

# **Merton Council**

## **Cabinet**

**9 December 2013**

### **Supplementary agenda**

The chair has agreed to the late submission of this report for the reasons stated in the report.

8 Financial Monitoring - October 2013

1 - 58

This page is intentionally left blank

## Cabinet

**Date: 9 December 2013**

**Subject: Financial Report 2013/14 – October 2013**

Lead officer: Paul Dale

Lead member: Mark Allison

---

### **Urgent report:**

Reason for urgency: The chair has approved the submission of this report as a matter of urgency as it provides the latest available monitoring information for 2013/14. This requires consideration as it has implications for current and future years' budget monitoring and management

### **Recommendations:**

---

- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast underspend at year end of £1,291k (which is 0.79% of the gross Council Budget) after allowing for a £510k transfer to the Capital Programme and consider any relevant action they may wish to take in respect of variations
  - B. Cabinet approve adjustments and virements detailed in Appendix 5b and the Current Capital Programme as detailed in Appendix 5a.
  - C. Cabinet note current progress to date on savings.
- 

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

- 1.1 This is the regular financial monitoring report for 2013/14 presented to Cabinet in line with the financial reporting timetable. It is based on expenditure and income as at 31st October 2013.

This financial monitoring report provides:-

- The latest budgetary control information on revenue expenditure and income, forecasting a year end underspend of £1.291m (£0.954m underspend reported last month);
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2013/14;
- Progress on the delivery of the 2013/14 revenue savings
- The key strategic risk register as at October 2013

## 2. 2013/14 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

2.1 **Executive summary** - As at October, the forecast is expected to be a net £1.291m underspend compared to the current budget.

### **Summary Position as at 31st October 2013**

|                                     | Current<br>Budget<br>2013/14<br>£000s | Full Year<br>Forecast<br>(Oct.)<br>£000s | Forecast<br>Variance<br>at year<br>end (Oct.)<br>£000s | Forecast<br>Variance<br>at year<br>end<br>(Sep.)<br>£000s |
|-------------------------------------|---------------------------------------|--|--|---|
| <b>Department</b>                   |                                       |  |  |   |
| 3A. Corporate Services              | 11,942                                | 10,960                                   | (982)  | (1,059)   |
| 3B. Children, Schools and Families  | 50,880                                | 51,876                                   | 996  | 972   |
| 3C. Community and Housing           | 63,568                                | 62,205                                   | (1,364)  | 142   |
| 3D. Public Health                   | 0                                     | (50)                                     | (50)   | (42)  |
| 3E. Environment & Regeneration      | 26,072                                | 25,794                                   | (278)  | (155)   |
| <b>NET SERVICE EXPENDITURE</b>      | <b>152,463</b>                        | <b>150,786</b>                           | <b>(1,677)</b>   | <b>(140)</b>  |
| <b>3E. Corporate Items</b>          |                                       |  |  |   |
| Impact of Capital on revenue budget | 13,878                                | 13,878                                   | 0  | 0   |
| Central budgets                     | -2,993                                | -2,607                                   | 386  | -814  |
| Levies                              | 914                                   | 914                                      | 0  | 0   |
| <b>TOTAL CORPORATE PROVISIONS</b>   | <b>11,799</b>                         | <b>12,185</b>                            | <b>386</b>   | <b>(814)</b>  |
| <b>TOTAL GENERAL FUND</b>           | <b>164,262</b>                        | <b>162,971</b>                           | <b>(1,291)</b>   | <b>(954)</b>  |
| <b>FUNDING</b>                      |                                       |  |  |   |
| Revenue Support Grant               | (47,221)                              | (47,221)                                 | 0  | 0   |
| Business Rates                      | (32,020)                              | (32,020)                                 | 0  | 0   |
| Other Grants                        | (8,356)                               | (8,356)                                  | 0  | 0   |
| Council Tax and Collection Fund     | (76,664)                              | (76,664)                                 | 0  | 0   |
| <b>FUNDING</b>                      | <b>(164,262)</b>                      | <b>(164,261)</b>                         | <b>0</b>   | <b>0</b>  |

A detailed table is provided as Appendix 1.

Chart 1 below shows the forecast year end variance for departmental expenditure with a comparison against 2012/13.

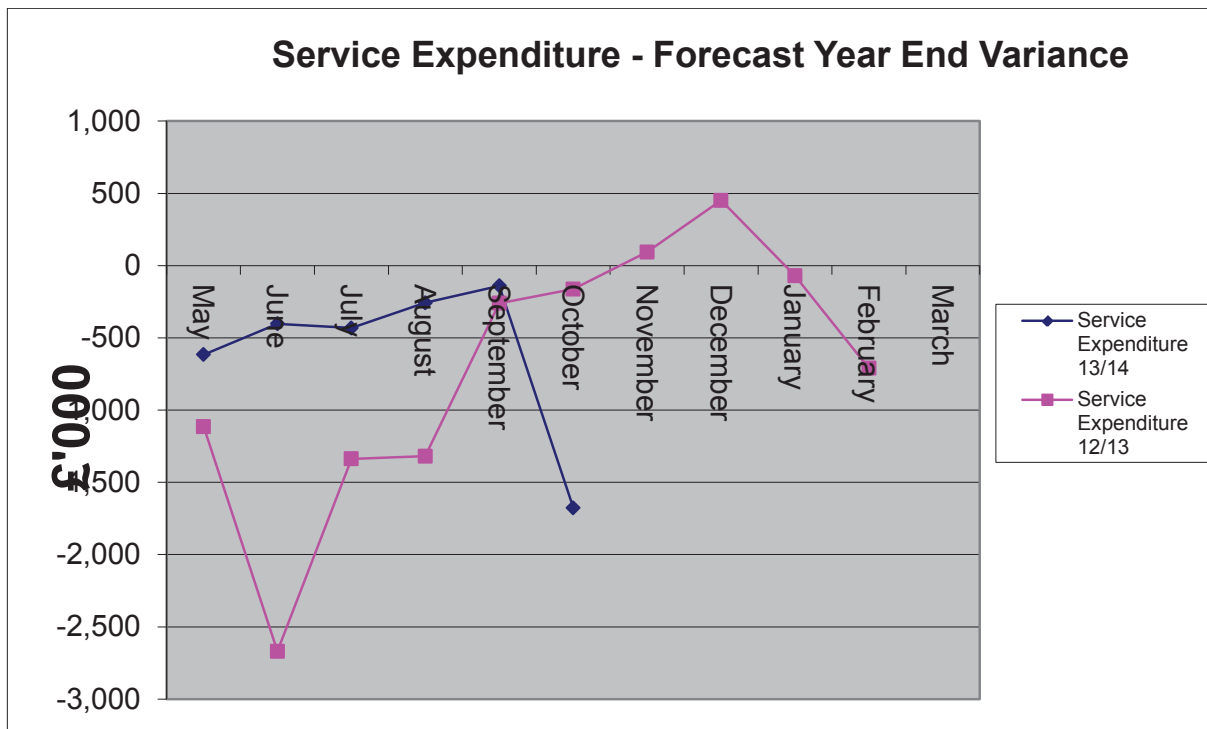
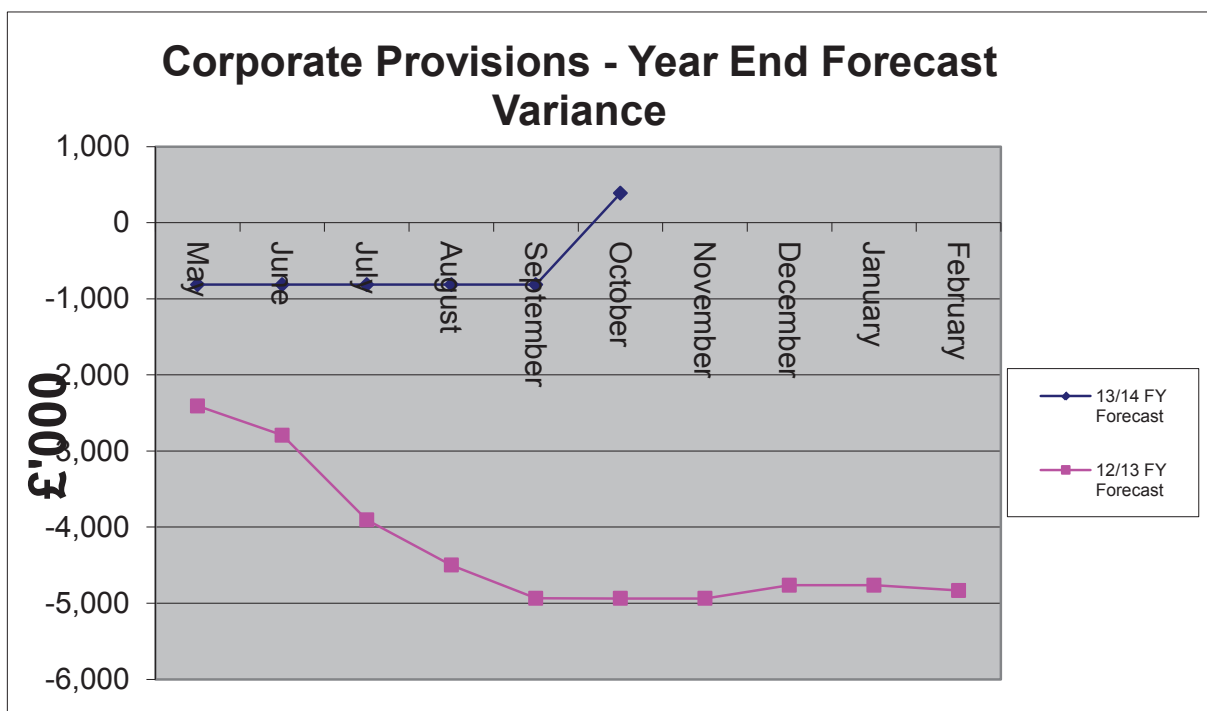


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against 2012/13.



The following table shows the summary position for October, in subjective format

|  | Current Budget<br>2013/14 | Full Year Forecast<br>(Oct) | Forecast Variance<br>at year end (Oct) |
|--|---------------------------|-----------------------------|--|
| <b>Expenditure</b>                           | £000                      | £000                        | £000                                   |
| Employees                                    | 93,508                    | 91,985                      | (1,523)                                |
| Premises Related Expenditure                 | 9,707                     | 9,110                       | (598)                                  |
| Transport Related Expenditure                | 13,170                    | 12,734                      | (436)                                  |
| Supplies and Services                        | 162,968                   | 163,135                     | 167                                    |
| Third Party Payments                         | 88,545                    | 87,490                      | (1,055)                                |
| Transfer Payments                            | 95,946                    | 107,963                     | 12,017                                 |
| Support Services                             | 32,417                    | 32,417                      | (0)                                    |
| Depreciation and Impairment Losses           | 13,783                    | 13,772                      | (11)                                   |
| Corporate Provisions                         | 11,799                    | 12,185                      | 386                                    |
| <b>GROSS EXPENDITURE</b>                     | <b>521,843</b>            | <b>530,789</b>              | <b>8,947</b>                           |
| <b>Income</b>                                |                           |                             |  |
| Government Grants                            | (243,085)                 | (255,089)                   | (12,003)                               |
| Other Grants, Reimbursements and<br>Contribs | (22,444)                  | (21,097)                    | 1,347                                  |
| Customer and Client Receipts                 | (53,823)                  | (53,426)                    | 397                                    |
| Interest                                     | (44)                      | (24)                        | 20                                     |
| Recharges                                    | (34,296)                  | (34,295)                    | 1                                      |
| Balances                                     | (3,889)                   | (3,889)                     | 0                                      |
| <b>GROSS INCOME</b>                          | <b>(357,581)</b>          | <b>(367,819)</b>            | <b>(10,238)</b>                        |
|  |                           |                             |  |
| <b>NET EXPENDITURE</b>                       | <b>164,262</b>            | <b>162,971</b>              | <b>(1,291)</b>                         |

