit overall, £43k is forecast to be LBM's Share. Therefore, a decrease of £38k for Merton's shared SLLP costs.
- LBM Legal services is projecting a (£31k) favourable variance from external charges.
- Members Allowances is projecting an underspend of (£31k),
- Information Team underspend of (£20k) due to a lag in recruitment.

Resources - £399k adverse variance

Overall Resources forecast variance has changed favourably by (£13k) since P7.
There are multiple budgets forecasting adverse variances due to Covid-19.

- Enforcement Agents' service forecasted to overspend by £322k (inclusive of the shared service element) as a result of unachieved income which will continue to be monitored as the circumstances around the pandemic improve. The service has been able to operate more fully in the last 2 / 3 months.
- The Local Taxation Service has a £192k adverse variance due to staff overtime, anticipated under recovery action was suspended from April until the end of July 2022, as a result of administering the energy grant payments (as explained previously). The normal recovery timetable has been reinstated from October 2022 and this should result in an increase in costs collected including those costs related to enforcement agents' action.
- A further adverse variance of £179k within AD resources due to consultancy costs for e5 upgrade.
- £73k within the budget management team due to use of agency cover for existing vacancies.
- Corporate Accountancy is forecasting £81k overspend of which over £100k is an uplift in external audit fees
- Financial Systems Team is forecasting a £15k 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 are:

- (£219k) in Benefits Administration services which is largely due to grant receipts from DWP.
- Revenues and Benefits Support team (£121k) favourable variance mainly against staffing costs. This is due to vacancies in the team, recruitment to some of the vacant posts will commence before the end of the year.
- (£59k) in Treasury & Insurance, (£30k) Insurance premiums and Funding.

- (£56k) for Director of Corporate Services time lag between the current director retiring and new director coming into post,
- (£19k) on purchase card project and (£10k) Business Rates bids.

<u>Human Resources – £209k adverse variance</u>

HR's forecast variance has changed adversely since P7 by £49k.

The net adverse variance is primarily due to

- £140k within Learning & Development owing to the use of agency cover,
- £106k agency cover in place against the AD budget,
- £30k relating to the HR Transactions budget for the shared payroll system and iTrent client team charges from Kingston.

Favourable variances forecasted within HR are as follows:

- (£16k) Payroll,
- (£16k) Occupational Health,
- (£15k), Graduates & Apprentices and
- (£22k) Business partnerships.

<u>Corporate Items - £248k adverse variance</u>

Corporate items forecast variance has moved adversely since P7 by £113k.

This is primarily due to an adverse variance in

- Housing Benefits Rent allowance subsidies of £746 and
- £143k spend on consultants within Project Chaplin.

The above adverse variances are partly offset by

- (£272k) underspend in redundancy payments.
- In addition to this, Coroners Courts received a (£273k) reimbursement from the Westminster Bridge Inquest resulting in a (£277k) projected underspend,
- (£46k) decrease in Corporately funded items
- (£31k) underspend Democratic Rep & Man and (£12k) underspend in Staff groups.

Environment & Regeneration

Division	Current Budget £000	Full year Forecast (November) £000	Full Year Forecast Variance (November) £000	Full Year Forecast Variance (October) £000	Outturn Variance 2021/22 £'00
Public Protection	(15,094)	(11,730)	3,364	3,069	4,142
Public Space	17,797	18,914	1,117	1,165	157
Senior Management	1,319	1,381	62	62	(192)
Sustainable Communities	9,486	10,093	608	524	(675)
Total (Controllable)	**13,508**	**18,659**	**5,151**	**4,820**	**3,432**

Description	2022/23 Current Budget £000	Forecast Variance at year end (November) £000	Forecast Variance at year end (October) £000	2021/22 Variance at year end £000
Regulatory Services	699	243	300	38
Parking Services	(17,175)	3,026	2,656	4,181
Safer Merton & CCTV	1,382	95	112	-77
Total for Public Protection	**(15,094)**	**3,364**	**3,069**	**4142**
Waste Services	15,344	478	467	390
Leisure & Culture	602	366	403	-210
Greenspaces	2,421	133	190	-93
Transport Services	(569)	139	106	70
Total for Public Space	**17,797**	**1,117**	**1,165**	**157**
Senior Management & Support	1,319	62	62	-192
Total for Senior Management	**1,319**	**62**	**62**	**-192**
Future Merton	12,022	451	281	-708
Building & Development Control	172	336	408	335
Property Management	(2,709)	(179)	(165)	-303
Total for Sustainable Communities	**9,486**	**608**	**524**	**-676**
Total Excluding Overheads	**13,508**	**5,151**	**4,820**	**3,431**

Overview

The department is currently forecasting an adverse variance of £5.151m at year end. The main areas of variance are Parking Services income, Waste, Future Merton, Leisure & Culture, Development & Building Control, Regulatory services, Transport, Greenspaces and Safer Merton. The primary reasons are the reduced revenue within Parking Services of £2.647m, a projected utility budget overspend of approximately £1.236m and increased inflationary costs for services, materials and equipment.

Public Protection

Regulatory Services adverse variance of £243k

This Adverse variance is a combination of (£105k) net underspend within the Shared partnership services with Richmond and Wandsworth and an overspend of £348k for non-shared areas.
The section has cumulative income savings of £275k relating to historic savings targets the department has been unable to achieve to date. These have contributed to the Non RSP income under recovery of £379k.

Current forecasts of adverse variances are within

- Licensing team of £164k of which 151k is unachievable income target
- Environmental health pollution of £50k of which £41k is unachievable income target
- Health & Safety EH Commercial net overspend £14k which includes £41k unachievable income target
- Street Market net overspend £39k – includes £34k unachievable income and £14k increased electricity costs.
- Trading standards £67k of which £95k is unachievable income targets

The service is facing cost pressures resulting from the removal of LIP funding.

Parking Services adverse variance of £3.026m

The parking services variance increased adversely by £370k from last month but is partly balanced by increases in permit income, and some cost reductions.

The main contributors to this adverse movement were as follows:
£257k decrease in PCN income caused by improved compliance with moving traffic, school street and keep clear restrictions
£298k decrease in parking PCN income yield, although PCN issuance remains high
£27k increase in transport (sla recharges) costs
£87k increase in IT licence costs due to insufficient budget in IT

The in-depth review and analysis of all sources of parking income continues to indicate improvements since July, attributable to more robust and improved forecasting, increased parking PCN charges to the higher Band A level, the successful pilot to employ additional CEOs, and improvements to the management and efficiency of parking enforcement operations. Issuance of Parking PCNs is forecast to be apx. 79,000 this year, compared to an original forecast of just over 66,000.

It is assumed that the cost of restoring Peel House car park ground floor, and project management of the renovation of Peel House and other car parks, can be met from either the Parking revenue reserve or capital.

It should be noted that there are unachieved income savings within this service that have contributed to the current adverse variance, such as £637k from a forecast made in 2020 that moving traffic, school street and LTN PCN issuance would not decline over time. The reality is that compliance has significantly improved over time. In addition, there was a £360k income expectation of volume growth in permit income, which has not taken place.

The end of November forecast shows the key adverse variances on parking income, from across the various categories, as follows.

Source of Income	**Estimated 2022/23 Deficit** (£…,000) P8
Car Parks and Season Tickets	936
Moving Traffic, School Street and SKC PCNs	950
Parking PCN yield	340
Resident and Visitor Parking Permits	764
On-Street bay income	96

Action is underway which could help to reduce this deficit over time:

a) Capital investment in Peel House car park is being considered which could restore income to nearer the level expected in the Parking base budget. However, if the repayment of the capital works were to be funded from parking revenue there would be no improvement in the service's revenue position until repayment was completed.
b) Consideration of the closure of St Mark's car park, which is a £35k p.a. loss-making facility. This would require a negotiated agreement on surrender of the lease, which is being led by Future Merton.
c) Planned investment in car park infrastructure may increase demand and income, following completion of the review of leased and owned car parks
d) Management control of essential expenditure whilst maintaining paid-for services
e) Where moving traffic, school street or keep clear cameras are issuing less than 10 PCNs per month, relocation of these cameras to higher priority locations with more contraventions will be considered
f) A review of vehicle provision for the service will examine the business case for moving to a much smaller, electric, fleet and eliminating the use of hire vehicles.

The service is also seeking to sustain the growth in parking enforcement activity and improved operational efficiency through mainstreaming the successful pilot deployment of additional CEOs.

Longer term options could also be considered, for example an inflation- and efficiency-led increase in permit prices, and the introduction of a surcharge for the highest CO_2-emitting vehicles. The service also intends to review charges for bay suspensions to ensure that our costs are being covered.

Safer Merton is forecasting an adverse variance of £95k

This variance has changed from P7 by (£17k) due to a vacant post.

Efforts have been made to reduce agency costs. Within the ASB team the manager will commence a 12-month fixed term contract at the end of January and two ASB officer posts, 6-month fixed term contracts. Apart from HoS, which has now been recruited to on a permanent basis. only one agency worker remains whose contract expires end March. This is also a grant funded post.
Safer Merton are waiting payment from Clarion for this year's SLA and waiting for confirmation on a longer-term SLA for up to 6 years. Upgrading the CCTV cameras in the New Year will be a priority and with that opportunities for further income generation. Examples include: The South- West Business Partnership 12K and ongoing work with National Trust to link CCTV cameras to the CCTV control room.
Following a request from the Home Office a Domestic Homicide Review has been commissioned via The Safer Stronger Executive Board anticipated costs 10-15K.

Public Space

Waste Services has an adverse variance of £478k

Favourable variances include (£57k) on the Council's Environmental Enforcement services in respect of the number of enforced cases and the issuing of Fix Penalty Notices for fly-tipping and littering, (£116k) on employee related spend and (£37k) reduction in building improvement costs.

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

The forecast has changed from P7 adversely by £12k due to:
• Decrease in staff cost (£7k)
• Increase in suppliers and services £4
• Increase on Phase C cost £18k

An adverse variance of £189k is 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 adverse variance of £141k being forecast against the SLWP management fee associated with consultants and advisor cost in year.

Waste and street cleansing (Phase C) budgets remain under pressure due to above contract services being implemented including the two additional fly-tipping crews, evening economy crew in the second half of the year. A growth bid has been submitted to cover this revenue cost in 2023/24. In addition, the service covered the cost of two one off large-scale fly tipping clearances including Willow Lane and Commonside East. The current forecast variance for Phase C is £750k.

Waste Services adverse variances are partly offset by favourable variance on disposal costs of (£380k) due to new favourable gate fees for food waste & green associated. Note the service has delivered in excess of £750k in disposal savings in recent years. The current forecast is at par with last year's actuals 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 resulting 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 the Food and Garden waste processing services which currently expire this financial year. Further analysis is being done to establish how much of the overspend may be funded from Your Merton.

Leisure & Culture adverse variance of £366k

The adverse variance is partly offset by favourable variances on employees (£93k), Leisure centre income (£76k) and supplies and services (£19k).

The service is expecting the following adverse movements:

- A £45k under recovery in income from water sports at Wimbledon sailing base
    - The Watersport centre has under recovered mainly because of lake work causing an Easter closure, but also because some schools are budgeting cautiously
- An unprecedented increase in energy bills. The service is currently forecasting to spend double its leisure centre utilities budget resulting in a variance of £429k.
- Under recovery of £31k lettings income from Morden Assembly Hall.
- £11k premises costs

There is currently an action plan for the Leisure Centre to reduce utility costs

- Air-con only on at peak times
- 50% of lights off where possible
- Hourly meter information to access peaks and troughs
- We have spent 30k on LED light replacements and bought new pool covers
- Both Canons and Wimbledon are having roof work done to make the centres waterproof and reduce utility costs

Morden Assembly Hall is currently being used as a Covid Vaccination Centre.