### 3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

#### a. Corporate Services Department

|  | 2013/14<br>Current<br>Budget | Full year<br>Forecast<br>October | Forecast<br>variance<br>at year<br>end (Oct) | Forecast<br>variance<br>at year<br>end<br>(Sep) | 2012/13<br>Variance<br>at year<br>end |
|--|------------------------------|----------------------------------|--|---|---------------------------------------|
|  | £000                         | £000                             | £000   | £000  | £000                                  |
| Business Improvement                             | 2,207                        | 2,215                            | 8  | (27)  | 4                                     |
| Infrastructure &<br>Transactions                 | 9,003                        | 8,791                            | (212)  | (214)   | 20                                    |
| Resources  | 7,511                        | 7,330                            | (181)  | (196)   | (141)                                 |
| Human Resources                                  | 2,175                        | 2,242                            | 67   | 72  | 253                                   |
| Corporate Governance                             | 4,515                        | 4,398                            | (117)  | (96)  | (195)                                 |
| Customer Services                                | 2,299                        | 1,705                            | (594)  | (639)   | 460                                   |
| Corporate Items<br>including redundancy<br>costs | 1,326                        | 1,373                            | 47   | 41  | (9)                                   |
| <b>Total (controllable)</b>                      | <b>29,036</b>                | <b>28,054</b>                    | <b>(982)</b>                                 | <b>(1,059)</b>                                  | <b>393</b>                            |

## Overview

At period 7 (October) the Corporate Services department is forecasting an underspend of £982k.

The main variances are summarised in the table below.

| <b><u>13/14</u></b>                     | <b><u>Budget</u></b><br><b><u>£000</u></b> | <b><u>Oct</u></b><br><b><u>forecast</u></b><br><b><u>variance</u></b><br><b><u>£000</u></b> | <b><u>Sept</u></b><br><b><u>forecast</u></b><br><b><u>variance</u></b><br><b><u>£000</u></b> |
|---|--|---|--|
| <u>Human Resources</u>                  |  |   |  |
| School's SLA                            | (376)                                      | 42  | 42   |
| Other costs                             | 2,202                                      | 25  | 30   |
| <b><u>Total Human Resources</u></b>     | <b><u>2,175</u></b>                        | <b><u>67</u></b>  | <b><u>72</u></b>   |
| <u>Resources</u>                        |  |   |  |
| Audit Fee                               | 422  | (185)   | (172)  |
| Other costs                             | 7,077                                      | 4   | (24)   |
| <b><u>Total Resources</u></b>           | <b><u>7,511</u></b>                        | <b><u>(181)</u></b>   | <b><u>(196)</u></b>  |
| <u>Customer Services</u>                |  |   |  |
| Corporate Communications Income         | (203)                                      | 155   | 155  |
| Shared Bailiff's service with LB Sutton | (150)                                      | 115   | 115  |
| Local welfare support programme funding | (367)                                      | (295)   | (295)  |
| CHAS                                    | 0  | (222)   | (232)  |
| Other costs                             | 3,022                                      | (347)   | (382)  |
| <b><u>Total Customer Services</u></b>   | <b><u>2,302</u></b>                        | <b><u>(594)</u></b>   | <b><u>(639)</u></b>  |

### **Human Resources (HR) – forecast overspend £67k**

As reported previously the Schools payroll SLA is forecast to underachieve the income target by £42k. The competition from external payroll providers puts this income budget under pressure for future years.

### **Customer Services – forecast underspend £594k**

The Local Welfare Support discretionary scheme was set up in response to localise the Department of Works and Pensions, Social Fund. The authority has been allocated £367k of programme funding in the current year. The number of claims to date is significantly lower than anticipated and this is similar across London. Based on year to date claims this budget is expected to underspend by £295k, but the scheme is being kept under review.

There is a forecast underspend of £170k due to vacant posts within the division.

The Merton and Sutton shared bailiff service is forecasting an underachievement of income of £115k. The level of enforcement costs (non-statutory) that the Merton bailiff team charges have been reduced following a complaint made to the Local Government Ombudsman and the recommendations received from that investigation. These changes have impacted on the level of costs charged by the Merton bailiff team and subsequently the shared service

The Contractors Health and Safety Assessment Scheme (CHAS) commenced trading as CHAS 2013 Limited t/a CHAS on 3<sup>rd</sup> June 2013. CHAS has been removed from the Customer services budget to reflect the company trading as a limited company. The surplus generated up to the commencement of trading of £222k remains in Customer services.

### **Resources – forecast underspend £181k**

The audit fee saving for future years has been captured early in the current year.

### **Infrastructure and Transactions – forecast underspend £212k**

This underspend is mainly due to the renegotiation of contracts and Facilities management forecasting an overachievement of trading income.

### **Management Action**

Finance staff continue to work closely with budget managers to make forecasting more robust and accurate.



### 3B. Children Schools and Families

| Children, Schools and Families          | 2013/14<br>Current<br>Budget<br>£000 | Full year<br>Forecast<br>(Oct)<br>£000 | Forecast<br>Variance<br>at year<br>end (Oct)<br>£000 | Forecast<br>Variance<br>at year<br>end (Sep)<br>£000 | 2012/13<br>Variance<br>at year<br>end<br>£000 |
|---|--------------------------------------|--|--|--|---|
| Commissioning, Strategy and Performance | 9,523                                | 10,096                                 | 573  | 575  | 548   |
| Education                               | 15,918                               | 16,391                                 | 473  | 549  | 144   |
| Social Care and Youth Inclusion         | 11,670                               | 11,623                                 | (47)   | (148)  | (521)   |
| PFI                                     | 7,070                                | 7,067                                  | (3)  | (4)  | 68  |
| Redundancy costs                        | 2,042                                | 2,042                                  | 0  | 0  | (51)  |
| <b>Total (controllable)</b>             | <b>46,223</b>                        | <b>47,219</b>                          | <b>996</b>   | <b>972</b>   | <b>188</b>                                    |

#### Overview

At the end of period 7 (October) Children Schools and Families is forecasting a net overspend of £996k on local authority funded services.

#### Local Authority Funded Services

There are a number of volatile budgets, which require continuous and careful demand management. Significant cost pressures and underspends identified to date are detailed below:

| Description  | Budget<br>£000 | Oct<br>£000 | Sep<br>£000  |
|--|----------------|-------------|--------------|
| Fostering and residential placements (ART)                 | 4,926          | 532         | 473          |
| Legal fees   | 519            | 48          | 49           |
| Other small over and underspends                           | 3,923          | (7)         | 53           |
| <b>Subtotal Commissioning, Strategy and Performance</b>    | <b>9,368</b>   | <b>573</b>  | <b>573</b>   |
| Children with Disabilities staff cover                     | 409            | 174         | 172          |
| Children with Disabilities personal support                | 148            | 233         | 233          |
| Early Years  | 548            | (39)        | (39)         |
| Statement support team staff cover                         | 337            | 54          | 52           |
| SEN Transport  | 2,912          | 114         | 113          |
| Other small over and underspends                           | 11,912         | (63)        | 18           |
| <b>Subtotal Education</b>                                  | <b>16,266</b>  | <b>473</b>  | <b>549</b>   |
| Central Social Work  | 876            | 187         | 87           |
| CAMHS  | 290            | (118)       | (118)        |
| Family support   | 444            | (118)       | (118)        |
| Section 17   | 159            | 97          | 142          |
| Recruitment  | 121            | (80)        | (80)         |
| Serious case reviews                                       | 75             | (75)        | (75)         |
| Other small over and underspends                           | 9,783          | 60          | 14           |
| <b>Subtotal Children's Social Care and Youth Inclusion</b> | <b>11,748</b>  | <b>(47)</b> | <b>(148)</b> |
| <b>Subtotal PFI</b>  | <b>7,070</b>   | <b>(3)</b>  | <b>(4)</b>   |
| <b>Subtotal Redundancy cost</b>                            | <b>2,042</b>   | <b>0</b>    | <b>0</b>     |
| <b>Grand total Children, Schools and Families</b>          | <b>46,057</b>  | <b>996</b>  | <b>972</b>   |

### Commissioning, Strategy and Performance Division

- The numbers of Looked After Children and the relative complexity of a significant proportion of cases are combining to cause the net estimated overspend of £532k. This includes on-going pressures in independent agency fostering, in-house fostering, remand costs which now fall to the Council, residential placement budgets, and mother and baby placements, and are offset by a small underspend on secure accommodation.
- The legal budget is expected to overspend by £48k due to additional support required from legal services, including specialist commissioned legal support not available within the council.
- There are various other small over and underspends predicted across the division netting to a £7k underspend. These combine with the significant items described above to arrive at the total reported divisional overspend forecast of £573k.

### Education Division

- Due to the number of vacancies at both social worker and manager level in the Children with Disabilities section, agency cover was recruited to sustain the required service delivery. It is likely that agency cover will continue to the end of the financial year resulting in a net estimated overspend of £174k. Recruitment of permanent post holders is on-going.
- The Children with Disability section is also forecasting a £233k overspend on their personal support budgets due to rising numbers of children with complex needs being supported in this way. These payments often prevent higher cost interventions being required, e.g. residential out of borough care placements.
- There is one particular new client with full year costs of over £400,000 that has placed pressure on a number of budgets: £250k of spend under children with disability personal support, £120k on SEN Transport, and the balance within DSG education. This prompts more forensic analyses of options around delivering the highest cost cases. The department is working with the Clinical Commissioning Group (CCG) to review the panel and processes for commissioning complex needs placements across education, care and health, including the funding of health elements.
- The Early Years section is expected to underspend by £39k due to vacancies held in their provider support and workforce development services.
- The statement support team salary budget is estimated to overspend by £54k due to agency staff covering permanent vacancies.
- SEN and FE transport cost are expected to overspend by £113k due to the increased number of service users. Work continues to ensure the most cost effective routing for individual young people.
- There are various other small over and underspends predicted across the division netting to a £63k underspend. These combine with the significant items described above to arrive at the total reported divisional overspend forecast of £473k.

## Children's Social Care and Youth Inclusion

- Staffing pressures are causing an estimated £187k overspend in the Children's Central Social Work Service due to an increased number of children in the system and the need to have safe and manageable caseloads.
- Analysis of our increasing LAC population reveals a number of trends. It has been identified that significant numbers of children are being brought into care by the Police using their protection powers. These children often stay in care for a very short time but can be quite costly due to the nature of securing emergency placements. There is also a continued rise in older children 15+ becoming LAC. This is a combination of an increase in Unaccompanied Asylum Seekers (who are allocated to London boroughs), young people who are homeless, and an increase in children with disabilities who trigger LAC status due to the length of placements. At the other end of the spectrum we have had an unusual number of relinquished babies to accommodate. This is affecting both CSC staffing requirements and placement costs dealt with under CSP Division above.
- The Children and Adolescent Mental Health Service (CAMHS) is expecting to underspend by £118k due to vacancies.
- Due to staff vacancies, the Family Support Service is forecasting a £118k underspend for the year.
- The Section 17 and "no recourse to public funds" (NRTPF) budgets are forecast to overspend by £97k for the current financial year. The council has to respond to recent case law regarding housing families with no recourse to public funds (Zambrano & Clue cases). The families presenting needs are housing. Meetings have been held with the council's housing service to discuss alternative housing pathways for young homeless people to see how we can better stimulate supply. The expansion of the Merton Action for Single Homeless Hostel agreed at Cabinet will assist but much greater local supply is required. Discussions are on-going regarding the most economic way of procuring housing for families with no recourse to public funds.
- Recruitment and various other administration budgets are expected to underspend by £80k.
- The serious case review budget is expected to underspend by £75k because there has been no further need to commission reviews during the current financial year.
- There are various other small over and underspends predicted across the division netting to a £60k overspend. These combine with the significant items described above to arrive at the total reported divisional overspend forecast of £47k.

## **Dedicated Schools Grant**

DSG funded services are expected to underspend, but these budgets are not within the council's general fund and such underspends cannot be offset against overspends on local authority funded budgets. Any underspend at year-end will be added to the DSG reserve and applied as agreed by the Schools Forum.

Based on current client costs, independent residential SEN placements are expected to underspend by £1,553k by the end of the year. New assessments during the remainder of the financial year could reduce this underspend, as spend is volatile depending on caseload and the needs of individual children.

Due to changes introduced by central government, Merton is now responsible for funding post 16 pupils with Special Education Needs attending FE colleges and placed with independent specialist providers, with effect from September 2013. The funding received from the Education Funding Agency to meet the cost of committed placements is not sufficient. Officers are currently working on putting procedures in place to pay these providers and will report on cost pressures later in the financial year.

### Management Action

Managers across CSF are working to reduce spend where possible to address cost pressures that arise throughout the year. This is being addressed both in terms of numbers within our populations of CYP receiving specialist and enhanced services, and in relation to the cost of placements and service provision for these cases.

The Director and AD CSC&YI have reviewed all LAC placements to ensure the council's threshold for care is being applied consistently, and to identify the particular trends underlying the overall increase in LAC, as described under CSC above. The Police are exploring what lies behind their increased use of protection powers. We are working with housing colleagues to address the needs of older LAC on a corporate basis and how best to address the housing needs of families with no recourse to public funds with the council's limited resources.

### c) Community and Housing

As at the end of period 7 (Oct), C&H is forecast to under-spend by £1,364k

| <b>Community and Housing</b> | <b>2013/14<br/>Current<br/>Budget<br/><br/>£000</b> | <b>Full Year<br/>Forecast<br/>(Oct)<br/><br/>£000</b> | <b>Forecast<br/>Variance<br/>(Oct)<br/><br/>£000</b> | <b>Forecast<br/>Variance<br/>(Sep)<br/><br/>£000</b> | <b>2012/13<br/>Variance<br/>at year<br/>end<br/><br/>£000</b> |
|------------------------------|---|---|--|--|---|
| Access and Assessment        | 43,493  | 41,931  | (1562)   | (129)  | (1,380)   |
| Commissioning                | 5,089   | 5,129   | 40   | 189  | (324)   |
| Direct Provision             | 4,772   | 4,900   | 128  | 116  | 48  |
| Directorate                  | 889   | 908   | 19   | 11   | 81  |
| <b>Adult Social Care</b>     | <b>54,243</b>                                       | <b>52,868</b>   | <b>(1,375)</b>                                       | <b>187</b>   | <b>(1,575)</b>  |
| Libraries and Heritage       | 2,511   | 2,499   | (12)   | (8)  | 4   |
| Merton Adult Education       | (103)   | 35  | 138  | 120  | (3)   |
| Housing General Fund         | 1,737   | 1,620   | (117)  | (153)  | (230)   |
| <b>Total (controllable)</b>  | <b>58,388</b>                                       | <b>57,022</b>   | <b>(1,364)</b>                                       | <b>146</b>   | <b>(1,804)</b>  |

### **Access and Assessment - £1,562k under-spend**

| <b>Access and Assessment</b>                | <b>Forecast<br/>Variance<br/><br/>£000</b> |
|---|--|
| A&A underspend                              | (91)                                       |
| <b>Gross Placements overspend</b>           | <b>2,153</b>                               |
| <b>Sub-total Net over-spend</b>             | <b>2,062</b>                               |
| Net over-achievement of Income              |  |
| Under achievement of Client Contribution    | 80   |
| Over achievement of CCG Contribution        | (886)                                      |
| NHS Social Care Transfer Income             | (2,676)                                    |
| <b>Sub-Total over-achievement of Income</b> | <b>(3,482)</b>                             |
| <b>Total A&amp;A Forecast under-spend</b>   | <b>(1,562)</b>                             |

The total NHS Social care income of £2.676m has been reflected in the above budget and forecast following discussions with the CCG on its allocation

### **Commissioning - £40k over-spend**

Employee under-spend in the commissioning teams £192k

Supporting People Grant £70k overspend and Voluntary organisations contracts £33k underspend. £216k additional Transition funding approved to voluntary organisations is included in the forecast.

### **Direct Provision £128k overspend**

Mainly arises due to increase in staff levels recruited above budget.

It is estimated that £70k of client contribution will be invoiced and this is included in the figures above.

There are 29 clients and majority of the clients have now been assessed .

Access and Assessment team will be confirming the support hours agreed.

Decision is yet to be made to either back-date charges to April 2013 or continue from the date when the client is assessed. Carers will be notified as soon as decision is made.

The staffing budget is overspent due to the department not identifying funding to cover moving the service from a 22 bedded residential unit to a service that provides for over 30 service user, at various sites rather than the previous one and two of these sites to provide 24 hour staffing cover.

Zero based budgets have been produced for the service to identify staffing levels now required at all the Supported Living sites. There is an urgent need to agree with Access and Assessment how this is to be funded. The funding needs to be put in place by the end of period 8 to ensure that it is reflected in the 2014/15 base budget . The placements budget will be reduced .

There is also loss of client contribution income for a client

### **Libraries – £12k underspend.**

£12k underspend predicted. Underachievement in income is being covered through underspends on staffing and stock

### **MAE is forecast to over-spend by £138k**

The pressures are mainly as a result of significant funding changes imposed by the Skills Funding agency. this impacts adversely on MAE's ability to achieve contract delivery on courses.

In addition to the above, income generation targets are not being met due to delay in implementing staff re-configuration roles , new roles are due to commence in November.

In addition loss of Adult Social care contract has resulted in significant reduction in income from room rental, catering and course delivery.

Head of service has submitted a report to Finance detailing the challenges faced.  
The report will be tabled at CMT for discussion and approval of action plan.

### **Housing is forecast to under-spend by £117k**

The Temporary accommodation budget is forecast to under-spend by £60k ,

Housing needs and supply and development is forecast to under-spend by £103k

Housing advice and options staff -£54k overspend , this is as a result of recruitment of 2 temporary housing options advisers that were recruited at the end of last financial year.

### **Placements**

The total gross placement budget for 2013-14 is £37.483m. This includes £1m net growth allocated in setting the budget and savings of £2.282m.

The Gross placements budget is forecast to over-spend by £2.153m. This is based on the latest data but is subject to wide potential variation.

The impact of the savings on the budget position for 2013-14 and future years are being monitored closely. There is a potential risk that £872k savings proposals relating to placements may not be achieved. Alternative proposals are being considered.

The table below identifies the movement in care package numbers:

|   | No of Care Packages as at October 2012 (budget setting) | No of Care Packages as at Oct 2013 | Increase/ (decrease) since Budget Setting | Total Yearly Commitment @ Oct 13 £000 |
|---|---|------------------------------------|---|---------------------------------------|
| <b>Activity Data – Care Package Numbers</b> |   |                                    |   |                                       |
| Service Area                                |   |                                    |   |                                       |
| Mental Health                               | 175   | 157                                | (18)                                      | £1,663                                |
| Physical and Sensory                        | 275   | 289                                | 14  | £3,969                                |
| Learning Disabilities                       | 375   | 369                                | (6)                                       | £12,496                               |
| Older People                                | 1,634   | 1,631                              | (3)                                       | £20,522                               |
| Substance Misuse                            | 10  | 8                                  | (2)                                       | £218                                  |
| No recourse to public funds                 | 21  | 12                                 | (9)                                       | £182                                  |
| Other Placement Expenditure                 |   |                                    |   | 586                                   |
| <b>TOTAL Gross placement expenditure</b>    | <b>2,490</b>  | <b>2,466</b>                       | <b>(24)</b>                               | <b>£39,636</b>                        |

### **Income**

The income budget has been increased by £800k to balance the 2013/14 budget and correct historic under provision in this area.

The current net estimated over-achievement of Income is £806k.

The monitoring of income is a key budget area where enhancement of the monitoring is being further developed

It is problematic for the department to forecast gross expenditure accurately as cases are not being closed down on CareFirst leading to an overestimate of spending. Income is receivable is similarly understated on the system as financial assessments are not being carried out on time. Estimated adjustments have been made to the figures above but the backlogs need to be cleared ASAP to give more accurate data.

The coding of income on the Carefirst system is being reviewed as it appears that contribution collected by providers is sometimes coded to CCG contribution .



## **Public Health**

The allocation of the Public Health budget are detailed below

| Description   | 2013/14<br>Current<br>budget<br>£000 | Full Year<br>Forecast<br>(Oct)<br>£000 | Forecast<br>Variance<br>(Oct)<br>£000 | Forecast<br>Variance<br>(Sept)<br>£000 |
|---|--------------------------------------|--|---------------------------------------|--|
| PH - Directorate  | 626                                  | 569                                    | (57)                                  | (58)                                   |
| PH- Contraception*  | 582                                  | 583                                    | 1                                     | 8                                      |
| PH - STI Testing and Treatment (GUM)*                                 | 2,025                                | 2,029                                  | 4                                     | 0)                                     |
| PH - SH Advice, Prevent and Promotion*                                | 334                                  | 321                                    | (13)                                  | (17                                    |
| PH - NHS Health check*  | 226                                  | 226                                    | 0                                     | 0                                      |
| PH - Falls Prevention   | 64                                   | 56                                     | (8)                                   | (8)                                    |
| PH - Obesity  | 339                                  | 362                                    | 23                                    | 33                                     |
| PH - Community Development and Health Course                          | 6                                    | 6                                      | 0                                     | 0                                      |
| PH – Livewell (including smoking cessation)                           | 346                                  | 346                                    | 0                                     | 0                                      |
| PH - Health Promotion Resources                                       | 16                                   | 16                                     | 0                                     | 0                                      |
| PH - Substance Misuse (drugs and alcohol)                             | 2,086                                | 2,086                                  | 0                                     | 0                                      |
| PH - School Nursing (including National Child Measurement programme)* | 611                                  | 611                                    | 0                                     | 0                                      |
| PH - Surveillance and Control of Infectious Diseases                  | 63                                   | 63                                     | 0                                     | 0                                      |
| PH - Community Services Contract Estates                              | 186                                  | 365                                    | 179                                   | 179                                    |
| PH - New Investments  | 1,378                                | 1,199                                  | (179)                                 | (179)                                  |
| <b>Total (Controllable)</b>   | <b>8,888</b>                         | <b>8,838</b>                           | <b>(50)</b>                           | <b>(42)</b>                            |



The proposed new investments of £1.378m grant that is not committed are detailed below.