Greenspaces adverse variance of £133k

The adverse variance has moved favourably by £33k since October.
The change in variance are as follows:

- (£63k) decrease in net costs for Phase C
- (£50k) increase in parks income
- (£63k) decrease in net costs for Phase C
- (£54k) decrease in fireworks costs
- £35k increase in Tree works costs
- £61k increase in highway grounds mtce costs of which 30k is agency staff costs
- £11k increase in bridge inspection costs

The net variance of £133k is made up of favourable variances in Events (£106k), supplies and services (£9k) and general income (£120k).

These are helping to offset the following adverse variances although the service is starting to recover from historical legacy issues.

- Phase C £40k
- Premises £126k
- Employees £80k
- Pay & Display income £45k
- Rental income £38k
- Tree works £17k
- Third party payments £18k

Sustainable Communities

Future Merton net adverse variance of £451k

Adverse variances are partly offset by the following favourable variances:
- CPZs = (£174k)
- CIL/s106 = (£79k)
- Income = (£85k)
- Streetworks/permitting = (£159k)
- Temp. traffic orders = (£190k)
- Winter maintenance = (£13k)
- Employees = (£103k)

The movement in variance between November and October is a net increase of £170k due to:
- £190k increase in cost of Street lighting
- (£36k) increase in street works income
- (£10k) decrease in staff costs
- £36k increase in supplies and services of which £20k is for highways maintenance/footpaths

The net adverse variance consists of the following:
- Street lighting = £530k: due to the significant increase in energy costs, Facilities faced challenges when securing a new Street Lighting electricity supplier. We were therefore on an “out of contract rate” at the start of the financial year, which was triple the rate of last year. The rates on the new contract, which commenced in mid-May are twice as high as last year.
- Bishopsford Bridge = £83k: we are still incurring legal costs for the litigation in relation to the bridge collapse, for which there is no budget.
- Highways & footways main. £200k (400890/400892). This is due to the Highways Maintenance contract inflation rate of 205 since the start of the contract in 2019.
- JC Decaux = £13k. This is a small under-achievement of the expected contract income due to historical legacy issues related delay of the digital installations.
- Vestry Hall = £46k due to the increase in utility costs and security services
- Supplies and services = £274k. £150k of this is on Local Plan Fees. This to pay the Planning Inspectorate for their work on the Local Plan
- Merantun = £100k unachievable income target for staff recharges to Merantun Developments

Property Management favourable variance of (£179k)

The forecast has moved favourably by (£14k) since October. This is primarily due to decrease in consultants' costs.

The main reasons for the favourable variance are:

- An underspend of (£149k) salaries costs against a budget of £320k.
- Commercial rental income expectations by (£290k) due to rent reviews in line with the tenancy agreements.

The above favourable variances are being offset by adverse variances as follows:

- £76k premises related expenditure- for example, building improvements, utilities, repairs & maintenance costs
- £120k supplies & services related expenditure - for example, employment of consultants to progress rent reviews due to lack of internal resource, and valuations to support asset valuations and potential disposals.
- £64k for Stouthall

Building Control (BC) and Building Control Enforcement (BCE) net adverse variance of £47k

- BC £29k
- BC enforcement £18k of which £17k is staffing

The BC variance is primarily due to:
£163k under achievement of income
£24k supplies and services (largely consultancy and marketing)
Offset by:
(£136k) savings on staff costs

Explanation for BC Adverse Variance
The income target for BC has not been met for a number of years, usually under achieving by approx. £200k. This is due to the fact that there are many vacancies and the team is operating with limited staff. They are therefore losing market share to Approved Inspectors. BC is currently carrying out a review with the intention of recruiting to the vacancies. This review will be in line with any new requirements and to meet any legislation and regulations. This should enable the income target to be met in future. It will also enable the team to better deal with statutory response emergency incidents such as Lewis Road; Spur House; Brittania Point; and Galpin Road where additional BC and Surveyor support has needed to be purchased from the private sector and other local authorities at a high cost.

Development Control (DC) and Development Control Enforcement (DCE) adverse variance of £287k

DC = £342k and DCE = (£55k)
DC variance is made up of: £525k staff costs, £18k supplies and services (consultants) and (£200k) income
DCE variance is made up of £134k employee costs and (£185k) income

The Development Management Team in particular is overdependent on Agency workers. This is due to a historical set of circumstances whereby 16 full time planning officers left the team between February 2020 and the arrival of the current Interim Head of Development Management and Building Control in June 2022. Every time one of those officers left the council the remaining caseload had to be reallocated to colleagues creating unmanageable workloads. Approximately 100 applications which had been written up for sign off have been in a backlog which is still being worked on. High numbers of Agency staff have had to be brought in and retained to avoid the service falling over.

Furthermore, there is the unusual situation whereby a Principal Planner is solely working on one planning application for the All England Lawn Tennis Club to extend into Wimbledon Park Golf Club. A Principal Planner would usually handle a mix of 50 major and difficult minor planning applications and would coach junior members of staff when signing their cases off. The tennis application has been registered since August 2021 and will not be presented to the Planning Applications Committee until at least February 2022, after which there will be much more work to do around the GLA referral process. The length of time taken is due to the complexity of the proposals and this has been beyond the Council's control. At an informal meeting of the Cabinet on Friday 11th November 2022 Members were very clear to Officers that this work needs to be properly resourced and Directors should be advised of the requirements. Additional Agency staff have been retained for longer than initially forecasted to handle the work that the dedicated Case Officer cannot pick up. This is contributing significantly to the overspend but it is essential and statutory work of huge importance to the organisation.

A piece of work has commenced around benchmarking with other London authorities such as Camden which appears to have a much more extensive and robust Planning staff structure. A report will be prepared on this. It is also difficult to attract external candidates to permanent positions as the salaries being offered are not as competitive as those provided by neighbouring Councils. Nevertheless, other solutions are underway. The interim Head of Development Management and Building Control has converted from a temporary post to a permanent position which has created a significant saving, and conversations have also taken place with other Agency workers about this opportunity for them. This could save a further £47.000. Following the recent successful recruitment of a graduate Planner the team is keen to bring in more colleagues at that junior level.
Income targets are being increased via pre-application charges (an Equalities Impact Analysis has just been provided to the Cabinet Member for this), Planning Performance Agreement fees and other administrative services to mitigate against the overspend by approximately £200,000.

Children Schools and Families

Children, Schools and Families (£000's)	2022/23 Current Budget	Full Year Forecast	Forecast Variance November	Forecast Variance October	2021-22 Year Variance
Education					
Education Budgets	£ 19,533	£ 20,586	£ 1,053	£ 1,077	£ 394
Depreciation	£ 9,801	£ 9,801	£ -	£ -	£ -
Other Education Budgets	£ 135	£ 135	£ -	£ -	-£ (114)
Education Services Grant	-£ (1,062)	-£ (1,062)	£ -	£ -	-£ (12)
Education Sub-total	**£ 28,407**	**£ 29,460**	**£ 1,053**	**£ 1,077**	**£ 268**
Other CSF					
Child Social Care & Youth Inclusion	£ 22,762	£ 23,861	£ 1,099	£ 1,309	£ 2,009
Cross Department	£ 910	£ 601	-£ (310)	-£ (310)	£ -
PFI Unitary Costs	£ 8,409	£ 8,409	£ -	£ -	£ 766
Pension and Redundancy Costs	£ 1,624	£ 900	-£ (724)	-£ (720)	-£ (617)
Other CSF Sub-total	**£ 33,705**	**£ 33,771**	**£ 65**	**£ 279**	**£ 2,158**
Grand Total	**£ 62,112**	**£ 63,231**	**£ 1,118**	**£ 1,356**	**£ 2,426**

Director's' Summary

There are a number of challenges facing the department including a constantly changing national policy environment. We are still awaiting the Government's response to the National Review of Children's Social Care and their implementation plan for the SEND Green Paper. The Schools' Bill has been pulled from its parliamentary process and it is not yet clear which elements will still be taken forward, and in what way.

Demand for services post-Covid continues to remain high. October saw an increased number of requests for service received into the Children and Families Hub, and numbers of assessments undertaken, and children with a Child in Need plan remain higher than pre-pandemic. However, the number of children with child protection plans is now back to levels seen pre-pandemic. Schools are reporting increasing numbers of children requiring additional support to stay in mainstream education. Inflation is affecting schools significantly as it is all services.

We continue to bear down on the use of agency staff and have reduced usage particularly in social work teams, through growing our own, direct recruitment and persuading agency social workers to accept permanent contracts. The number of agency social workers has reduced from a peak of 92 last year, to 62 in May and now to 50 as at the end of November.

We are making good progress against the Safety Valve programme which has seen the in-year deficit reduced by £3.5m so far this year. Lobbying by local government has resulted in an improved settlement in relation to the High Needs Block which funds SEND support. For Merton this means an additional £1.8m more than originally notified for 2023/24 and again for 2024/25, which will help us meet demand, manage inflation and get back to balance ahead of plan.

Forecast Summary

The departmental position continues to improve gradually, the forecast overspend has reduced by £238k to £1.1m. The main area of improvement was Children's Social Care with some reduction in staffing and placement costs. Most other budget forecasts either improved a little or are stable. There continues to be a focus on agency staff, particularly agency social workers. There was a small reduction in the costs of home to school transport, which pays for transport for children with special education needs and disabilities. This is despite the fact that recent rounds of route tendering have resulted in significantly higher prices per journey. However, this has been offset due demand management action, including the implementation of the new policy agreed last year.

Local Authority Services

Local Authority Funded Services (£000's)	Budget	November Variance	October Variance	202122 Outturn Variance
Child Social Care and Youth Inclusion				
Senior Management	£ 303	-£ (12)	-£ (72)	£ 429
Head of Help & Family Assessment	£ 3,070	-£ (561)	-£ (561)	-£ (676)
Head of Family Support & Safeguarding	£ 4,382	£ 775	£ 582	£ 2,019
Head of Corporate Parenting	£ 12,461	£ 1,461	£ 1,577	£ 809
Head of Adolescent and Safeguarding	£ 1,968	-£ (565)	-£ (218)	-£ (572)
CSC & Youth Incl Total	**22,184**	**1,098**	**1,308**	**2,009**
Education				
Contracts, Proc & School Org	£ 7,854	£ 1,566	£ 1,576	£ 409
Early Years & Children Centres	£ 4,191	-£ (205)	-£ (205)	-£ (311)
Education - School Improvement	£ 64	£ 49	£ 21	-£ (1)
Education Inclusion	£ 1,815	£ 15	-£ (13)	-£ (131)
Schools Delegated Budget	£ -	£ -	£ -	-£ (3)
SEN & Disability Integrat Serv	£ 2,622	£ 10	£ 19	£ 49
Senior Management	£ 1,400	-£ (288)	-£ (228)	£ 364
Policy, Planning & Performance	£ 749	-£ (50)	-£ (50)	£ 75
Departmental Business Support	£ 216	-£ (43)	-£ (43)	-£ (57)
Education Total	**£ 18,911**	**£ 1,054**	**£ 1,077**	**£ 394**
Other CSF				
Joint Commissioning & Partnrsh	£ 910	-£ (310)	-£ (310)	£ 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	-£ (724)	-£ (720)	-£ (617)
Education Total	**£ 19,817**	**-£ (1,034)**	**-£ (1,030)**	**£ 23**
LA Total	**£ 60,912**	**£ 1,118**	**£ 1,355**	**£ 2,426**

Child Social Care & Youth Inclusion

The forecast overspend has reduced by £210k on last period, due to reductions in staffing and placement costs.

Agency social work posts remain at 50, the same as last period. Permanent recruitment activity continues, and we have new starters in early 2023. Following the successful growth bid from April 2023, and pay benchmarking activity by HR, a market supplement will be added to social worker and team manager salaries which will be included in revised advertising from Jan 2023, alongside a focussed campaign for Assessment teams where we have a high proportion of agency staff. This is expected to yield positive results later in the year.

The London region of the Assocation of Directors of Children's Services (ADCS) report that use of agency social workers has increased in the past year in four of the five sub-regions. Southwest London is the only sub-region to have shown a decrease, which is in large part due to the significant reduction in agency usage in Merton from a peak of 92 to now 50.