New funding is allocated across the life course to support influences on health (mainly in LBM – Ageing Well, training frontline staff, healthy catering, ESOL), to work in settings (workplace and schools) and to fill gaps in provision such as weight management

| <b>Proposed New Investments</b>         | <b>Provider / Partner</b>  | <b>Amount<br/>£000</b> | <b>%</b> | <b>Status</b>  |
|---|--|------------------------|----------|--|
| Children's Centres                      | Early child development/<br>LBM  | 100                    |          |  |
| Healthy Schools                         | Practical activities to promote healthy students/<br><br>Schools, LBM and PH                           | 100                    |          |  |
| Young People Drugs and Alcohol          | TBD/LBM  | From D&A funding       |          | Service being reviewed to include integration/efficiencies                       |
| Total Children's Services               |  | 200                    | 2%       |  |
| English for Speakers of Other Languages | Language courses with health themes to increase integration and control over one's life/Adult Learning | 50                     |          |  |
| Community Outreach                      | LiveWell HRCS/MVSC to manage 4 – 5 contracts with community groups                                     | 50                     |          |  |
| Physical Activity                       | Most likely GLL  | 50                     |          |  |
| Tier 2-3 weight management              | Negotiating joint procurement with MCCG for Tier 3   | 165                    |          | NICE guidance says Tier 1 -4 should be available. Nothing in place for Tiers 3-4 |

| <b>Proposed New Investments</b>                          | <b>Provider / Partner</b>    | <b>Amount £000</b> | <b>%</b> | <b>Status</b>   |
|--|------------------------------|--------------------|----------|---|
| Ageing Well  | TBD                          | 50                 |          |   |
| Embedding Prevention and Early detection in primary care | Merton CCG                   | 250                |          | 150 non recurrent   |
| Total Adults Services                                    |                              | 615                | 7%       |   |
| Healthy Workplace  | HR and PH                    | 60                 |          |   |
| Support to LBM use of Council levers                     | Directorates and PH          |                    |          | Staff resource – to use Council levers re alcohol, betting shops, fast food outlets |
| Healthy Catering   | Environment al Health and PH | 50                 |          |   |
| Training for frontline staff across Merton               | HR and PH                    | 50                 |          |   |
| Total Other Services                                     |                              | 160                | 2%       |   |
| Public Health Staff                                      |                              | 278                | 3%       | Total 10% with existing   |
| Risk Fund  |                              | 125                | 1%       | e.g., Sexual health open access; drugs for LESSs                                    |
| <b>Total Proposed New Investments</b>                    |                              | <b>£1,378</b>      |          |   |

There is still an outstanding disagreement with MCCG in respect of £179k over-charge for the Community services contract estates. The DPH is in discussion with MCCG to resolve this.

#### D). Environment & Regeneration

| <b>Environment &amp; Regeneration</b> | <b>2013/14 Current Budget £000</b> | <b>Full year Forecast (Oct) £000</b> | <b>Forecast Variance at year end (Oct) £000</b> | <b>Forecast Variance at year end (Sept) £000</b> | <b>2012/13 Variance at year end £000</b> |
|---------------------------------------|------------------------------------|--------------------------------------|---|--|--|
| Public Protection & Development       | (6,662)                            | (6,441)                              | 221   | 351  | 229                                      |
| Sustainable Communities               | 1,997                              | 1,922                                | (75)  | (42)   | (190)                                    |
| Traffic & Highways                    | 8,348                              | 8,506                                | 158   | 158  | 728                                      |
| Waste Services                        | 16,652                             | 15,993                               | (659)   | (659)  | (651)                                    |
| Safer Merton                          | 978                                | 956                                  | (22)  | (22)   | (77)                                     |
| Other                                 | (523)                              | (424)                                | 99  | 58   | (76)                                     |
| <b>Total (Controllable)</b>           | <b>20,790</b>                      | <b>20,512</b>                        | <b>(278)</b>                                    | <b>(155)</b>                                     | <b>(37)</b>                              |

| Description  | 2013/14<br>Current<br>Budget<br>£000 | Forecast<br>Variance<br>at year end<br>(Oct)<br>£000 | Forecast<br>Variance<br>at year end<br>(Sept)<br>£000 |
|--|--------------------------------------|--|---|
| Shortfall in Building & Development Control (B&DC) income          | (1,816)                              | 206  | 206   |
| General Supplies & Services underspend within B&DC                 | 232                                  | (53)   | (53)  |
| Employee underspend within Parking Services                        | 2,404                                | (56)   | (71)  |
| Underachievement of Customer & Client Receipts in Parking Services | (11,775)                             | 195  | 366   |
| Employee overspend within EHTS&L                                   | 1,515                                | 75   | 78  |
| Other  | 2,595                                | (146)  | (175)   |
| <b>Total for Public Protection &amp; Development</b>               | <b>(6,845)</b>                       | <b>221</b>   | <b>351</b>  |
| Employee overspend within Greenspaces                              | 2,263                                | 105  | 105   |
| Premises related underspend within Greenspaces                     | 899                                  | (75)   | (75)  |
| Underachievement of Customer & Client Receipts in Greenspaces      | (2,273)                              | 162  | 162   |
| General Supplies & Services underspend within Greenspaces          | 537                                  | (38)   | (38)  |
| Premises related underspend within Property Management             | 407                                  | (87)   | (72)  |
| Overachievement of property rental income                          | (4,046)                              | (20)   | (38)  |
| Employee overspend within FutureMerton                             | 1,098                                | 88   | 87  |
| Employee underspend within Senior Mgmt & Support                   | 766                                  | (32)   | (33)  |
| Other  | 2,346                                | (178)  | (140)   |
| <b>Total for Sustainable Communities</b>                           | <b>1,997</b>                         | <b>(75)</b>  | <b>(42)</b>   |
| Employee overspend within Waste Services                           | 7,337                                | 723  | 723   |
| Reduced SLWP related costs   | 8,520                                | (1,338)  | (1,338)   |
| Transport related underspend within Waste Services                 | 2,004                                | (248)  | (248)   |
| Shortfall in Waste Services income – principally Commercial Waste  | (2,527)                              | 304  | 304   |
| Employee related underspend within Traffic & Highways              | 1,697                                | (182)  | (182)   |
| Reduction in ability to Capitalise expenditure                     | (691)                                | 449  | 449   |
| Overspend on highways maintenance contract reactive works          | 640                                  | 200  | 200   |
| Premises related underspend within Traffic & Highways              | 1,318                                | (222)  | (222)   |
| Transport Services   | (523)                                | 99   | 59  |
| Other  | 6,702                                | (187)  | (187)   |
| <b>Total for Street Scene &amp; Waste</b>                          | <b>24,477</b>                        | <b>(402)</b>   | <b>(442)</b>  |
| Employee related underspend  | 970                                  | (51)   | (51)  |
| Other  | 8                                    | 49   | 49  |
| <b>Total for Safer Merton</b>                                      | <b>978</b>                           | <b>(22)</b>  | <b>(22)</b>   |
|  |                                      |  |   |
| <b>Total Excluding Overheads</b>                                   | <b>20,790</b>                        | <b>(278)</b>   | <b>(155)</b>  |

### Overview

The department is currently forecasting an underspend of £278k at year end. The main areas of variance are Traffic & Highways, Greenspaces, and Building & Development Control that are forecasting overspends whilst Waste Services, and Property Management are forecasting an underspend.

## **Pressures**

### **Public Protection & Development**

#### **Building & Development Control**

The section is currently forecasting an overspend of £118k due to the recent and further anticipated changes in permitted development rights. This will impact on the section's fee revenue, as well as potentially the New Homes Bonus and S106 contributions for affordable housing received by the Council. Work is currently being undertaken to assess the extent of the impact on revenue arising from the permitted development changes and to explore ways to counter this shortfall. However, it is important to note that a 'bedding-in' period of 3-4 months is necessary before we can properly assess trends and impact on revenue. Similarly, the section's building control market share is subject to further analysis involving the development of a commercialisation strategy designed to increase market share and, by association, revenue levels.

#### **Parking Services**

The section is currently forecasting an overspend of £126k mainly due to a reduction in the number of PCNs, which may be the result of improved compliance arising from changes in drivers' behaviour. This is being partially offset by an employee underspend.

In addition, free parking is to be offered in car parks for weekends in December leading up to Christmas, which is estimated to create an additional revenue pressure of £60k. This is reflected in the overspend figure.

### **Sustainable Communities**

#### **Greenspaces**

An overspend of £109k is being forecast, mainly due to a shortfall in interment income of £82k based on current estimates, and an employee overspend of £105k due to a combination of ad hoc overtime incurred to maintain service standards, and overtime in relation to litter picking within the borough's parks. This overspend is being partially mitigated by an underspend on premises related expenditure of £75k.

#### **Property Management**

The section is currently forecasting an underspend of £161k, mainly as a result of leasing previously void lets and, therefore, no longer being liable for the associated NNDR costs, whilst receiving increased rental income.

### **Street Scene & Waste**

#### **Traffic & Highways**

The section is forecasting an overspend of £158k, mainly as a result of a clearer understanding of guidelines and actual patterns of expenditure meaning that the section charges a lower level of highways maintenance spend to Capital than previously and, as a result, incurs increased revenue costs. This increased cost is being partially offset by an employee underspend of about £182k, and a one-off rebate of about £120k due to previous overpayments on electricity usage.

### **Waste Services**

The section is currently forecasting an underspend of £659k, which is mainly due to renegotiating the SLWP contract costs (£950k), and a reduction in the volume of residual waste being taken to landfill (£150k).

However, there are a few notable pressures. The first notable pressure relates to Commercial Waste, which is forecasting an income shortfall of around £411k. This compares to a shortfall of £245k in 2012/13. However, an agreed saving of £150k has been implemented for 2013/14. A proper trading account for this service is will be provided as part of the 2014/15 budget.

In addition, the section is currently projecting an employee related over spend. This is as a result of a combination of issues, including contractual and non-contractual overtime, and agency cover for sick leave absences. Action is being taken in order to reduce this overspend, including an ongoing action plan successfully reducing the level of sick leave absence, and not covering absences with agency staff where this does not impact on service delivery.

Contractual issues at the re-use and recycling centre, where the previous contractor departed at short notice, may affect this forecast, but work to remedy this is continuing.

### **Transport Services**

The section is forecasting an overspend of £99k. A review of the section's budgets, cost model, and pricing mechanism is currently taking place, which may have an impact on service departments in Community and Housing and Children, Schools and Families.

### **Safer Merton**

Safer Merton are re-profiling their MOPaC and PRG budgets currently. This will change the forecasts when they have been signed off by the relevant funding organisation, which should be by the end of December.

### **Management Action**

All managers are aware of the need to contain expenditure and maximise income wherever possible. Corporate guidance regarding the filling of vacant posts will be strictly adhered to.

## (E) Corporate Items

The details comparing actual expenditure up to 31 October 2013 against budget are contained in Appendix 2. The main areas of variance as at 31 October 2013 are:-

| Corporate Items                            | Current Budget 2013/14<br>£000s | Full Year Forecast (Oct.)<br>£000s | Forecast Variance at year end (Oct.)<br>£000s | Forecast Variance at year end (Sep.)<br>£000s |
|--|---------------------------------|------------------------------------|---|---|
| Cost of borrowing                          | 14,261                          | 14,097                             | -164  | -164  |
| Investment Income                          | -383                            | -729                               | -346  | -254  |
| Use for Capital Programme                  | 0                               | 510                                | 510   | 418   |
| <b>Impact of Capital on revenue budget</b> | <b>13,878</b>                   | <b>13,878</b>                      | <b>0</b>                                      | <b>0</b>                                      |
| <b>Pension Fund</b>                        | <b>5,087</b>                    | <b>4,787</b>                       | <b>-300</b>                                   | <b>0</b>                                      |
| <b>Pay and Price Inflation</b>             | <b>1,548</b>                    | <b>1,234</b>                       | <b>-314</b>                                   | <b>-314</b>                                   |
| <b>Contingencies and provisions</b>        | <b>4,064</b>                    | <b>5,064</b>                       | <b>1,000</b>                                  | <b>-500</b>                                   |
| <b>Depreciation and Impairment</b>         | <b>-13,692</b>                  | <b>-13,692</b>                     | <b>0</b>                                      | <b>0</b>                                      |
| <b>Income Items</b>                        | <b>0</b>                        | <b>0</b>                           | <b>0</b>                                      | <b>0</b>                                      |
| <b>Central Items</b>                       | <b>10,885</b>                   | <b>11,271</b>                      | <b>386</b>                                    | <b>-814</b>                                   |
| <b>Levies</b>                              | <b>914</b>                      | <b>914</b>                         | <b>0</b>                                      | <b>0</b>                                      |
| <b>TOTAL CORPORATE PROVISIONS</b>          | <b>11,799</b>                   | <b>12,185</b>                      | <b>386</b>                                    | <b>-814</b>                                   |

There are three changes in October from the position reported in September.

- The level of investment income forecast for the year has increased from £0.637m to £0.729m. The net increase in income of £0.092m will be used for future investment in the capital programme.
- Provision of £0.300m was included in corporate items for the estimated cost of auto-enrolment into pensions for new staff. Costs of this are included in service department expenditure and forecast variations are being addressed and reported within net service expenditure.
- A planning assumption has been made of a transfer of £1.5m to the Closing the Budget Gap Reserve to provide further options and flexibility in setting next years budget.

## 4. CAPITAL PROGRAMME 2013-17

### 4.1 Capital Expenditure

- 4.1.1 Over the past two financial years considerable work has been undertaken to reduce the Capital Programme to levels that can be delivered with our current staffing complement. Historically this has been shown to be around £40 million per annum. In October 2013, the budgeted capital programme is almost £45 million.

#### Comparison of Spend to October between 2011- 13

| Department                    | Spend To October 2011 | Spend To October 2012 | Spend To October 2013 | Variance 2011 to 2013 | Variance 2012 to 2013 |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Community and Housing         | 691                   | 365                   | 840                   | 149                   | 475                   |
| Corporate Services            | 1,645                 | 1,179                 | 1,756                 | 111                   | 577                   |
| Children Schools and Families | 11,051                | 18,752                | 5,448                 | (5,603)               | (13,304)              |
| Environment and Regeneration  | 9,278                 | 4,847                 | 4,873                 | (4,405)               | 26                    |
| <b>Total Capital</b>          | <b>22,665</b>         | <b>25,143</b>         | <b>12,917</b>         | <b>(9,748)</b>        | <b>(12,226)</b>       |

|  |        |        |        |
|--|--------|--------|--------|
| Outturn £000s                          | 42,300 | 40,487 |        |
| Budget £000s                           |        |        | 44,546 |
| Projected Spend October 2013 £000s     |        |        | 34,589 |
| Percentage Spend to Budget             |        |        | 29.00% |
| Percentage Spend to Outturn/Projection | 53.58% | 62.10% | 37.34% |

- 4.1.2 October is over half way through the financial year and departments have only spent 37% of their projected outturn compared to approximately 55% in previous financial years. To achieve a projected spend of £34.6 million officers will need to spend over £4 million per month over each of the next 5 months.
- 4.1.3 The table below shows that in October 2013 departments managed to spend just under £1.9 million.

| Department                    | Spend To September 2013 | Spend To October 2013 | Variance         |
|-------------------------------|-------------------------|-----------------------|------------------|
| Community and Housing         | 785,709                 | 839,609               | 53,900           |
| Corporate Services            | 1,372,220               | 1,756,014             | 383,794          |
| Children Schools and Families | 4,724,006               | 5,447,889             | 723,883          |
| Environment and Regeneration  | 4,140,495               | 4,873,246             | 732,751          |
| <b>Total Capital</b>          | <b>11,022,430</b>       | <b>12,916,758</b>     | <b>1,894,328</b> |

## 4.2 Capital Programme 2013/14

4.2.1 The Table below shows the movement in the Capital Programme since the September 2013 Monitoring Report:

| Department                    | Proactis Budget   | Increase/ (Decrease) | Revised Budget    |
|-------------------------------|-------------------|----------------------|-------------------|
|                               |                   |                      |                   |
| Community and Housing         | 2,103,930         | 259,000              | 2,362,930         |
| Corporate Services            | 7,973,030         | (500,000)            | 7,473,030         |
| Children Schools and Families | 20,103,510        | (59,000)             | 20,044,510        |
| Environment and Regeneration  | 14,357,310        | 308,310              | 14,665,620        |
|                               |                   |                      |                   |
| <b>Total Capital</b>          | <b>44,537,780</b> | <b>8,310</b>         | <b>44,546,090</b> |

1. Community and Housing – 8 Wilton Road is utilising Section 106 money rather than a restrictive grant to refurbish the property as detailed in a separate report to November Cabinet.
2. Corporate Services – The reduction is the result of a re-profile of £500,000 of the Acquisitions Budget into 2014/15.
3. Environment and Regeneration – The increase is due to:
  - a. Two Section 106 schemes (Wimbledon Scout Group £60,000 and Raynes Park Public Realm Improvements £29,300)
  - b. One Transport for London Scheme (BCP Cycle £15,000)
  - c. Disabled Facilities Grant £253,000
  - d. The re-profiling of the Restoration of South Park Gardens (£130,000) and the Lombard Road Improvements Scheme (£24,000) into 2014/15.
  - e. The re-profiling of £25,000 of the CCTV from 2014/15 into 2013/14
- d) Children, Schools and Families – On 1 July 2013 Cabinet agreed that the council may contract seven primary school expansion projects at Cranmer, Hillcross, Merton Abbey, Pelham, Poplar, St. Mary's and Singlegate Primary Schools within the approved scheme estimates.

While Cranmer and Poplar have contracted to budget it is necessary for additional budget to enable the Hillcross, Merton Abbey (phase A), and St. Mary's projects to contract. The contracting of these projects was due in October but tender prices submitted under the two stage tender process for Hillcross. Merton Abbey (Phase A) and St Mary's were substantially over budget. The letting of the contracts was delayed whilst detailed "value engineering" work was undertaken to reduce costs. Significant progress has been made to make reductions, but there are still budget estimates that need to be funded. These increased budget estimates will be funded by viring from other budgets that will underspend in the capital programme. In the case of Merton Abbey (£119,120) and St Mary's (£67,540) a virement from Gorrington Park Primary School of £186,660 from 2014/15 is proposed after £59,000 is re-profiled from 2013/14. In the case of Hillcross £926,930 it is proposed to vire from the acquisitions budget in 2014/15.



Tendered prices are due to be returned for Pelham by the end of January. Tendered prices for Merton Abbey Phase B and Singlegate are not due to be returned until the spring due to delays in agreeing suitable designs to receive planning permission.

4.2.2 The Table below shows the movement in the 2013/14 corporate capital programme since its approval at March 2013 Council:

| Dept.        | Approved Cabinet March 2013 | Slippage from 2012/13 | Re-profiling    | Revenues / Relinquished | Clawed Back for Overspend 2012/13 | Additional External Funding | New Internally Funded | Schools Contributions | Sept. 2013 Cabinet Report | Increase / (Decrease) | Oct. Monitoring Report |
|--------------|-----------------------------|-----------------------|-----------------|-------------------------|-----------------------------------|-----------------------------|-----------------------|-----------------------|---------------------------|-----------------------|------------------------|
| C&H          | 1,535                       | 303                   | (1,751)         |                         | 0                                 | 2,017                       | 0                     |                       | 2,104                     | 259                   | 2,363                  |
| CS           | 7,252                       | 186                   | 44              | 0                       | 0                                 |                             | 491                   |                       | 7,973                     | (500)                 | 7,473                  |
| CSF          | 28,428                      | 2,836                 | (10,853)        | (718)                   | (175)                             | 362                         | 0                     | 224                   | 20,104                    | (59)                  | 20,045                 |
| E&R          | 12,860                      | 1,685                 | (1,056)         | (124)                   | (361)                             | 1,056                       | 297                   |                       | 14,357                    | 308                   | 14,665                 |
|              |                             |                       |                 |                         |                                   |                             |                       |                       |                           |                       |                        |
| <b>Total</b> | <b>50,075</b>               | <b>5,010</b>          | <b>(13,616)</b> | <b>(842)</b>            | <b>(536)</b>                      | <b>3,435</b>                | <b>788</b>            | <b>224</b>            | <b>44,538</b>             | <b>8</b>              | <b>44,546</b>          |

4.2.3 The table below summarises the position in respect of the Capital Programme as at September 2013 the detail is shown in Appendix 5a:

#### **Merton - October 2013 - Summary Departmental Capital Monitoring Information**

| Scheme Description            | Total Budget      | YTD Actual        | YTD Budget        | Variance To Date   | Forecast For Year | Forecast Variance  |
|-------------------------------|-------------------|-------------------|-------------------|--------------------|-------------------|--------------------|
| Community and Housing         | 2,362,930         | 839,609           | 1,380,595         | (540,986)          | 1,452,533         | (910,397)          |
| Corporate Services            | 7,473,030         | 1,756,014         | 3,385,393         | (1,629,379)        | 6,313,755         | (1,159,275)        |
| Children Schools and Families | 20,044,510        | 5,447,889         | 8,486,906         | (3,039,017)        | 14,072,383        | (5,972,127)        |
| Environment and Regeneration  | 14,665,620        | 4,873,246         | 6,768,854         | (1,895,608)        | 12,750,812        | (1,914,808)        |
|                               |                   |                   |                   |                    |                   |                    |
| <b>Total Capital</b>          | <b>44,546,090</b> | <b>12,916,758</b> | <b>20,021,748</b> | <b>(7,104,990)</b> | <b>34,589,483</b> | <b>(9,956,607)</b> |

### 4.3 Capital Programme 2013/17

4.3.1 The table below summarises all the adjustments being made to the capital programme 2013-17 since the November 2013 Cabinet. These amendments are detailed in Appendix 5b, Appendix 5c details the impact on the funding of the Capital Programme for 2013-14:

#### Impact of Re-Profiling and Virements on the Capital Programme 2013-17

| Dept  | Starting Budget 2013/14 | Changes | Revised Budget 2013/14<br>(1+2)= | Original Budget 2014/15 | Changes | Starting Budget 2014/15<br>(4+5)= | Original Budget 2015/16 | Changes | Revised Budget 2015/16<br>(7+8)= | Original Budget 2016/17 | Changes | Revised Budget 2016/17<br>(10+11)= |
|-------|-------------------------|---------|----------------------------------|-------------------------|---------|-----------------------------------|-------------------------|---------|----------------------------------|-------------------------|---------|------------------------------------|
|       | (1)                     | (2)     | (3)                              | (4)                     | (5)     | (6)                               | (7)                     | (8)     | (9)                              | (10)                    | (11)    | (12)                               |
|       | £000s                   | £000s   | £000s                            | £000s                   | £000s   | £000s                             | £000s                   | £000s   | £000s                            | £000s                   | £000s   | £000s                              |
| C&H   | 2,104                   | 259     | 2,363                            | 1,751                   | 0       | 1,751                             | 0                       | 0       | 0                                | 550                     | 0       | 550                                |
| CS    | 7,973                   | (500)   | 7,473                            | 5,566                   | (434)   | 5,132                             | 2,084                   | 507     | 2,591                            | 3,162                   | 0       | 3,162                              |
| CSF   | 20,104                  | (59)    | 20,045                           | 21,255                  | 986     | 22,241                            | 8,920                   | 0       | 8,920                            | 22,087                  | 0       | 22,087                             |
| E&R   | 14,357                  | 308     | 14,666                           | 12,729                  | 307     | 13,036                            | 21,143                  | 0       | 21,143                           | 6,723                   | (100)   | 6,623                              |
|       |                         |         |                                  |                         |         |                                   |                         |         |                                  |                         |         |                                    |
| Total | 44,538                  | 8       | 44,546                           | 41,301                  | 859     | 42,160                            | 32,147                  | 507     | 32,654                           | 32,522                  | (100)   | 32,422                             |

4.3.2 These changes are reflected in the detailed programme shown elsewhere on the agenda

## 5. DELIVERY OF SAVINGS FOR 2013/14

5.1 The savings proposed for 2013/14 of £9.3m are shown below summarised by risk ranking:

| SAVINGS                        | Proposed 2013/14<br>£000 | Red<br>£000  | Amber<br>£000 | Green<br>£000 | Expected 2013/14<br>£000 |
|--------------------------------|--------------------------|--------------|---------------|---------------|--------------------------|
| Corporate Services             | 524                      | 220          | 0             | 304           | 358                      |
| Children, Schools and Families | 822                      | 230          | 50            | 542           | 822                      |
| Environment and Regeneration   | 1,652                    | 775          | 0             | 877           | 1,225                    |
| Community and Housing          | 6,317                    | 962          | 732           | 4,623         | 5,150                    |
| <b>TOTAL</b>                   | <b>9,315</b>             | <b>2,187</b> | <b>782</b>    | <b>6,346</b>  | <b>7,555</b>             |

The savings expected to year end are reported in Appendix 6.