Education

The forecast is fairly static compared to last month, with a small reduction in management costs.

SEND transport costs remain an issue. We are managing demand through our new policy and the work done through the Safety Valve programme. However, where we have been forced to retender routes due to provider withdrawal, we have seen significant increases in the cost of journeys of around 30% due to driver shortages, fuel costs and general inflation. This cost is offsetting the reductions through demand management.

There are 22 agency workers in the Education and Early Help division. For two of these posts substantive appointments are being finalised. Six of the agency workers were in Lavender Nursery to maintain staff ratios, and two of these have left since the reporting date. The majority of others are covering posts which are currently hard to recruit to, and there is a rolling programme of recruitment underway to maximise the use of permanent staff. This includes seeking applicants from abroad for posts requiring particular specialisms, and where there is a national shortage, for example Speech and Language Therapists.

Other CSF

The forecast for other budgets remains stable. There are nine agency workers in central and support services. Three of these posts relate to the Safety Valve programme, although we will go out to permanent recruitment for two of these posts in the New Year and one of these agency assignments will cease at the end of January as the worker has accepted another assignment. Three of the remaining six are project roles, one ending in January 2023 and another at the end of February 2023. The remaining three agency workers are in business analyst roles which have proved difficult to recruit to. These will go back out for recruitment early in the New Year.

Dedicated Schools Budget (£000's)	Budget	November Variance	October Variance	202122 Outturn Variance
Education				
Contracts, Proc & School Org	£ 286	£ 14	£ 14	-£ (16)
Early Years & Children Centres	£ 15,823	£ 757	£ 757	-£ (3,348)
Education - School Improvement	£ 1,120	-£ (4)	-£ (4)	-£ (41)
Education Inclusion	£ 1,464	-£ (20)	-£ (20)	£ 99
SEN & Disability Integrat Serv	£ 24,075	£ 8,056	£ 8,056	£ 13,899
Sub-total	**£ 42,768**	**£ 8,803**	**£ 8,803**	**£ 10,593**
CSC & Youth Inclusion				
DSG - Child Social Care & Youth Incl	£ 42	£ -	£ -	-£ (7)
Sub-total	**£ 42**	**£ -**	**£ -**	**-£ (7)**
Schools Delegated Budget				
DSG Reserve	**£ -**	**-£ (1,200)**	**-£ (1,200)**	**-£ (2)**
Retained Schools Budgets	£ 2,828	-£ (1,549)	-£ (1,549)	-£ (417)
Schools Delegated Budget	-£ (45,683)	£ 3,910	£ 3,910	£ 3,387
Sub-total	**-£ (42,855)**	**£ 1,161**	**£ 1,161**	**£ 2,967**
DSG Total	**-£ (45)**	**£ 9,964**	**£ 9,964**	**£ 13,553**

Dedicated Schools Grant (DSG) and Safety Valve

The in-year deficit has come down by £3.6m since the start of the year as a result of the extensive actions taken to deliver the Safety Valve plan. The plan agreed with DfE requires us to bring the DSG into balance no later than 2026/27. With the settlement for the High Needs Block announced for the next two years we are in a good position to be on track with the plan and to achieve balance ahead of that deadline.

The key areas of action in the plan are around managing demand and developing more in-borough special educational capacity. Demand is measured through the number of current Education Health & Care Plans.

The number of Education Health & Care Plans (EHCPs) has stabilised. In previous years we had seen an increase of 300 EHCPs per year and the plan agreed with the DfE assumed an increase of 313 plans per year without action. As at the end of November we had only 2 more plans than the same period last year. However, we have continued to ensure we assess and meet needs through new EHCPs where this is appropriate. Since April, we have carried out 263 assessments and agreed 180 new plans, but we have also ceased 156 plans (where it is no longer necessary for special educational provision to be made for the child or young person in accordance with an EHCP) and have had a net movement out of the borough of 46 children.

Behind the headline figures there has been a great deal of work with partners across the SEND system to ensure needs are met well before an EHCP is required, through the ordinarily available support provided by schools to meet additional needs, and through the SEND Support Offer. The Council has invested in additional capacity to support our schools in this. We are also increasing our presence at reviews, to ensure that EHCPs are still required and are still appropriate to meet need.

In-borough capacity has been a significant factor in the deficit. In September we opened the Whatley Avenue Campus (part of Melrose School) with 40 pupils starting in September, with capacity to grow to 80 over the next couple of years. The site has been developed with the potential for a further 40 post-16 places. We expanded the Additionally Resourced Provision (ARPs) at West Wimbledon and Hatfield schools and opened the new ARP at Cranmer School.

We have plans for further expansion of in-borough capacity, including at Perseid School and plans to develop secondary ARPs. We also have a proposal for a new Special Free School. We have submitted our application to DfE and await the outcome.

Community and Housing Summary Position

Overview

Community and Housing (C&H) is forecasting £752k unfavourable variance as of November 2022. This is an overall reduction of £78k since October.

At this stage in during 2021/22 C&H was showing a favourable position overall. The combination on increase numbers in temporary accommodation, increase in placement cost and complex cases has resulted in the current unfavourable position.

Favourable positions on other budget lines within Community and Housing such as employee budget lines relating to recruitment lag/delays are assisting with the overall position. Client contribution income was updated in the current period.

Table A C&H Summary Position

Community & Housing	2022/23 Current Budget £ 'm	2022/23 Full Year Forecast £ 'm (Nov)	2022/23 Full Year Variance £'m (Nov)	2022/23 Full Year Variance £'m (Oct)	2022/23 Outturn Variance £'m (Mar'22)
Adult Social Care	62,018	62,442	424	260	(881)
Libraries and Heritage	2,499	2,530	31	16	105
Merton Adult Learning	4	4	0	0	0
Housing General Fund	3,519	3,816	297	554	77
Public Health	(162)	(162)	0	0	0
Total Favourable/ Unfavourable	68,040	68,792	752	830	(699)

Director's' Summary

The overall position of Community & Housing (C&H) for November was an adverse variance of £752; with a favourable reduction of £78k in comparison to October 2022. This is in the context of when the department is experiencing inflationary pressures due to the cost-of-living crisis as well as rising demand on statutory services.
C&H comprises of Adult Social Care, Libraries, Merton Adult Learning, Housing and Public Health. The service areas with the most challenges at present are Adult Social Care and Housing. This is due to increasing demand on both areas as well as clients presenting with increasing levels of complexity in adult social care.
In terms of Adult Social Care, the challenges are in increasing placements (domiciliary care packages at home as well as 24 hr care in residential or nursing provision). Adult social care has also seen an increase in complexity of need which has resulted in an increase in cost of care packages as well as a shift from domiciliary care (where we keep people independent in their own homes with a care package) to a need for 24 hr nursing or residential care. Adult social care is also seeing an increase in clients with mental health problems requiring specialist supported living.
It should be noted that there is usually a 'spike' in placements between November and January as this is the busy winter period and there tends to be a greater number of hospital admissions and discharges with residents requiring access to services.
To manage the demand within Adult Social Care, we have increased our capacity within our reablement teams to maximise independence and improve outcomes for residents. We have also utilised one off winter funds from central government to increase social work capacity in the hospital to home team in improve hospital discharge.
The Housing team is experiencing an increase in numbers of people presenting requiring temporary

accommodation. They are also having greater difficulties sourcing suitable accommodation in Merton due to a lack of suitable supply to meet the needs of these people.
There are plans in progress to provide additional capacity in the team to expedite the move on process from temporary accommodation to permanent housing to address this and we have also sourced 'capital letters' to help us locate suitable housing within Merton.
The recent announcement of additional funding for Adult Social Care for 2023/24 could alleviate some of the Adult Social Care pressures but it is not guaranteed as the conditions of these grants are unknown and whether there will be new statutory duties for adult social care.

Adult Social Care

Adult Social Care is currently forecasting an unfavourable variance at year end of £424k. This is due in part to the ongoing impact of an increase in overall demand and, more significantly, the increasing complexity of needs being assessed and the resulting need for larger packages of care. Inflation pressures in relation to third-party provider costs remain significant. Also, between October and November underspend on equipment reduced by £86k which is to be investigated, additionally salary forecasts increased. The overall numbers of packages appear to be stabilising over the last two months because of the actions reported in previous monitoring reports. This change, assuming it is maintained, will have a positive impact on the overall budgetary position but it will take time to return to a balanced position. The placement forecast is based on Mosaic expenditure data to November 2022 and income is based on current available data.

In terms of the new customers the majority were in long stay residential, supported living and a move from domiciliary care to residential nursing care. Additionally, there is a steady increase in mental health customers which is also the trend seen in the neighbouring boroughs. The current placement forecast includes several high-cost transitions customers which the service is currently seeking clarification regarding contributions from external parties.

Pressure on the Financial Assessment Team has been reported in previous months' monitoring reports. Recruitment of permanent and temporary staff is alleviating this situation and the risk of under-collection of income continues to reduce as a result.

Hospital 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.

Merton has a high rate of emergency hospital admissions for people aged 65+ diagnosed with dementia compared with London and England. The overarching message is that most older people are healthy and an asset; however, an aging population leads to increasing complexity of need due to several long-term conditions (co-morbidities) and dementia, sensory impairment, frailty, and loneliness/isolation. The Merton Story 2021 highlighted the issues of multi-morbidity and increased complexity as people age.

Table B Summary of Movements in Placements from April '22 to November '22.

Service Type	New Clients		Deceased Clients		Closed		Total	
	TOTAL EXPENDITURE £	TOTAL No	Total Decrease in Expenditure £	TOTAL No	Total Decrease in Expenditure £	TOTAL No	Net Increase/Decrease in Expenditure £	TOTAL No
Carer Support	£25,878	13	-£2,065	-5	-£9,591	-4	14,222	4
Day Care	£48,589	4	£0	0	-£11,826	-3	36,763	1
Direct Payments	£135,381	14	-£186,406	-13	-£75,993	-14	-127,017	-13
Domiciliary Care	£1,206,149	176	-£782,790	-72	-£756,651	-110	-333,292	-6
Domiciliary Care (COVID)	£513,640	59	-£32,451	-3	-£127,692	-23	353,496	33
Domiciliary Care (Intermediate)	£103,076	6	-£2,998	-1	-£52,107	-6	47,971	-1
Long Stay Nursing Care	£1,299,861	31	-£1,592,020	-52	-£427,563	-12	-719,722	-33
Long Stay Residential Care	£652,672	18	-£542,422	-18	-£63,682	-4	46,568	-4
Shared Lives	£22,354	1	£0	0	£0	0	22,354	1
Respite Res/Nursing	£26,814	9	£0	0	-£11,119	-6	15,695	3
Intermediate Res/Nursing Care	£0	0	£0	0	£0	0	0	0
Short Stay Res/Nursing	£322,777	22	-£10,895	-5	-£207,120	-21	104,763	-4
Short Stay Res/Nursing (COVID)	£47,098	14	£0	0	-£7,998	-1	39,100	13
Other general expenses	£2,612	2	£0	0	£0	-1	2,612	1
Supported Living	£510,969	14	£0	0	-£83,504	-2	427,465	12
Supported Accommodation	£64,257	4	£0	0	-£18,767	-3	45,490	1
Total	£4,982,127	387	-£3,152,047	-169	-£1,853,613	-210	-23,533	8
Average Cost per Nursing client	£41,931		£30,616		£35,630			
Average Cost per Residential client	£36,260		£30,135		£15,920			
Average Cost per client-all other services	£8,963		£10,279		£7,023			

The table diagram shows expenditure, numbers of customers that were new, deceased or closed to date. The date shows that the average cost for all new nursing packages increased by 37% as opposed to deceased customers, and in the case of residential care that increase is 17%.

Table C **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 to November 2021

Discharge Activities April to November 2021/22

Week Commencing	Pathway 1	Pathway 2	Pathway 3	Grand Total
Grand Total	1214	271	108	1593
Average	**35**	**8**	**3**	**46**

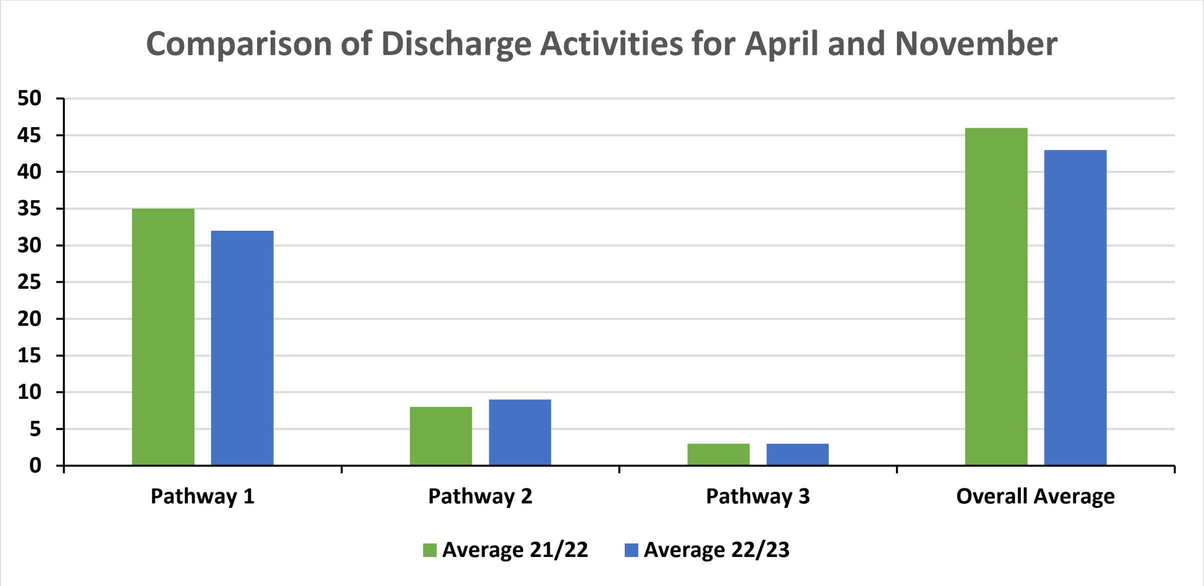
Discharge Activities April to November 2022/23

Week Commencing	Pathway 1	Pathway 2	Pathway 3	Grand Total
Grand Total	1117	316	86	1 519
Average	**32**	**9**	**3**	**43**

NB: No information on pathway 0 for both years

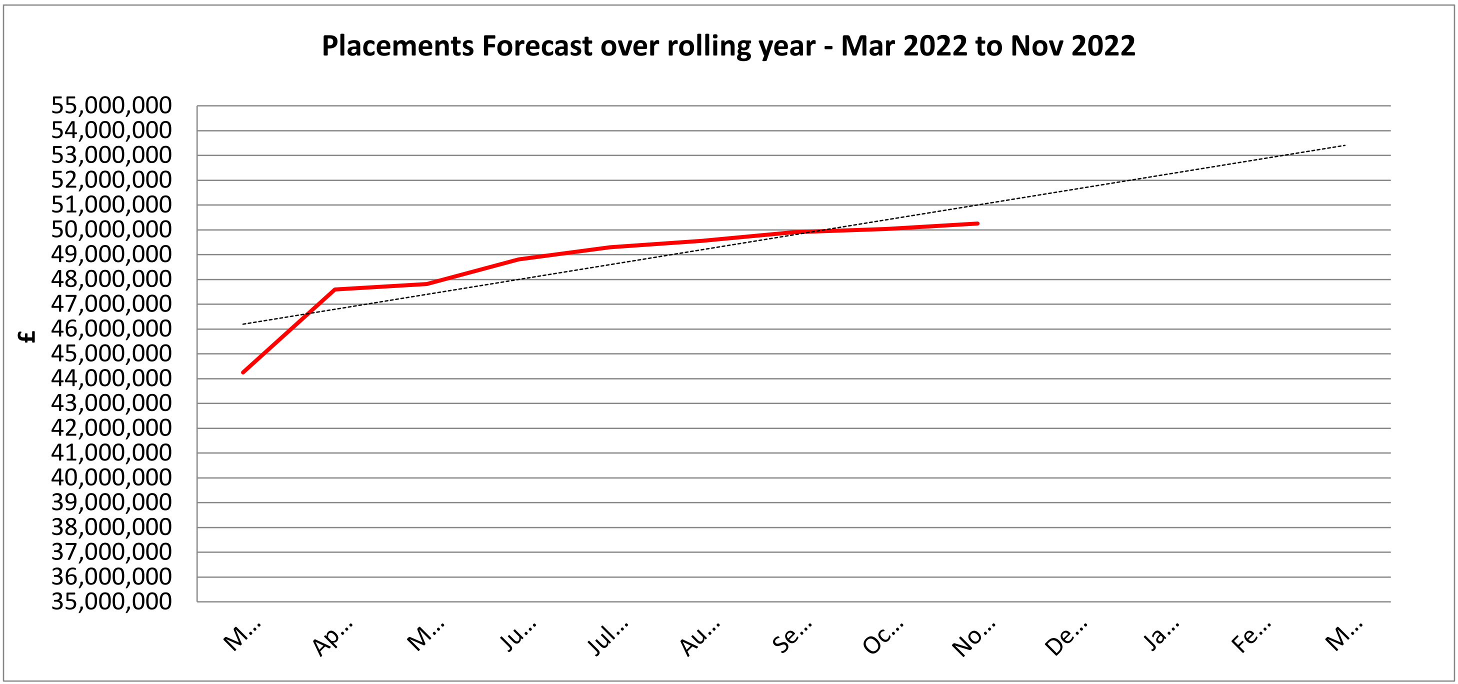
The above tables shows that although the overall average has reduced pathway 2 has increased by 15% as compared to 2021/22 which is reflected in the number of short-term placements coming through the system since April 2022.

Bar Chart below is a comparison of the average discharge activities between April to November 2021/22 and 2022/23



The above bar chart shows that discharge to November for 2021/22 and 2022/23.

The graph below shows placements expenditure from March 2022 to November 2022.



The above graph shows an increase from March to April then a rise from June to October but seems to increasing at a lower rate since.

Adult Social Care Internal Provision –favourable Variance - £40k

Direct Provision unfavourable forecast was reduced from £42k to a favourable variance of £40k between October and November. The service is keeping several posts vacant in light of the future plans for the division.

The service continues to deal with a small number of long - term sickness cases in key areas, exacerbated by a shortage of available bank staff to cover some of the 24/7 shifts, which has led to staff working overtime to ensure safe staffing levels. A recruitment campaign is seeking to add more bank staff and therefore reduce overtime expenditure. All rotas are reviewed on a weekly basis to maximise efficiency. There is additional spending in the Merton Employment Team to support the Employment Pilot, and this will be balanced by the additional funding which has been agreed.
The decrease of £40k in the forecast spend for November, has been due to modest reductions in salary spend across the service including those staff reducing hours, vacancies etc. along with incorrectly coded salaries being transferred elsewhere within the department. Some non-pay predictions have also been reduced this month. An increase of income prediction at the Eastway day centre, due to higher levels of attendance of self-funders has also contributed to this reduction.

Library & Heritage Service- unfavourable Variance - £31k

This service is forecasting an unfavourable variance of £31k in November 2022, which is an increase of £15k since October. There have been some issues with the monthly salary counters that have led to the change in value and the Head of Service is going to undertake additional analysis of salaries in time for December's budget monitoring where the value is expected to lower.

New services have been launched including new Health & Wellbeing Zones with ongoing Cost of Living events to support residents. Libraries are also established as warm banks that provide shelter and warmth for residents during the winter months.

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 will be bringing its revised Adult Learning Strategy and delivery plan for 2023 to 2026 to Cabinet in January 2023. The strategy will include objectives such as a commitment to increasing courses in priority areas in the borough to address inequalities and supporting more residents into 'good' work.

Housing General Fund- unfavourable variance - £297k

This service is currently forecasting an unfavourable variance of £297k which is a reduction of £257k since October. The current reduction in the unfavourable variance is due to receipt of an additional grant, no change in forecasted expenditure, and a reduction in subsidy shortfall.

However, the service has seen a significant increase in TA numbers to November. This is expected to increase further during the Christmas period thus may result in additional pressure on the TA budget.

In the long-term there is also the added issues regarding the end of the current Home for the Ukraine project. There has also been an increase in cases granted status from the home office and being asked to leave the accommodation provided which results in a homeless application. In these cases, it is far more difficult to take preventative steps as notice period are likely to be short.

There is also likely to be pressure on nightly rates in the months ahead for new and existing cases because of inflationary pressures from providers. This is being tackled at a regional and sub-regional level in terms of a strategic response to managing this issue.

The service is continuing to work on data to ascertain outstanding from Housing Benefit which could affect the forecast positively. A meeting with colleagues in benefits is being set up for January 2023.

Table D Analysis of Housing and Temporary Accommodation Expenditure to November 2022.

Housing	Total Budget 2022/23 £000	Forecast Expenditure (Nov'22) £'000	Forecast Variance (Nov'22) £'000	Forecast Variance (Oct'22) £'000	Outturn Variance (March'22) £000
Temporary Accommodation-Expenditure	2,544	4,456	1,912	1,912	1,346
Temporary Accommodation-Client Contribution	(140)	(240)	(100)	(100)	(177)
Temporary Accommodation-Housing Benefit Income	(2,087)	(3,550)	(1,463)	(1,464)	(465)
Temporary Accommodation-Subsidy Shortfall	322	1,563	1,241	1,315	838
Temporary Accommodation-Grant	0	(1,185)	(1,185)	(978)	(1,514)
Subtotal Temporary Accommodation	639	1,044	405	685	28
Housing Other Budgets	2,880	2,772	(108)	(131)	49
Total Controllable (Favourable)/Unfavourable Variance	3,519	3,816	297	554	77

Table E Number of Households in Temporary Accommodation in Previous years

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**

Table F Net Movement to date In Temporary Accommodation

The total numbers in temporary accommodation (TA) in March 2022 was 230 as mentioned in **Table E** which is an overall increase of 17% on March 2021.

The numbers in (TA) continues to increase since March as demonstrated below. TA numbers to November were 324 which is an increase of 41% since March 2022.

Current Financial Years (Month' Year)	Numbers In	Numbers Out	Net Movement
Apr'22	18	15	233
May'22	28	7	254
June'22	21	16	259
July'22	19	8	270
Aug'22	26	12	284
Sept'22	20	19	285
Oct'22	23	15	293
Nov'22	40	9	324

Table F above shows the total numbers in temporary accommodation (TA) to November 2022. This is a net increase of 91 since April 2022 which equates to a 39% increase between April and November. TA numbers in November 2021 was 216 and November 2020 it was 208.

Table G Numbers in Temporary Accommodation as of June 2022 in neighbouring boroughs: -

Boroughs	Numbers in TA-March'22	Numbers in TA-June'22	Increase/(Decrease)
Sutton	844	846	2
Kingston	837	Not Provided	N/A
Richmond	314	349	35
Croydon	1988	1951	37
Bromley	1653	1598	(55)
Wandsworth	2894	2985	91

Statistical Data from Department of Levelling up, Housing and Communities (Extract- March and June22)

Feedback from other boroughs is that this situation is London wide since January and in some cases, there has been a doubling of homelessness applications. Other authorities are reporting heavy use of expensive hotel accommodation which has not been necessary in Merton. In Merton there have been a notably increases in applications since June as demonstrated by the figures.

Government data from the Ministry of Justice shows that during the period from June 22 to September 22 there was an 89% increase in private sector evictions across the UK compared to same quarter the previous year with 25,000 evictions up from 13,000.