## 6. DEBT MANAGEMENT

6.1 Attached as Appendix 8 is the debt report as at October 2013.

## 7. CONSULTATION UNDERTAKEN OR PROPOSED

7.1 All relevant bodies have been consulted.

## **8. TIMETABLE**

8.1 In accordance with current financial reporting timetables.

## **9. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

9.1 All relevant implications have been addressed in the report.

## **10. LEGAL AND STATUTORY IMPLICATIONS**

10.1 All relevant implications have been addressed in the report.

## **11. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

11.1 Not applicable

## **12. CRIME AND DISORDER IMPLICATIONS**

12.1 Not applicable

## **13. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

13.1 Contained in the body of the report.

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

Appendix 1 – Detailed monthly position table  
Appendix 2 – Detailed Corporate Items table  
Appendix 3 – Pay and Price Inflation as at June 2013  
Appendix 4 – Treasury Management: Outlook  
Appendix 5a – Current Capital Programme 2013/14  
Appendix 5b – Capital Adjustments  
Appendix 5c - Capital Programme Funding summary  
Appendix 6 – Progress on savings  
Appendix 7 - Forecast year end variance by department  
Appendix 8 – Debt Management

## **15. BACKGROUND PAPERS**

15.1 Budgetary Control files held in the Corporate Services department.

## **16. REPORT AUTHOR**

- Name: Paul Dale
- Tel: 020 8545 3458
- email: [paul.dale@merton.gov.uk](mailto:paul.dale@merton.gov.uk)

**Position as at 31 October 2013**
**APPENDIX 1**

|  | Original<br>Budget<br>2013/14<br>£000s | Current<br>Budget<br>2013/14<br>£000s | Year to<br>Date<br>Budget<br>(Oct)<br>£000s | Year to<br>Date<br>Actual<br>(Oct)<br>£000s | Full Year<br>Forecast<br>(Oct)<br>£000s | Forecast<br>Variance<br>at year<br>end (Oct)<br>£000s | Forecast<br>Variance<br>at year<br>end (Sep)<br>£000s |
|--|--|---------------------------------------|---|---|---|---|---|
| 3A. Corporate Services                 | 10,529                                 | 11,942                                | 16,243                                      | 14,189                                      | 10,960                                  | (982)   | (1,059)   |
| 3B. Children, Schools and Families     | 50,712                                 | 50,880                                | 108,483                                     | 98,014                                      | 51,876                                  | 996   | 972   |
| <u>3C. Community and Housing</u>       | -                                      | -                                     | -   | -   | -                                       | -   | -   |
| Adult Social Care                      | 58,040                                 | 58,093                                | 34,407                                      | 33,338                                      | 56,720                                  | (1,373)   | 187   |
| Libraries & Adult Education            | 3,476                                  | 3,509                                 | 2,218                                       | 2,208                                       | 3,635                                   | 126   | 109   |
| Housing General Fund                   | 1,958                                  | 1,967                                 | 1,539                                       | 840   | 1,850                                   | (117)   | (154)   |
| 3D. Public Health                      | -                                      | 0                                     | (1,093)                                     | (6,892)                                     | (50)                                    | (50)  | (42)  |
| 3E. Environment & Regeneration         | 25,777                                 | 26,072                                | 8,855                                       | 4,299                                       | 25,794                                  | (278)   | (155)   |
| <b>NET SERVICE EXPENDITURE</b>         | <b>150,492</b>                         | <b>152,463</b>                        | <b>170,652</b>                              | <b>145,997</b>                              | <b>150,786</b>                          | <b>(1,677)</b>  | <b>(140)</b>  |
| <b>3E. Corporate Items</b>             | -                                      | -                                     | -   | -   | -                                       | -   | -   |
| Impact of Capital on revenue budget    | 13,878                                 | 13,878                                | 3,713                                       | 2,345                                       | 13,878                                  | 0   | 0   |
| Other Central items                    | -1,022                                 | -2,993                                | 5,147                                       | 5,059                                       | -2,607                                  | 386   | (814)   |
| Levies                                 | 914                                    | 914                                   | 568   | 568   | 914                                     | 0   | 0   |
| <b>TOTAL CORPORATE PROVISIONS</b>      | <b>13,770</b>                          | <b>11,799</b>                         | <b>9,428</b>                                | <b>7,972</b>                                | <b>12,185</b>                           | <b>386</b>  | <b>-814</b>   |
| <b>TOTAL GENERAL FUND</b>              | <b>164,262</b>                         | <b>164,262</b>                        | <b>180,080</b>                              | <b>153,969</b>                              | <b>162,971</b>                          | <b>-1,291</b>   | <b>-954</b>   |
| <b>Funding</b>                         | -                                      | -                                     | -   | -   | -                                       | -   | -   |
| - Business Rates                       | -32020                                 | -32020                                | -   | -   | -32020                                  | 0   | 0   |
| - RSG                                  | -47221                                 | -47221                                | -   | -   | -47221                                  | 0   | 0   |
| - Council Tax Freeze Grant 2013/14     | -835                                   | -835                                  | -   | -   | -835                                    | 0   | 0   |
| - New Homes Bonus                      | -2724                                  | -2724                                 | -   | -   | -2724                                   | 0   | 0   |
| - PFI Grant                            | -4797                                  | -4797                                 | -   | -   | -4797                                   | 0   | 0   |
| <b>Grants</b>                          | <b>-87,597</b>                         | <b>-87,597</b>                        | <b>0</b>                                    | <b>0</b>                                    | <b>-87,597</b>                          | <b>0</b>  | <b>0</b>  |
| Collection Fund                        | -2545                                  | -2545                                 | 0   | 0   | -2545                                   | 0   | 0   |
| <b>Council Tax</b>                     | -                                      | -                                     | -   | -   | -                                       | -   | -   |
| - General                              | -73850                                 | -73850                                | 0   | 0   | -73850                                  | 0   | 0   |
| - WPCC                                 | -269                                   | -269                                  | 0   | 0   | -269                                    | 0   | 0   |
| <b>Council Tax and Collection Fund</b> | <b>-76664</b>                          | <b>-76664</b>                         | <b>0</b>                                    | <b>0</b>                                    | <b>-76664</b>                           | <b>0</b>  | <b>0</b>  |
| <b>FUNDING</b>                         | <b>-164,261</b>                        | <b>-164,261</b>                       | <b>0</b>                                    | <b>0</b>                                    | <b>-164,261</b>                         | <b>0</b>  | <b>0</b>  |

|  | Current<br>Budget<br>2013/14 | Year to Date<br>Budget<br>(Oct) | Year to Date<br>Actual (Oct) | Full Year<br>Forecast<br>(Oct) | Forecast<br>Variance at<br>year end (Oct) |
|--|------------------------------|---------------------------------|------------------------------|--------------------------------|---|
| <b>Expenditure</b>                           | £000                         | £000                            | £000                         | £000                           | £000                                      |
| Employees                                    | 93,508                       | 52,393                          | 51,925                       | 91,985                         | (1,523)                                   |
| Premises Related Expenditure                 | 9,707                        | 6,415                           | 4,516                        | 9,110                          | (598)                                     |
| Transport Related Expenditure                | 13,170                       | 7,471                           | 6,646                        | 12,734                         | (436)                                     |
| Supplies and Services                        | 162,968                      | 94,805                          | 83,814                       | 163,135                        | 167                                       |
| Third Party Payments                         | 88,545                       | 49,507                          | 38,979                       | 87,490                         | (1,055)                                   |
| Transfer Payments                            | 95,946                       | 5,826                           | 4,992                        | 107,963                        | 12,017                                    |
| Support Services                             | 32,417                       | 46                              | 2                            | 32,417                         | (0)                                       |
| Depreciation and Impairment Losses           | 13,783                       | (121)                           | 0                            | 13,772                         | (11)                                      |
| Corporate Provisions                         | 11,799                       | 9,428                           | 7,972                        | 12,185                         | 386                                       |
| <b>GROSS EXPENDITURE</b>                     | <b>521,843</b>               | <b>225,771</b>                  | <b>198,845</b>               | <b>530,789</b>                 | <b>8,947</b>                              |
| Government Grants                            | (243,085)                    | (7,205)                         | (8,870)                      | (255,089)                      | (12,003)                                  |
| Other Grants, Reimbursements and<br>Contribs | (22,444)                     | (7,550)                         | (3,502)                      | (21,097)                       | 1,347                                     |
| Customer and Client Receipts                 | (53,823)                     | (28,919)                        | (29,861)                     | (53,426)                       | 397                                       |
| Interest                                     | (44)                         | (26)                            | 0                            | (24)                           | 20  |
| Recharges                                    | (34,296)                     | 0                               | (689)                        | (34,295)                       | 1   |
| Balances                                     | (3,889)                      | (1,992)                         | (1,955)                      | (3,889)                        | 0   |
| <b>GROSS INCOME</b>                          | <b>(357,581)</b>             | <b>(45,691)</b>                 | <b>(44,877)</b>              | <b>(367,819)</b>               | <b>(10,238)</b>                           |
| <b>NET EXPENDITURE</b>                       | <b>164,262</b>               | <b>180,081</b>                  | <b>153,969</b>               | <b>162,971</b>                 | <b>(1,291)</b>                            |