On a more positive note, there have been more properties becoming available via Capital letters which showed a significant improvement from the period August to September.

Public Health –Breakeven position

The service is forecasting a breakeven position to November 2022.

Potential Cost pressures

The service has agreed a financial position for CLCH (Central London Community Health) Integrated Sexual health services to March 2024 and a financial position for CLCH children's contract (health visitors and school nurses) to March 2023. Further negotiations are required on the financial agreement for the 2023/24 children's contracts (health visiting and school nursing), including any potential inflationary increases and managing cost pressures on service.

Covid-19 Related Programmes

The team continues with the Covid-19 resilience programme, funded by the Contain Outbreak Management Fund (COMF) in 2022/23. COMF will be utilised in line with terms and conditions of the grant by March 2023.

Substance Misuse

The service also secured additional funding which is the Supplemental Substance Misuse Treatment and Recovery grant for 2022-2025 for the Department of Health and Social Care. This funding is being used in line with the grant conditions for drug and alcohol treatment and recovery. At this stage, only the 2022-23 allocation is confirmed with future years investment subject to DHSC confirmation.

CORPORATE ITEMS

The details comparing actual expenditure up to 30 November 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 (Nov.) £000s	Forecast Variance at year end (Nov.) £000s	Forecast Variance at year end (Oct.) £000s	Outturn Variance 2021/22 £000s
Impact of Capital on revenue budget	**11,066**	**10,947**	**(119)**	**(119)**	**(235)**
Investment Income	(396)	(1,343)	(947)	(947)	(143)
Pension Fund	503	503	0	0	0
Pay and Price Inflation	1,550	1,260	(290)	(290)	(1,945)
Contingencies and provisions	19,482	12,609	(6,873)	(5,580)	(17,212)
Income Items	(4,223)	(4,223)	0	0	10
Appropriations/Transfers	(11,806)	(11,912)	(106)	(106)	1,972
Central Items	**5,109**	**(3,107)**	**(8,216)**	**(6,923)**	**(17,318)**
Levies	988	988	0	0	0
Depreciation and Impairment	(25,593)	(25,593)	0	0	20
TOTAL CORPORATE PROVISIONS	**(8,430)**	**(16,765)**	**(8,335)**	**(7,042)**	**(17,533)**
COVID-19 Emergency expenditure	0	89	89	89	235
TOTAL CORPORATE EXPENDITURE inc. COVID-19	**(8,430)**	**(16,676)**	**(8,246)**	**(6,953)**	**(17,298)**

Based on expenditure to 30 November 2022, a favourable variance of £8.246m including Covid (£8.335m excluding covid) is forecast for corporate expenditure items. This is a favourable movement of £1.293m including Covid (£1.293m excluding Covid) on the October forecast and the reasons for this are:-

a) It is forecast that the budget allocated to undertake an internal review will be underutilised by £1m at year end and is available to offset the forecast unfavourable variance in service department budgets.

b) The budget provided for the negative impact of Covid-19 on council income will not be utilised and an additional favourable variance of £0.293m will be available to offset the forecast unfavourable variance in service department budgets.

5 Capital Programme 2022-26

5.1 The Table below shows the movement in the 2022/26 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	6,592	423	**7,015**	20,280	50	**20,330**	5,155		**5,155**	12,427		**12,427**
Community & Housing	914	181	**1,095**	827		**827**	2,895		**2,895**	1,177		**1,177**
Children Schools & Families	8,612	480	**9,092**	7,689	278	**7,967**	8,737		**8,737**	3,479		**3,479**
Environment and Regeneration	13,532	(761)	**12,772**	10,587	807	**11,395**	6,297		**6,297**	24,913		**24,913**
Total	**29,650**	**324**	**29,974**	**39,383**	**1,135**	**40,519**	**23,084**	**0**	**23,084**	**41,996**	**0**	**41,996**

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

Capital Budget Monitoring - November 2022

Department	Actuals	Year to Date Budget	Variance	Final Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Corporate Services	1,442,571	2,418,434	(975,863)	7,014,760	7,014,410	(350)
Community and Housing	556,294	528,480	27,814	1,095,330	1,095,330	0
Children Schools & Families	4,990,998	5,216,561	(225,562)	9,092,470	9,091,930	(540)
Environment and Regeneration	5,519,647	6,465,920	(946,273)	12,771,610	12,709,947	(61,663)
Total	**12,509,510**	**14,629,394**	**(2,119,884)**	**29,974,170**	**29,911,617**	**(62,553)**

a) Corporate Services – After the adjustments in the Table below budget managers are projecting full spend on all budgets.

Corporate Services		**Budget 2022-23**	**Budget 2023-24**	**Narrative**
		£	**£**	
Customer Contact	(1)	(160,000)		Vired to a separate project within customer contact
Customer Contacts - Complaints System	(1)	160,000		Vired from the general project code for a separate project
Civic Centre - Workplace Design Project	(1)	473,000		Elements of Project funded from Revenue Reserve
Invest to Save - Photovoltaics & Energy Conserv	**(1)**	**(50,000)**	**50,000**	Reprofiled in accordance with Projected Spend
Total		**423,000**	**50,000**	

(1) Requires Cabinet approval

b) Community and Housing – After the adjustments in the Table below budget managers are projecting full spend on all budgets.

Community and Housing		**Budget 2022-23**	**Budget 2023-24**	**Narrative**
		£	**£**	
Disabled Facilites Grant- Project General	(1)	181,200		Funding to match Forecast

c) Children, Schools and Families – After the adjustments in the Table below budget managers are under-forecasting full spend on all budgets.

Children, Schools and Families		**Budget 2022-23**	**Budget 2023-24**	**Narrative**
		£	**£**	
Hollymount Capital Maintenance	(1)	(50,000)	50,000	Virement and re-profiling of schemes within the Schools Capital Maintenance programme to provide for new schemes within the approved grant sum and to reflect anticipated and actual final accounts on schemes
Hatfeild Capital Maintenance	(1)	(35,000)	35,000	
Dundonald Capital Maintenance	(1)	(5,000)		
Merton Park Capital Maintenance	(1)	(14,500)		
Wimbledon Park Capital Maintenance	(1)	(50,000)	50,000	
Abbotsbury Capital Maintenance	(1)	(10,000)		
Bond Capital Maintenance	(1)	(6,000)		
Gorringe Park Capital Maintenance	(1)	(4,500)		
St Marks Capital Maintenance	(1)	10,000		
Lonesome Capital Maintenance	(1)	(19,000)		
Sherwood Capital Maintenance	(1)	(40,000)	8,000	
Links capital maintenance	(1)	16,000		
Hillcross capital maintenance	(1)	16,000		
William Morris Capital Maintenance	(1)	(10,000)	10,000	
Perseid Upper Capital Maintenance	(1)	(50,000)	50,000	
Cricket Green Capital Maintenance	(1)	(7,080)		
Melrose Whatley Avenue Capital Maintenance	**(1)**	56,080		
Perseid Lower - School Expansion	**(1)**	(30,000)	30,000	Reprofiled in accordance with Projected Spend
CSF Schemes - Devolved Formula Capital	**(1)**	728,250		Additional Government Grant to be passported directly to schools
Children's Centres - Bond Road Familty Cenre	**(1)**	(30,000)	30,000	Reprofiled in accordance with Projected Spend
Children's Centres - Family Hubs	**(1)**	15,0000	15,000	New Dof E Grant for Family Hubs
Total		**480,250**	**278,000**	

(1) Requires Cabinet approval

The council utilises the 'School Condition Allocation' grant from the DfE to enable the council to provide a rolling programme of capital maintenance schemes in schools. A number of movements between schemes (but within the overall programme are requested this month to reflect updated scheme costs.

There are two major completed schemes that are still subject to final account agreement, at Melrose School and the Harris Academy Wimbledon new school facilitation project (Merton Hall). Once there is agreement any further costs will require further budget approval.

The DfE has recently provided an additional £728,250 of 'Devolved Formula Capital' grant to the council which must be passed directly by formula to schools, to be targeted for energy efficiency schemes.

The council has been awarded a capital grant of £30,000 for "Family hubs" to be added to the council's capital programme. Family Hubs is a way of joining up services locally for families to navigate the services that they need. The capital grant is to improve some local buildings (existing Youth centres and Children's Centres) to meet this aim.

d. Environment and Regeneration – After the adjustments in the Table below budget managers are forecasting a negative variance of £62k on their budgets. This forecast represents two over-spends and one under-spend.

The forecast over-spends are caused by the projects below:

- Highways & Footways- This is due to inflation of approx. 20% under the terms of the highways maintenance contract. It is expected that the overspend will be funded from 2023-24 block budgets within the highways area
- Waste SLWP – officers are currently reviewing the outturn position on this project. A spend of £60k anticipated for this financial year which will leave a forecast £59k underspend at year end. Officers are currently identifying prior year spend which should have been capitalised to offset the remainder of the £119k

The forecast underspend is caused by the project below:

- Mitcham Area Regeneration (Canons- Park for the People) - we are forecasting an underspend, however work needs to be done to reconcile the HLF and SCIL funding to confirm this underspend. The final account with both contractors has now been agreed.

Final accounts are still outstanding with some contractors on Bishopsford (Mitcham) Bridge.

Environment and Regeneration		**Budget 2022-23**	**Budget 2023-24**	**Narrative**
		£	**£**	
On Street Parking - P&D - ANPR Cams Air Qual & Traf Sens	**(1)**	86,000		Scheme Funded from Revenue Contributions
Off Street Parking - P&D - Car Park Upgrades	**(1)**	(130,000)	**130,000**	Reprofiled in accordance with Projected Spend
CCTV Investment - CCTV Cameras and Infrastructure Upgrade	**(1)**	(497,770)	**497,770**	Reprofiled in accordance with Projected Spend
CCTV Investment - Willow Lane Bridge Improvements	**(1)**	(27,280)	**27,280**	Reprofiled in accordance with Projected Spend
CCTV Investment - Brangwyn Cres/Cside East Improvements	**(1)**	(52,430)	**52,430**	Reprofiled in accordance with Projected Spend
Highways & Footways - Vivacity Monitors	**(1)**	(39,180)		Budget being moved to revenue along with S106 funding
Mitcham Area Regeneration - Pollards Hill Bus Shelter	**(1)**	(50,000)	**50,000**	Reprofiled in accordance with Projected Spend
Sports Facilities - Leisure Centre Plant & Machine	**(1)**	(50,000)	**50,000**	Matchfunding for playzone £50k 22/23 and £50k 23/24
Total		**(760,660)**	**807,480**	

(1) Requires Cabinet approval

5.3 Finance officers will continue to review the projected outturn with budget managers, as their forecast is currently too high. Based on expenditure patterns in previous financial years and known spending to year end, they predict an outturn of around £23.5m.

5.4 Appendix 5c shows the revised funding of the proposed budget for 2022/25

5.5 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 from 2021/22	Adjustments	New External Funding	New Internal Funding	Re-profiling to Future Years	Revised Budget 22/23
Corporate Services	8,522	5,454		610	161	(7,732)	**7,015**
Community & Housing	2,530	87		181	50	(1,753)	**1,096**
Children Schools & Families	6,441	888	422	3,230		(1,869)	**9,112**
Environment and Regeneration	15,118	3,489	(290)	1,601	1,225	(8,391)	**12,751**
Total	**32,611**	**9,919**	**132**	**5,622**	**1,435**	**(19,745)**	**29,974**

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

Depts.	Spend To November 2019	Spend To November 2020	Spend to November 2021	Spend to November 2022	Variance 2019 to 2022	Variance 2020 to 2022	Variance 2021 to 2022
CS	1,753	1,022	891	1,443	(311)	420	552
C&H	557	249	840	556	(1)	307	(283)
CSF	6,391	1,146	4,719	4,991	(1,400)	3,845	272
E&R	5,058	5,821	6,605	5,520	461	(301)	(1,086)
Total Capital	**13,760**	**8,238**	**13,055**	**12,510**	**(1,251)**	**4,271**	**(545)**

Outturn £000s	23,161	16,930	21,776	
Budget £000s				29,973
Projected Spend November 2022 £000s				29,912
Percentage Spend to Budget				41.74%
% Spend to Outturn/Projection	59.41%	48.66%	59.95%	41.82%
Monthly Spend to Achieve Projected Outturn £000s				3,926

5.7 November is two thirds into the financial year and departments have spent just under 43% of the budget. Spend to date is higher than one of the three previous financial years.