## Appendix 2

| 3E. Corporate Items  | Council<br>2013/14<br>£000s | Original<br>Budget<br>2013/14<br>£000s | Current<br>Budget<br>2013/14<br>£000s | Year<br>to<br>Date<br>Budget<br>(Oct.)<br>£000s | Year<br>to<br>Date<br>Actual<br>(Oct.)<br>£000s | Full<br>Year<br>Forecast<br>(Oct.)<br>£000s | Forecast<br>Variance<br>at year<br>end<br>(Oct.)<br>£000s | Forecast<br>Variance<br>at year<br>end<br>(Sep.)<br>£000s |
|--|-----------------------------|--|---------------------------------------|---|---|---|---|---|
| Cost of Borrowing  | 14,221                      | 14,221                                 | 14,261                                | 3,904   | 2,610   | 14,097                                      | -164  | -164  |
| Investment Inc.  | -343                        | -343                                   | -383                                  | -191  | -265  | -729  | -346  | -254  |
| Use for Capital Programme  | 0                           | 0                                      | 0                                     | 0   | 0   | 510   | 510   | 418   |
| <b>Impact of Capital on revenue budget</b>   | <b>13,878</b>               | <b>13,878</b>                          | <b>13,878</b>                         | <b>3,713</b>                                    | <b>2,345</b>                                    | <b>13,878</b>                               | <b>0</b>  | <b>0</b>  |
| <b>Pension Fund</b>  | <b>5,087</b>                | <b>5,087</b>                           | <b>5,087</b>                          | <b>4,910</b>                                    | <b>4,910</b>                                    | <b>4,787</b>                                | <b>-300</b>   | <b>0</b>  |
| Corporate Provision for Pay Award  | 790                         | 790                                    | 234                                   | 0   | 0   | 234   | 0   | 0   |
| Provision for inflation in excess of 1.5%  | 314                         | 314                                    | 314                                   | 0   | 0   | 0   | -314  | -314  |
| Utilities Inflation Provision  | 1,000                       | 1,000                                  | 1,000                                 | 0   | 0   | 1,000                                       | 0   | 0   |
| <b>Pay and Price Inflation</b>   | <b>2,104</b>                | <b>2,104</b>                           | <b>1,548</b>                          | <b>0</b>  | <b>0</b>  | <b>1,234</b>                                | <b>-314</b>   | <b>-314</b>   |
| Contingency  | 1,500                       | 1,500                                  | 1,494                                 | 0   | 0   | 994   | -500  | -500  |
| Single Status/Equal Pay  | 474                         | 474                                    | 474                                   | 237   | 356   | 474   | 0   | 0   |
| Bad Debt Provision   | 500                         | 500                                    | 500                                   | 0   | 0   | 500   | 0   | 0   |
| CHAS - change in basis   | 1,226                       | 1,226                                  | 0                                     | 0   | 0   | 0   | 0   | 0   |
| Cost of disposals - 4%   | 0                           | 0                                      | -52                                   | 0   | 0   | -52   | 0   | 0   |
| T/F to Closing the Budget Gap Reserve  | 0                           | 0                                      | 0                                     |   | 1,500   | 1,500                                       | 1,500   | 0   |
| Revenuisation and miscellaneous  | 1,778                       | 1,778                                  | 1,648                                 | 0   | 0   | 1,648                                       | 0   | 0   |
| <b>Contingencies and provisions</b>  | <b>5,478</b>                | <b>5,478</b>                           | <b>4,064</b>                          | <b>237</b>                                      | <b>1,856</b>                                    | <b>5,064</b>                                | <b>1,000</b>  | <b>-500</b>   |
| Local Services Support Grant   | 0                           | 0                                      | 0                                     | 0   | -64   | 0   | 0   | 0   |
| Education Services Grant   | 0                           | 0                                      | 0                                     | 0   | -1,643  | -3,344                                      | -3,344  | -3,344  |
| Use for capital purposes(net of appropriate adjustment for new school becoming an academy) | 0                           | 0                                      | 0                                     | 0   | 0   | 3,344                                       | 3,344   | 3,344   |
| VAT Savings  | 0                           | 0                                      | 0                                     | 0   | 0   | 0   | 0   | 0   |
| <b>Income Items</b>  | <b>0</b>                    | <b>0</b>                               | <b>0</b>                              | <b>0</b>  | <b>-1,707</b>                                   | <b>0</b>                                    | <b>0</b>  | <b>0</b>  |
| <b>Depreciation and Impairment</b>   | <b>-13,691</b>              | <b>-13,691</b>                         | <b>-13,692</b>                        | <b>0</b>  | <b>0</b>  | <b>-13,692</b>                              | <b>0</b>  | <b>0</b>  |
| <b>Central Items</b>   | <b>12,856</b>               | <b>12,856</b>                          | <b>10,885</b>                         | <b>8,860</b>                                    | <b>7,404</b>                                    | <b>11,271</b>                               | <b>386</b>  | <b>-814</b>   |
| <b>Levies</b>  | <b>914</b>                  | <b>914</b>                             | <b>914</b>                            | <b>568</b>                                      | <b>568</b>                                      | <b>914</b>                                  | <b>0</b>  | <b>0</b>  |
| <b>TOTAL CORPORATE PROVISIONS</b>  | <b>13,770</b>               | <b>13,770</b>                          | <b>11,799</b>                         | <b>9,428</b>                                    | <b>7,972</b>                                    | <b>12,185</b>                               | <b>386</b>  | <b>-814</b>   |

### Pay and Price Inflation as at October 2013

In 2013/14, the budget includes 1% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.314m which is held to assist services that may experience price increases greatly in excess of the 1.5%

Inflation allowance provided when setting the budget. At present it is not anticipated that there will be a call on this budget but this will not be released until there is greater clarity.

### Pay:

2013/14 – The MTFs approved by Council on the 7th March 2012 includes 1% for increases in pay. This equates to £0.790m and is held as a corporate provision.

A pay award has been agreed for 2013/14. The pay settlement is for a 1% pay increase for the current year, The settlement also includes deletion of pay scale point 4, the lowest on the salary spine, from October 2013. This will increase the minimum salary from £12,145 to £12,435, including the pay rise.

The Government has stipulated that it wants to restrict public sector pay awards to an average of 1% for 2014/15 (Autumn Statement 2011) and 1% for 2015/16 (Spending Round 2013).

### Prices:

CPI annual inflation stands at 2.2% in October 2013, which is down from 2.7% in September 2013. The main reasons for the fall were a drop transport costs, particularly motor fuels, and also reduced education costs (tuition fees).

CPIH, the new measure of consumer price inflation including owner occupiers' housing costs, grew by 2.0% in the year to October 2013, down from 2.5% in September. Owner occupiers' housing costs increased by 0.1% between September and October 2013.

RPI annual inflation stands at 2.6% in October 2013, down from 3.2% in September 2013.

### Outlook for inflation:

On 7 November 2013, the Bank of England's Monetary Policy Committee (MPC) voted to maintain the Bank Base Rate at 0.5%. The Committee also voted to continue with its programme of asset purchases totalling £375 billion, financed by the issuance of central bank reserves.

The MPC reached its decisions in the context of the monetary policy guidance announced alongside the publication of the August 2013 Inflation Report.

The MPC's latest economic projections are set out in the latest Inflation Report published on 13 November 2013. In this report the MPC summed up the latest position as follows:-

"Recovery has finally taken hold in the United Kingdom. The recent upswing in growth seems set to be sustained as the lifting of uncertainty and thawing of credit conditions start to unlock pent-up demand. However, the brightening outlook follows the most prolonged downturn on record. So it is likely to be some time before slack in the economy is materially eroded.

CPI inflation fell to 2.2% in October and is expected to fall further as the impetus from import prices fades. A gradual rise in productivity growth and a persistent margin of spare capacity should help to

contain domestic cost pressures. Inflation therefore returns to 2% despite a continuing elevated contribution from domestic energy bills and tuition fees.”

At its November meeting, the MPC noted that “the stronger near-term outlook for demand meant that, on the assumption that Bank Rate followed a path implied by market rates, unemployment was likely to fall more quickly than anticipated in August, while CPI inflation looked set to fall back to around the 2% target over the next year or so. The pace with which unemployment fell back would, however, depend heavily on the extent to which the recovery in demand was accompanied by higher productivity. The Committee judged that neither of its price stability knockouts had been breached, and noted that the FPC had concluded at its latest meeting that there had been no breach of the financial stability knockout. Its guidance therefore remained in place. The Committee reiterated that reaching the unemployment threshold would not necessarily trigger an immediate policy response. Rather the setting of policy at that point would depend on the outlook for inflation relative to the target and on the need to provide continued support to output and employment.”

The MPC’s projections are underpinned by four key judgements:

- 1: global growth strengthens gradually, driven by the advanced economies
- 2: the domestic recovery becomes increasingly entrenched as the headwinds to demand lessen
- 3: slack in the economy is eroded only gradually, despite the recovery in demand
- 4: inflation returns to the target as the impetus from import prices abates, and a gradual rise in productivity growth attenuates domestic price pressures

The minutes of the meeting will be published on 20 November 2013.

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

| Source: HM Treasury - Forecasts for the UK Economy (October 2013) |          |           |           |
|---|----------|-----------|-----------|
|   | Lowest % | Highest % | Average % |
| 2013 (Quarter 4)  |          |           |           |
| CPI   | 2.1      | 2.9       | 2.5       |
| RPI   | 2.5      | 3.4       | 3.1       |
|   |          |           |           |
| 2014 (Quarter 4)  |          |           |           |
| CPI   | 1.6      | 3.6       | 2.3       |
| RPI   | 2.3      | 4.1       | 3.1       |

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.

## Treasury Management: Outlook

The Bank Base Rate has been kept at its low of 0.5% since March 2009. The Bank of England's Monetary Policy Committee (MPC) on 7 November 2013 voted to maintain the official Bank Base Rate at 0.5%. The MPC also voted to maintain the level of Quantitative Easing (QE) at £375 billion financed by the issuance of central bank reserves.

The MPC reached its decisions in the context of the monetary policy forward guidance announced alongside the publication of the August 2013 Inflation Report.

This guidance was summarised and reported in the July monitoring report.

The decision to make no changes was as expected after the major change in the approach to monetary policy announced in August. For the MPC in the months ahead the key will be whether the relatively strong output growth results in a faster reduction in the unemployment rate than it anticipated in August. With inflation still above target at 2.7% and recently announced energy price rises to come, the forthcoming quarterly Inflation Report and any changes that the MPC may make to its outlook for the economy are likely to be the next areas of focus.

The MPC has agreed its intention not to raise Bank Rate from its current level of 0.5% or to reduce its stock of asset purchases at least until the LFS headline unemployment rate has fallen to a threshold of 7%, subject to three 'knockout' conditions. In reaching its decision in October, the MPC noted that "the headline LFS unemployment rate had fallen to 7.7% in the three months to July.... It now therefore seemed probable that unemployment would be lower, and output growth faster, in the second half of 2013 than expected at the time of the August Inflation Report." The next Inflation Report will be published on 13 November 2013.

The Bank of England forecasts that the 7% threshold will not be reached before the third quarter of 2016. However, some analysts expect unemployment to fall much faster.

The MPC minutes relating to the November decision will be available on 20 November.