Department	Spend To October 2022 £	Spend To November 2022 £	Increase £
CS	1,139,713	1,442,571	302,858
C&H	460,597	556,294	95,697
CSF	4,273,492	4,990,998	717,507
E&R	4,841,297	5,519,647	678,351
Total Capital	**10,715,098**	**12,509,510**	**1,794,413**

5.8 During November 2022 officers spent just under £1.8 million, to achieve the forecast year end spend of budget managers approximately £4 million would need to be spent each month to year end.

5. DELIVERY OF 2022/23 SAVINGS

Department	Target Savings 2022/23	Projected Savings 2022/23	2022/23 Expected Shortfall
	£000	£000	£000
Corporate Services	465	380	85
Children Schools and Families	378	178	200
Community and Housing	1,659	405	1,254
Environment and Regeneration	523	393	130
Total	**3,025**	**1,356**	**1,669**

Appendix 6 provides a breakdown on Directorate savings.

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 4 -	Next Report in Period 9
Appendix 5a –	Current Capital Programme
Appendix 5b -	Detail of Virements
Appendix 5c -	Summary of Capital Programme Funding
Appendix 6-	Progress on Savings 2022/23 (revised and simplified format)

8) BACKGROUND PAPERS

- Budgetary Control files held in the Corporate Services department.

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APPENDIX 1

3E.Corporate Items	Council 2022/23 £000s	Current Budget 2022/23 £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 2021/22 £000s
Cost of Borrowing	11,066	11,066	6,455	3,723	10,947	(119)	(119)	(235)
Use for Capital Programme						0	0	0
Impact of Capital on revenue budget	**11,066**	**11,066**	**6,455**	**3,723**	**10,947**	**(119)**	**(119)**	**(235)**
		-	-	-	-	-		-
Investment Income	**(396)**	**(396)**	**(231)**	**(913)**	**(1,343)**	**(947)**	**(947)**	**(143)**
Pension Fund	**503**	**503**	**251**	**0**	**503**	**0**	**0**	**0**
Corporate Provision for Pay Award	3,468	(2,450)	(1,225)	0	(490)	1,960	1,960	(195)
Corporate Provision for National Minimum Wage	1,500	1,500	750	0	250	(1,250)	(1,250)	(1,500)
Provision for excess inflation	2,500	2,500	1,250	0	1,500	(1,000)	(1,000)	(250)
Pay and Price Inflation	**7,468**	**1,550**	**775**	**0**	**1,260**	**(290)**	**(290)**	**(1,945)**
Contingency	1,500	958	479	0	418	(540)	(540)	(488)
Bad Debt Provision	1,500	1,500	750	0	1,500	0	0	(2,397)
Loss of income arising from P3/P4	400	400	200	0	200	(200)	(200)	(200)
Loss of HB Admin grant	23	23	11	0	23	0	0	(23)
Apprenticeship Levy	450	450	225	127	450	0	0	(69)
Revenuisation and miscellaneous	6,028	5,608	2,804	412	2,215	(3,393)	(2,100)	(3,153)
Growth - Provision against DSG	10,543	10,543	5,272	0	7,803	(2,740)	(2,740)	(10,882)
Contingencies and provisions	**20,444**	**19,482**	**9,741**	**540**	**12,609**	**(6,873)**	**(5,580)**	**(17,212)**
Other income	0	0	0	(14)	0	0	0	10
CHAS IP/Dividend	(2,223)	(4,223)	(2,112)	(2,240)	(4,223)	0	0	0
Income items	**(2,223)**	**(4,223)**	**(2,112)**	**(2,254)**	**(4,223)**	**0**	**0**	**10**
Appropriations: CS Reserves	(2,167)	(3,135)	(1,568)	0	(3,135)	0	0	0
Appropriations: E&R Reserves	(1,314)	(1,496)	(748)	0	(1,496)	0	0	0
Appropriations: CSF Reserves	(300)	(340)	(170)	(40)	(340)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(52)	0	(104)	0	0	0
Appropriations:Public Health	(93)	(93)	(47)	0	(93)	0	0	0
Appropriations:Corporate Reserves	(8,636)	(6,636)	(3,318)	2,000	(6,742)	(106)	(106)	1,972
Appropriations/Transfers	**(12,615)**	**(11,806)**	**(5,903)**	**1,960**	**(11,912)**	**(106)**	**(106)**	**1,972**
Depreciation and Impairment	**(25,593)**	**(25,593)**	**0**	**0**	**(25,593)**	**0**	**0**	**20**
Central Items	**(1,347)**	**(9,418)**	**8,977**	**3,056**	**(17,753)**	**(8,334)**	**(7,042)**	**(17,533)**
Levies	**988**	**988**	**494**	**747**	**988**	**0**	**0**	**0**
TOTAL CORPORATE PROVISIONS	**(359)**	**(8,430)**	**9,471**	**3,803**	**(16,765)**	**(8,334)**	**(7,042)**	**(17,533)**
COVID-19 expenditure	0	0	0	89	89	89	89	235
TOTAL CORPORATE EXPENDITURE inc. COVID-19	**(359)**	**(8,430)**	**9,471**	**3,892**	**(16,676)**	**(8,246)**	**(6,953)**	**(17,298)**

APPENDIX 2

Pay and Price Inflation as at November 2022 Monitoring

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 assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 10.7% and RPI at 14.0% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:

As reported to Cabinet in December 2022, for 2022/23 the final pay award has now been agreed based on the National Employers' one-year (1 April 2022 to 31 March 2023), final offer. Although 2% was included in the approved budget 2022/23, it was clear that this would be insufficient given the current cost of living and high inflation rates and the agreed pay award of c.6% is estimated to cost an additional £3.960m

Prices:

The Consumer Prices Index (CPI) rose by 10.7% in the 12 months to November 2022, down from 11.1% in October. CPI rose by 0.4% in November 2022, compared with a rise of 0.7% in November 2021. The largest downward contribution to the change in both the CPIH and CPI annual inflation rates between October and November 2022 came from transport, particularly motor fuels, with rising prices in restaurants, cafes and pubs making the largest, partially offsetting, upward contribution. The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 9.3% in the 12 months to November 2022, down from 9.6% in October. The largest upward contributions to the annual CPIH inflation rate in October 2022 came from housing and household services (principally from electricity, gas, and other fuels), and food and non-alcoholic beverages.

The RPI rate for November 2022 was 14.0%, down from 14.2% in October 2022.

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. The MPC currently uses two main monetary policy tools. First, they set the interest rate that banks and building societies earn on deposits, or 'reserves', placed with the Bank of England – this is Bank Rate. Second, the MPC can buy government and corporate bonds, financed by the issuance of central bank reserves – this is asset purchases or quantitative easing.

At its meeting ending on 14 December 2022, the MPC voted by a majority of 6-3 to increase Bank Rate by 0.5 percentage points, to 3.5%. Two members preferred to maintain Bank Rate at 3%, and one member preferred to increase Bank Rate by 0.75 percentage points, to 3.75%.

In the minutes to the meeting, the MPC state that In the "November Monetary Policy Report projections, conditioned on the elevated path of market interest rates at that time, the UK economy was expected to be in recession for a prolonged period and CPI inflation was expected to remain very high in the near term. Inflation was expected to fall sharply from mid-2023, to some way below the 2% target in years two and three of the projection. This reflected a negative contribution from energy prices, as well as the emergence of an increasing degree of economic slack and a steadily rising unemployment rate. The risks around that declining path for inflation were judged to be to the upside. Domestic wage and price pressures are elevated. There has been limited news in other domestic and global economic data relative to the November Report projections.

The MPC has concerns about domestic wage and price pressures which it describes as elevated. In underlining their decision to increase the Base Rate by 0.5% the MPC say that "both services price inflation and private sector regular wage growth had increased significantly over the second half of the year, with the latter continuing to surprise on the upside since the November Report. There remained a risk that, following a protracted period of high inflation, inflation expectations could be slow to adjust downwards to target-consistent levels once external cost pressures had passed. Although activity in the economy was clearly weakening, there were some signs that it was more resilient than had been expected and it was therefore uncertain how quickly the labour market would loosen."

The next MPC decision on the Bank Base Rate will be on 2 February 2023.

In its November 2022Monetary Policy Report the MPC has provided the following forecast for CPI inflation up to the end of 2025 based on its latest assessment of the economic outlook:-

Bank of England (MPC) Quarterly Central Projection - CPI Inflation (November 2022)

%	2022 Qtr.4	2023 Qtr.1	2023 Qtr.2	2023 Qtr.3	2023 Qtr.4	2024 Qtr.1	2024 Qtr.2	2024 Qtr.3	2024 Qtr.4	2025 Qtr.1	2025 Qtr.2	2025 Qtr.3	2025 Qtr.4
CPI	10.9	10.1	9.5	7.9	5.2	4.0	1.1	1.2	1.4	1.2	0.8	0.6	0.0

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 (November 2022)			
2022 (Quarter 4)	Lowest %	Highest %	Average %
CPI	9.6	14.0	10.5
RPI	11.3	14.5	12.9
LFS Unemployment Rate	3.4	4.2	3.8
2023 (Quarter 4)	Lowest %	Highest %	Average %
CPI	2.2	7.4	5.0
RPI	2.6	11.0	6.7
LFS Unemployment Rate	3.2	5.4	4.4

Note the wide range between highest and lowest forecasts which reflects the volatility and uncertainty arising from volatile fuel and utility costs impacting 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 (November 2022)					
	2022	2023	2024	2025	2026
	%	%	%	%	%
CPI	9.0	7.4	3.2	2.6	2.7
RPI	10.4	9.0	4.1	4.0	3.9
LFS Unemployment Rate	3.7	4.2	4.3	4.1	4.2

APPENDIX 3

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

The MPC currently uses two main monetary policy tools.

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

At its meeting ending on 14 December 2022, the MPC voted by a majority of 6-3 to increase Bank Rate by 0.5 percentage points, to 3.5%. Two members preferred to maintain Bank Rate at 3%, and one member preferred to increase Bank Rate by 0.75 percentage points, to 3.75%.

The next Bank of England MPC base rate decision is on 2 February 2023.

At the same time as announcing the November Base Rate decision, the MPC also published the November Monetary Policy Report, in which the MPC's updated projections for activity and inflation describe a very challenging outlook for the UK economy.

In terms of the outlook the MPC's view is that "most indicators of global supply chain bottlenecks have eased, but global inflationary pressures remain elevated. Advanced-economy government bond yields have fallen, particularly at longer maturities. The sterling effective exchange rate has appreciated by around 2¾%. There has been some reduction in UK fixed-term mortgage rates since the Committee's previous meeting, but rates remain materially higher than in the summer."

The MPC will continue to use interest rates as its key weapon in their efforts to return inflation to its target of 2% and state that "

In the November 2022 Monetary Policy Report, the MPC's overall forecast summary is as follows:-

	2022(Qtr.4)	2023(Qtr.4)	2024(Qtr.4)	2025(Qtr.4)
	%	%	%	%
GDP	0.2	-1.9	-0.1	0.2
CPI	10.9	5.2	1.4	0.0
LFS Unemployment Rate	3.7	4.9	5.9	6.4
Excess supply/Excess demand	0.75	-2.5	-3.0	-3.0
Bank Rate	3.0	5.2	4.7	4.4

In producing their forecast, the MPC have included the following key judgements and risks:-

Key judgement 1: there has been a material tightening in financial conditions, including the elevated path of market interest rates. In addition, high energy prices continue to weigh on spending, despite an assumption of some fiscal support for household energy bills over the next two years. As a result, the UK economy is expected to remain in recession throughout 2023 and

2024 H1, and GDP is expected to recover only gradually thereafter.

Key judgement 2: although there is judged to be a greater margin of excess demand currently, continued weakness in spending leads to an increasing degree of economic slack emerging from 2023 H1, including a rising unemployment rate.

Key judgement 3: despite a decline in global price pressures and a significant fall in the contribution of household energy prices to CPI inflation, domestic inflationary pressures remain strong over the next year. But an increasing degree of economic slack depresses domestic pressures further out. Conditioned on the elevated path of market interest rates, CPI inflation declines to below the 2% target in the medium term, although the Committee judges that the risks to the inflation projections are skewed to the upside.

Appendix 5a

Capital Budget Monitoring – November 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Capital	**12,509,510**	**14,629,394**	**(2,119,884)**	**29,974,170**	**29,911,617**	**(62,553)**
Corporate Services	**1,442,571**	**2,418,434**	**(975,863)**	**7,014,760**	**7,014,410**	**(350)**
Customer Contact Programme	47,060	0	47,060	1,339,000	1,339,000	0
Works to other buildings	309,650	557,438	(247,788)	822,570	775,702	(46,868)
Civic Centre	28,497	180,000	(151,503)	773,000	819,864	46,864
Invest to Save schemes	296,449	539,024	(242,575)	804,560	804,214	(346)
Business Systems	34,702	310,000	(275,298)	612,940	612,940	0
Social Care IT System	0	0	0	281,000	281,000	0
Disaster recovery site	81,771	94,080	(12,309)	94,080	94,080	0
Planned Replacement Programme	174,581	737,892	(563,311)	1,229,820	1,229,820	0
Acquisitions Budget	469,860	0	469,860	469,050	469,050	0
Westminster Ccl Coroners Court	0	0	0	588,740	588,740	0
Community and Housing	**556,294**	**528,480**	**27,814**	**1,095,330**	**1,095,330**	**0**
Disabled Facilities Grant	556,294	523,680	32,614	1,066,330	1,066,330	0
Major Library Projects	0	0	0	5,000	5,000	0
Libraries IT	0	4,800	(4,800)	24,000	24,000	0

Appendix 5a

Capital Budget Monitoring – November 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Children Schools & Families	**4,990,998**	**5,216,561**	**(225,562)**	**9,092,470**	**9,091,930**	**(540)**
Primary Schools	**1,166,731**	**2,104,395**	**(937,664)**	**2,602,210**	**2,602,120**	**(90)**
Hollymount	40	105,000	(104,960)	55,000	55,000	0
West Wimbledon	99,030	110,360	(11,330)	140,000	140,000	0
Hatfeild	68,601	153,840	(85,239)	120,090	120,000	(90)
Hillcross	92,819	110,500	(17,681)	186,000	186,000	0
Joseph Hood	2,591	53,000	(50,409)	53,000	53,000	0
Dundonald	7,548	1,000	6,548	10,000	10,000	0
Merton Park	(809)	14,500	(15,309)	0	0	0
Pelham	83,229	89,055	(5,826)	110,000	110,000	0
Poplar	3,055	30,000	(26,945)	40,000	40,000	0
Wimbledon Chase	91,096	102,000	(10,904)	210,000	210,000	0
Wimbledon Park	48,034	156,280	(108,246)	130,030	130,030	0
Abbotsbury	103,778	104,208	(430)	127,000	127,000	0
Malmesbury	34,356	36,383	(2,026)	47,000	47,000	0
Morden	13,117	56,250	(43,133)	75,000	75,000	0
Bond	42,239	37,970	4,269	46,000	46,000	0
Cranmer	62,611	184,080	(121,469)	250,830	250,830	0
Gorringe Park	55,801	45,000	10,801	55,500	55,500	0
Haslemere	25,140	239,040	(213,900)	304,040	304,040	0
Liberty	(487)	0	(487)	80,490	80,490	0
Links	76,993	62,750	14,243	98,000	98,000	0
Singlegate	103,235	95,000	8,235	105,000	105,000	0
St Marks	1,268	13,760	(12,492)	45,060	45,060	0
Lonesome	143,938	158,000	(14,062)	171,000	171,000	0
Sherwood	12,678	114,400	(101,722)	110,150	110,150	0
William Morris	(3,170)	32,020	(35,190)	33,020	33,020	0
Unlocated Primary School Proj	0	0	0	0	0	0

Appendix 5a

Capital Budget Monitoring – November 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Secondary	**100,081**	**178,550**	**(78,469)**	**288,510**	**288,060**	**(450)**
Harris Academy Morden	0	50,000	(50,000)	135,000	135,000	0
Harris Academy Merton	0	34,170	(34,170)	34,170	34,170	0
Raynes Park	70,358	34,750	35,608	74,000	74,000	0
Ricards Lodge	14,040	21,610	(7,570)	15,200	15,200	0
Rutlish	13,964	23,080	(9,116)	15,200	15,200	0
Harris Academy Wimbledon	1,720	14,940	(13,220)	14,940	14,490	(450)
SEN	**3,483,741**	**2,611,186**	**872,555**	**4,986,160**	**4,986,160**	**0**
Perseid	140,098	222,610	(82,512)	249,490	249,490	0
Cricket Green	(15,000)	46,120	(61,120)	39,040	39,040	0
Melrose	368,918	72,750	296,168	589,000	589,000	0
Melrose Whatley Ave SEN	2,116	50,000	(47,884)	106,080	106,080	0
Unlocated SEN	2,224,245	1,525,073	699,172	2,972,940	2,972,940	0
Melbury College - Smart Centre	138,521	124,500	14,021	155,000	155,000	0
Medical PRU	340,864	201,700	139,164	431,700	431,700	0
Mainstream SEN (ARP)	283,979	318,433	(34,454)	422,910	422,910	0
Perseid Lower School	0	50,000	(50,000)	20,000	20,000	0
Other	**240,445**	**322,430**	**(81,985)**	**1,215,590**	**1,215,590**	**0**
CSF Safeguarding	295	14,000	(13,705)	66,000	66,000	0
Devolved Formula Capital	235,816	235,830	(14)	1,081,990	1,081,990	0
Children's Centres	279	55,000	(54,721)	40,000	40,000	0
Youth Provision	4,055	17,600	(13,545)	27,600	27,600	0

Appendix 5a

Capital Budget Monitoring – November 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Environment and Regeneration	**5,519,647**	**6,465,920**	**(946,273)**	**12,771,610**	**12,709,947**	**(61,663)**
On Street Parking - P&D	157,235	188,000	(30,765)	386,000	386,000	0
Off Street Parking - P&D	53,171	124,000	(70,829)	100,000	100,000	0
CCTV Investment	106,180	503,702	(397,522)	265,860	265,860	0
Public Protection and Developm	0	25,000	(25,000)	50,000	50,000	0
Fleet Vehicles	0	0	0	0	0	0
Alley Gating Scheme	0	20,000	(20,000)	46,000	46,000	0
Waste SLWP	219,259	204,000	15,259	340,000	398,432	58,432
Street Trees	33,273	0	33,273	103,990	103,990	0
Raynes Park Area Roads	5,457	0	5,457	43,500	43,500	0
Highways & Footways	3,098,936	2,883,154	215,782	6,112,010	6,191,915	79,905
Cycle Route Improvements	235,335	236,214	(879)	837,640	837,640	0
Mitcham Area Regeneration	219,895	429,370	(209,475)	648,950	448,950	(200,000)
Wimbledon Area Regeneration	348,150	581,778	(233,628)	1,035,870	1,035,870	0
Morden Area Regeneration	0	0	0	150,000	150,000	0
Borough Regeneration	284,222	219,684	64,538	507,140	507,140	0
Property Management Enhancement	0	10,000	(10,000)	35,000	35,000	0
Wimbledon Park Lake and Waters	402,745	312,126	90,619	530,210	530,210	0
Sports Facilities	25,783	189,132	(163,349)	265,220	265,220	0
Parks	330,006	539,760	(209,754)	1,314,220	1,314,220	0

Virement, Re-profiling and New Funding - November 2022

Appendix 5b

		2022/23 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2022/23 Budget	2023/24 Budget	Movement	Revised 2023/24 Budget	Narrative
		£	£		£	£	£		£	
Corporate Services										
Customer Contact- Customer Contact Programme	(1)	**304,190**	(160,000)			**144,190**	**1,000,000**		**1,000,000**	Vired to a separate project within customer contact
Customer Contacts - Complaints System	(1)	**0**	160,000			**160,000**	**0**		**0**	Vired from the general project code for a separate project
Civic Centre - Workplace Design Project	(1)	**0**		473,000		**0**			**0**	Elements of Project funded from Revenue Reserve
Invest to Save - Photovoltaics & Energy Conserv	(1)	**50,000**			(50,000)	**0**	**0**	50,000	**50,000**	Reprofiled in accordance with Projected Spend
Community and Housing										
Disabled Facilites Grant- Project General	(1)	**872,800**		181,200		**1,054,000**			**0**	Funding to match Forecast
Children, Schools and Families										
Hollymount Capital Maintenance	(1)	**105,000**			(50,000)	**55,000**		50,000	**50,000**	Virement and re-profiling of schemes within the Schools Capital Maintenance programme to provide for new schemes within the approved grant sum and to reflect anticipated and actual final accounts on schemes.
Hatfeild Capital Maintenance	(1)	**155,000**			(35,000)	**120,000**		35,000	**35,000**	
Dundonald Capital Maintenance	(1)	**15,000**	(5,000)			**10,000**			**0**	
Merton Park Capital Maintenance	(1)	**14,500**	(14,500)			**0**			**0**	
Wimbledon Park Capital Maintenance	(1)	**180,030**			(50,000)	**130,030**		50,000	**50,000**	
Abbotsbury Capital Maintenance	(1)	**137,000**	(10,000)			**127,000**			**0**	
Bond Capital Maintenance	(1)	**52,000**	(6,000)			**46,000**			**0**	
Gorringe Park Capital Maintenance	(1)	**60,000**	(4,500)			**55,500**			**0**	
St Marks Capital Maintenance	(1)	**35,060**	10,000			**45,060**			**0**	
Lonesome Capital Maintenance	(1)	**190,000**	(19,000)			**171,000**			**0**	
Sherwood Capital Maintenance	(1)	**150,150**	(32,000)		(8,000)	**110,150**		8,000	**8,000**	
Links capital maintenance	(1)	**82,000**	16,000			**98,000**			**0**	
Hillcross capital maintenance	(1)	**170,000**	16,000			**186,000**			**0**	
William Morris Capital Maintenance	(1)	**43,020**			(10,000)	**33,020**		10,000	**10,000**	
Perseid Upper Capital Maintenance	(1)	**290,360**			(50,000)	**240,360**		50,000	**50,000**	
Cricket Green Capital Maintenance	(1)	**7,080**	(7,080)			**0**			**0**	
Melrose Whatley Avenue Capital Maintenance	(1)	**50,000**	56,080			**106,080**			**0**	
Perseid Lower - School Expansion	(1)	**50,000**			(30,000)	**20,000**	**1,550,000**	30,000	**1,580,000**	Reprofiled in accordance with Projected Spend
CSF Schemes - Devolved Formula Capital	(1)	**353,740**		728,250		**1,081,990**	**0**		**0**	Additional Government Grant to be passported directly to sc
Children's Centres - Bond Road Familty Cenre	(1)	**55,000**			(30,000)	**25,000**		30,000	**30,000**	Reprofiled in accordance with Projected Spend
Children's Centres - Family Hubs	(1)	**0**		15,000		**15,000**		15,000	**15,000**	New Dof E Grant for Family Hubs
Environment and Regeneration										
On Street Parking - P&D - ANPR Cams Air Qual & Traf Sens	(1)	**0**		86,000		**86,000**	**300,000**	0	**300,000**	Scheme Funded from Revenue Contributions
Off Street Parking - P&D - Car Park Upgrades	(1)	**230,000**			(130,000)	**100,000**	**544,510**	130,000	**674,510**	Reprofiled in accordance with Projected Spend
CCTV Investment - CCTV Cameras and Infrastructure Upgrade	(1)	**697,770**			(497,770)	**200,000**	**554,470**	497,770	**1,052,240**	Reprofiled in accordance with Projected Spend
CCTV Investment - Willow Lane Bridge Improvements	(1)	**39,040**			(27,280)	**11,760**		27,280	**27,280**	Reprofiled in accordance with Projected Spend
CCTV Investment - Brangwyn Cres/Cside East Improvements	(1)	**52,430**			(52,430)	**0**		52,430	**52,430**	Reprofiled in accordance with Projected Spend
Highways & Footways - Vivacity Monitors	(1)	**39,180**		(39,180)		**0**			**0**	Budget being moved to revenue along with S106 funding
Mitcham Area Regeneration - Pollards Hill Bus Shelter	(1)	**50,000**			(50,000)	**0**	**200,000**	50,000	**250,000**	Reprofiled in accordance with Projected Spend
Sports Facilities - Leisure Centre Plant & Machine	(1)	**315,220**			(50,000)	**265,220**	**250,000**	50,000	**300,000**	Matchfunding for playzone £50k 22/23 and £50k 23/24
Total		**4,845,570**	**0**	**1,444,270**	**(1,120,480)**	**4,696,360**	**4,398,980**	**1,135,480**	**5,534,460**	

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

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
October Monitoring	**11,215**	**18,436**	**29,650**
Corporate Services			
Civic Centre - Workplace Design Project	**473**	**0**	**473**
Invest to Save - Photovoltaics & Energy Conserv	**(50)**	**0**	**(50)**
Community and Housing			
Disabled Facilities Grant- Project General	**0**	**181**	**181**
Children, Schools and Families			
Hollymount Capital Maintenance	**0**	**(50)**	**(50)**
Hatfeild Capital Maintenance	**0**	**(35)**	**(35)**
Wimbledon Park Capital Maintenance	**0**	**(50)**	**(50)**
Sherwood Capital Maintenance	**0**	**(8)**	**(8)**
William Morris Capital Maintenance	**0**	**(10)**	**(10)**
Perseid Upper Capital Maintenance	**0**	**(50)**	**(50)**
Perseid Lower - School Expansion	**0**	**(30)**	**(30)**
CSF Schemes - Devolved Formula Capital	**0**	**728**	**728**
Children's Centres - Bond Road Family Centre	**(30)**	**0**	**(30)**
Children's Centres - Family Hubs	**0**	**15**	**15**
Environment and Regeneration			
On Street Parking - P&D - ANPR Cams Air Qual & Traf Sens	**86**	**0**	**86**
Off Street Parking - P&D - Car Park Upgrades	**(130)**	**0**	**(130)**
CCTV Investment - CCTV Cameras and Infrastructure Upgrade	**(498)**	**0**	**(498)**
CCTV Investment - Willow Lane Bridge Improvements	**(27)**	**0**	**(27)**
CCTV Investment - Brangwyn Cres/Cside East Improvements	**(52)**	**0**	**(52)**
Highways & Footways - Vivacity Monitors	**(39)**	**0**	**(39)**
Mitcham Area Regeneration - Pollards Hill Bus Shelter	**(50)**	**0**	**(50)**
Sports Facilities - Leisure Centre Plant & Machine	**(50)**	**0**	**(50)**
Proposed November Monitoring	**10,847**	**19,127**	**29,974**

Appendix 5c

Capital Programme Funding Summary 2023/24

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
October Monitoring	**13,360**	**26,023**	**39,383**
Corporate Services			
Invest to Save - Photovoltaics & Energy Conserv	**50**	**0**	**50**
Children, Schools and Families			
Hollymount Capital Maintenance	**0**	**50**	**50**
Hatfeild Capital Maintenance	**0**	**35**	**35**
Wimbledon Park Capital Maintenance	**0**	**50**	**50**
Sherwood Capital Maintenance	**0**	**8**	**8**
William Morris Capital Maintenance	**0**	**10**	**10**
Perseid Upper Capital Maintenance	**0**	**50**	**50**
Perseid Lower - School Expansion	**0**	**30**	**30**
Children's Centres - Bond Road Family Centre	**30**	**0**	**30**
Children's Centres - Family Hubs	**0**	**15**	**15**
Environment and Regeneration			
Off Street Parking - P&D - Car Park Upgrades	**130**	**0**	**130**
CCTV Investment - CCTV Cameras and Infrastructure Upgrade	**498**	**0**	**498**
CCTV Investment - Willow Lane Bridge Improvements	**27**	**0**	**27**
CCTV Investment - Brangwyn Cres/Cside East Improvements	**52**	**0**	**52**
Mitcham Area Regeneration - Pollards Hill Bus Shelter	**50**	**0**	**50**
Sports Facilities - Leisure Centre Plant & Machine	**50**	**0**	**50**
Proposed November Monitoring	**14,248**	**26,271**	**40,519**

PROGRESS ON SAVINGS IN THE MTFS

Department	Target Savings 2022/23	Projected Savings 2022/23	2022/23 Expected Shortfall
	£000	**£000**	**£000**
Corporate Services	465	380	85
Children Schools and Families	378	178	200
Community and Housing	1,659	405	1,254
Environment and Regeneration	523	393	130
Total	**3,025**	**1,356**	**1,669**

PROGRESS ON SAVINGS IN THE MTFS

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2022/23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Forecast £000	Shortfall	RAG	Comments
Savings due in 22/23						
2019-20 CS04	Reduce strategic partner grant by 10%	78	78	0	G	
2019-20 CS28	Cash collection reduction	13	13	0	G	
2020-21 CS7	Staff reductions	75	75	0	G	
2022-23 CS5	Customer, Policy & Improvement – Registrars Service	32	32	0	G	
2022-23 CS6	Customer, Policy & Improvement – Cash Collection	20	20	0	G	
2022-23 CS8	Customer, Policy & Improvement – Customer Contact	15	15	0	G	
2020-21 CS11	Commercial Services - restructure	50	0	50	R	This saving will not be achieved and is being written out of the MTFS as included in the Business Plan report.
2018-19 CS08	Increase in income from Enforcement Service	20	0	20	R	Defered to 2023/24. Not achievable in year due to covid.
2022-23 CS1	Resources - AD budget	10	10	0	G	
2022-23 CS2	Resources - AD budget	15	15	0	G	
2022-23 CS3	Resources - Insurance	25	25	0	G	
2022-23 CS4	HR - Payroll	15	0	15	R	The payroll savings won't be achieved this year as we have been unable to get the last remaining staff that receive paper payslips onto e-payslips. This is because they are typically passenger transport employees who do not have e-mail addresses and we are finding it difficult to find an electronic solution for them.
2022-23 CS9	Corporate Governance - AD Budget	3	3	0	G	
2022-23 CS10	Corporate Governance - Electoral Services and Democratic services	15	15	0	G	
2022-23 CS12	Corporate Governance - Information Team	29	29	0	G	
2022-23 CS13	Corporate items	50	50	0	G	
	Total CS Savings for 2022/23	**465**	**380**	**85**		

PROGRESS ON SAVINGS IN THE MTFS

CHILDREN, SCHOOLS AND FAMILIES SAVINGS PROGRESS: 2022-23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Achieved/ Expected £000	Shortfall	RAG
Savings due in 22/23					
CSF1-22/23	School Meals PFI	**100**	**100**	**0**	**G**
CSF2-22/23	Education - Office Efficiencies	**50**	**50**	**0**	**G**
CSF3-22/23	Education Inclusion - Streamlined Activities	**28**	**28**	**0**	**G**
CSF4-22/23	CSC Placements - Demand Management and Commissioning			**0**	**n/a**
Prior Year savings not delivered in 2021/22					
2021-22 CSF02	rationalisation of Chidren's Centres	**200**	**0**	**200**	**G**
	Total Children, Schools and Families Savings 2022/23	**378**	**178**	**200**	

APPENDIX 6

PROGRESS ON SAVINGS IN THE MTFS

Updated Nov'22 (P8)

DEPARTMENT: Community & Housing Savings Progress 2022/23

Ref	Description of Saving	Division	2022/23 Savings Required £000	2022/23 Savings Forecasted £000	Shortfall	RAG	Comments
(Nov'20)CH100	**Review of in-house day care provision**	Adult Social Care	700	0	700	R	Saving deferred to 2023/24 as additional time required to finalise proposals and stakeholder consultation
(Nov'20)CH101	**Review of in-house LD Residential provision**	Adult Social Care	544	0	544	R	Saving deferred to 2023/24 as additional time required to finalise proposals and stakeholder consultation
(Nov'20)CH102	**Dementia hub re-commissioning**	Adult Social Care	55	55	0	G	Future budgetary requirement being reviewed in context of proposed closure of Eastways.
(Oct'21) CH105	**Commissioning and Market Development – Increasing take up of Direct Payments**	Adult Social Care	100	100	0	G	Closer collaboration with operational teams to promote uptake is delivering increased number of Direct Payments.
(Oct'21) CH106	**Community & Housing - Housekeeping – review of ancillary budget lines**	Adult Social Care	50	50	0	G	Achieved
(Oct'21)CH109	**Adult Social Care - Placements**	Adult Social Care	100	100	0	G	Achieved by means of budget being removed at start of year. Continued pressure on budget as a result of rising demand and work ongoing to mitigate.
Oct'21) CH110	**Commissioning and Market Development – Commissioning efficiencies arising from re-procuring a high cost service**	Adult Social Care	50	40	10	A	Provider has been asked to reprice based on LLW applying. Likely to reduce level of saving delivered.
	Subtotal Adult Social Care		1,599	345	1,254		
(Jan'20) CH97	**Increase income and better use of technology**	Libraries	60	60	0	G	Achieved through increased income
	Subtotal Libraries		60	60	0		
	Total C & H Savings for 2022/23		1,659	405	1,254		

PROGRESS ON SAVINGS IN THE MTFS

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DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2022-23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Achieved £000	Shortfall	RAG	Comments
Savings due in 22/23						
ENV2021-07	Property Management - Increase residential (former Service tenancies) rent (increased income)	100	100	0	G	
ENV2021-10	Development Control/Building Control - Savings as a result of the 'Assure' M3 upgrade	15	0	15	R	The "Assure" M3 upgrade may now not take place. Terraquest has been appointed to review this as there may be more suitable alternative systems available.
ENV2022-23 05	Highways; Increased income from street permitting through enforcement of utility works.	40	40	0	G	
ENV2022-23 07	Future Merton, Policy team: Additional income from planning performance agreements (PPA)	50	0	50	R	This income is dependent on the pre-app and PPA fees which are set by Development Control; the additional income won't be met until the fees and charges are reviewed and income spread across the teams.
ENV1819-04	Parking: Reduction in the number of pay & display machines required.	14	14	0	G	
ENV2021-08	Parking - Activity to improve On Street parking compliance.	100	100	0	G	
E1	Regulatory Services: Investigate potential commercial opportunities	65	0	65	R	This saving target will not be met in 2022/23. Contiunued service uplift has been observed accross key service areas within the RSP. The service forecasts a total overspend of £225k owing chiefly to unsupported legacy income targets (totalling £275k) loaded into RSP cost centres. A management structure is now in place following key departures over the last 12 months and will be invstigating new commercial opportunities to be developed in the new financial year.
ENV2022-23 01	Public Space - Waste services: Disposal processing savings (Food Waste Recyclate)	104	104	0	G	
ENV2022-23 02	Public Space – Greenspaces: Raynes Park Sports Ground - new lease arrangement	35	35	0	G	
	Total Environment and Regeneration Savings 2022/23	**523**	**393**	**130**		