Forecasts for Bank Base Rates, based on October 2013 are summarised in the following table:-

|                      | End<br>Q.4<br>2013 | End<br>Q.1<br>2014 | End<br>Q.2<br>2014 | End<br>Q.3<br>2014 | End<br>Q.4<br>2014 | End<br>Q.1<br>2015 | End<br>Q.2<br>2015 | End<br>Q.3<br>2015 | End<br>Q.4<br>2015 | End<br>Q.1<br>2016 | End<br>Q.2<br>2016 | End<br>Q.3<br>2016 | End<br>Q.4<br>2016 |
|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Capita               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.75%              | 1.0%               |
| Capital<br>Economics | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               |                    |                    |                    |                    |
| UBS                  | 0.5%               | 0.5%               | 0.5%               | 0.5%               | 0.5%               |                    |                    |                    |                    |                    |                    |                    |                    |



### Community and Housing Capital Monitoring - October 2013

| Scheme Description                 | Total Budget     | YTD Actual     | YTD Budget       | Variance To Date | Forecast For Year | Forecast Variance |
|------------------------------------|------------------|----------------|------------------|------------------|-------------------|-------------------|
| Adult Social Care                  | 781,290          | 81,598         | 339,275          | (257,677)        | 692,533           | (88,757)          |
| Libraries                          | 0                | 0              | 0                | 0                | 0                 | 0                 |
| Adult Education and Community      | 0                | (1,989)        | 0                | (1,989)          | 0                 | 0                 |
| Housing                            | 1,581,640        | 760,000        | 1,041,320        | (281,320)        | 760,000           | (821,640)         |
|                                    |                  |                |                  |                  |                   |                   |
| <b>Total Community and Housing</b> | <b>2,362,930</b> | <b>839,609</b> | <b>1,380,595</b> | <b>(540,986)</b> | <b>1,452,533</b>  | <b>(910,397)</b>  |

### Corporate Services Capital Monitoring - October 2013

| Scheme Description              | Total Budget     | YTD Actual       | YTD Budget       | Variance To Date   | Forecast For Year | Forecast Variance  |
|---------------------------------|------------------|------------------|------------------|--------------------|-------------------|--------------------|
| Business Improvement            | 0                | 0                | 0                | 0                  | 0                 | 0                  |
| Corporate Governance            | 2,000            | 2,000            | 2,000            | 0                  | 2,000             | 0                  |
| Corporate Items                 | 500,000          | 30,730           | 0                | 30,730             | 30,730            | (469,270)          |
| Facilities Management           | 4,182,410        | 1,246,631        | 2,335,836        | (1,089,205)        | 4,182,410         | 0                  |
| IT                              | 2,053,620        | 476,653          | 1,031,590        | (554,937)          | 2,053,615         | (5)                |
| Resources                       | 45,000           | 0                | 15,967           | (15,967)           | 45,000            | 0                  |
| IT Transformation               | 690,000          | 0                | 0                | 0                  | 0                 | (690,000)          |
|                                 |                  |                  |                  |                    |                   |                    |
| <b>Corporate Services Total</b> | <b>7,473,030</b> | <b>1,756,014</b> | <b>3,385,393</b> | <b>(1,629,379)</b> | <b>6,313,755</b>  | <b>(1,159,275)</b> |

### Children, Schools & Families Capital Monitoring - October 2013

| Scheme Description             | Total Budget      | YTD Actual       | YTD Budget       | Variance To Date   | Forecast For Year | Forecast Variance  |
|--------------------------------|-------------------|------------------|------------------|--------------------|-------------------|--------------------|
| Aragon Expansion               | 177,830           | 81,093           | 129,140          | (48,047)           | 152,833           | (24,997)           |
| BENEDICT PRIMARY SCHOOL EXP    | 36,670            | (39,183)         | 20,973           | (60,156)           | 36,670            | 0                  |
| Cranmer Expansion              | 2,955,540         | 441,322          | 338,420          | 102,902            | 2,500,000         | (455,540)          |
| Hollymount Primary School Exp  | 30,000            | 16,566           | 63,215           | (46,649)           | 30,000            | 0                  |
| Joseph Hood Primary School Exp | 321,400           | (109,863)        | 321,400          | (431,263)          | 250,000           | (71,400)           |
| William Morris PCP             | 32,740            | 9,614            | 32,740           | (23,126)           | 32,740            | 0                  |
| Holy Trinity Expansion         | 242,490           | 172,644          | 220,120          | (47,476)           | 242,490           | 0                  |
| St Mary's expansion            | 1,453,370         | 341,242          | 416,862          | (75,620)           | 946,330           | (507,040)          |
| Pupil Growth - Unallocated     | 0                 | 67,130           | 0                | 67,130             | 0                 | 0                  |
| All Saints/ South Wim YCC exp  | 219,940           | 132,199          | 169,940          | (37,741)           | 244,940           | 25,000             |
| Gorringe Park expansion        | 828,410           | 577,644          | 805,740          | (228,096)          | 770,281           | (58,129)           |
| Hillcross School Expansion     | 2,542,030         | 186,074          | 394,090          | (208,016)          | 852,403           | (1,689,627)        |
| Merton Abbey Temp Accomodation | 1,501,130         | 353,259          | 728,970          | (375,711)          | 696,435           | (804,695)          |
| Pelham School Expansion        | 1,184,850         | 321,144          | 333,660          | (12,516)           | 811,011           | (373,839)          |
| Cricket Grn Exp-Chapel Orchard | 39,650            | 30,435           | 31,960           | (1,525)            | 39,648            | (2)                |
| Dundonald expansion            | 200,130           | 53,869           | 145,190          | (91,321)           | 200,130           | 0                  |
| Poplar Permanent Expansion     | 1,063,190         | 418,878          | 588,548          | (169,670)          | 846,775           | (216,415)          |
| Liberty expansion              | 76,190            | 11,726           | 52,540           | (40,814)           | 76,187            | (3)                |
| Singlegate expansion           | 1,670,760         | 74,548           | 150,000          | (75,452)           | 417,548           | (1,253,212)        |
| Wimbledon Park expansion       | 2,463,490         | 1,563,821        | 1,446,150        | 117,671            | 2,463,490         | 0                  |
| Peiseid Primary Phase          | 339,430           | 118,310          | 169,715          | (51,405)           | 200,000           | (139,430)          |
| Wimbledon Chase Expansion      | 78,220            | 0                | 78,220           | (78,220)           | 78,220            | 0                  |
|                                |                   |                  |                  |                    |                   |                    |
| <b>Total Primary Expansion</b> | <b>17,457,460</b> | <b>4,822,472</b> | <b>6,637,593</b> | <b>(1,815,121)</b> | <b>11,888,131</b> | <b>(5,569,329)</b> |

| Scheme Description                          | Total Budget      | YTD Actual       | YTD Budget       | Variance To Date   | Forecast For Year | Forecast Variance  |
|---|-------------------|------------------|------------------|--------------------|-------------------|--------------------|
| Devolved Formula Capital                    | 466,310           | 238,377          | 233,155          | 5,222              | 466,310           | 0                  |
| SEN Centre of Excellence                    | 0                 | 1,634            | 0                | 1,634              | 0                 | 0                  |
| Early Years                                 | 0                 | (59,158)         | 0                | (59,158)           | 0                 | 0                  |
| Garden PCP                                  | 289,320           | 181,152          | 246,513          | (65,361)           | 289,320           | 0                  |
| Schools Access Initiative Inc               | 34,750            | (6,020)          | 17,375           | (23,395)           | 34,750            | 0                  |
| Bishop Gilpin New Classroom                 | 0                 | (5,531)          | 0                | (5,531)            | 0                 | 0                  |
| SS Peter & Paul PCP                         | 20,000            | 0                | 20,000           | (20,000)           | 20,000            | 0                  |
| School kitchens/dining areas                | 0                 | (1,901)          | 0                | (1,901)            | 0                 | 0                  |
| Behaviour Unit                              | 3,910             | 0                | 3,910            | (3,910)            | 3,910             | 0                  |
| Primary school autism unit                  | 50,000            | 0                | 50,000           | (50,000)           | 20,000            | (30,000)           |
| Short Breaks Disabled Children              | 89,540            | 60,988           | 44,770           | 16,218             | 89,540            | 0                  |
| Primary Capital Improvements                | 417,990           | 193,295          | 230,170          | (36,875)           | 417,992           | 2                  |
| Former Royal Sun Alliance SG                | 103,420           | (33,068)         | 103,420          | (136,488)          | 103,420           | 0                  |
| Schools Loans                               | 372,800           | 0                | 180,000          | (180,000)          | 0                 | (372,800)          |
| Schools IT                                  | 0                 | 0                | 0                | 0                  | 0                 | 0                  |
| Ursuline School Loan                        | 600,000           | 0                | 600,000          | (600,000)          | 600,000           | 0                  |
| Youth Centres                               | 139,010           | 55,649           | 120,000          | (64,351)           | 139,010           | 0                  |
|   |                   |                  |                  |                    |                   |                    |
| <b>Total Other</b>                          | <b>2,587,050</b>  | <b>625,417</b>   | <b>1,849,313</b> | <b>(1,223,896)</b> | <b>2,184,252</b>  | <b>(402,798)</b>   |
|   |                   |                  |                  |                    |                   |                    |
| <b>Total Children, Schools and Families</b> | <b>20,044,510</b> | <b>5,447,889</b> | <b>8,486,906</b> | <b>(3,039,017)</b> | <b>14,072,383</b> | <b>(5,972,127)</b> |

### Environment and Regeneration Capital Monitoring - October 2013

| Scheme Description                  | Total Budget      | YTD Actual       | YTD Budget       | Variance To Date   | Forecast For Year | Forecast Variance  |
|-------------------------------------|-------------------|------------------|------------------|--------------------|-------------------|--------------------|
| Footways Planned Works              | 1,065,390         | 536,075          | 546,090          | (10,015)           | 1,065,390         | 0                  |
| Greenspaces                         | 919,450           | 317,906          | 550,964          | (233,058)          | 905,930           | (13,520)           |
| Highways General Planned Works      | 660,440           | 344,271          | 187,290          | 156,981            | 505,440           | (155,000)          |
| Highways Planned Road Works         | 1,590,000         | 289,762          | 815,000          | (525,238)          | 1,500,000         | (90,000)           |
| Leisure Centres                     | 300,000           | 9,896            | 100,000          | (90,104)           | 300,000           | 0                  |
| Other E&R                           | 1,380,550         | 907,814          | 1,143,550        | (235,736)          | 1,217,753         | (162,797)          |
| On and Off Street Parking           | 115,000           | 46,946           | 115,000          | (68,054)           | 115,000           | 0                  |
| Plans and Projects                  | 74,090            | 67,632           | 54,090           | 13,542             | 71,530            | (2,560)            |
| Regeneration Partnerships           | 2,627,630         | 125,594          | 250,120          | (124,526)          | 1,227,084         | (1,400,546)        |
| Street Lighting                     | 644,580           | 457,881          | 149,580          | 308,301            | 644,000           | (580)              |
| Street Scene                        | 339,450           | 127,699          | 229,290          | (101,591)          | 441,450           | 102,000            |
| Transport for London                | 2,773,410         | 759,270          | 1,651,100        | (891,830)          | 2,732,929         | (40,481)           |
| Traffic and Parking Management      | 137,290           | 16,529           | 277,290          | (260,761)          | 282,340           | 145,050            |
| Transport and Plant                 | 395,200           | 46,166           | 195,200          | (149,034)          | 323,636           | (71,564)           |
| Safer Merton - CCTV & ASB           | 25,000            | 5,818            | 0                | 5,818              | 30,000            | 5,000              |
| Environmental Health                | 1,329,810         | 798,941          | 298,960          | 499,981            | 1,080,000         | (249,810)          |
| Waste Operations                    | 288,330           | 15,046           | 205,330          | (190,284)          | 308,330           | 20,000             |
|                                     |                   |                  |                  |                    |                   |                    |
| <b>Environment and Regeneration</b> | <b>14,665,620</b> | <b>4,873,246</b> | <b>6,768,854</b> | <b>(1,895,608)</b> | <b>12,750,812</b> | <b>(1,914,808)</b> |

## CAPITAL VIREMENTS AND REPROFILING OCTOBER 2013 MONITORING

| Community and Housing           | 2013/14 Budget | Adjustments    | Virements | Reprofiling | Revised 2013/14 Budget | 2014/15 Budget | Adjustments | Virements | Reprofiling | Revised 2014/15 Budget |
|---------------------------------|----------------|----------------|-----------|-------------|------------------------|----------------|-------------|-----------|-------------|------------------------|
|                                 | £              |                |           | £           | £                      | £              |             |           | £           | £                      |
| Social Care System retendering  | 0              |                |           |             | 0                      | 900,000        |             | 71,000    |             | 971,000                |
| Contingency                     | 0              |                |           |             | 0                      | 71,000         |             | (71,000)  |             | 0                      |
| 8 Wilton Road                   | 271,000        | 259,000        |           |             | 530,000                | 0              |             |           |             | 0                      |
| <b>Total Corporate services</b> | <b>271,000</b> | <b>259,000</b> | <b>0</b>  | <b>0</b>    | <b>530,000</b>         | <b>971,000</b> | <b>0</b>    | <b>0</b>  | <b>0</b>    | <b>971,000</b>         |

## CAPITAL VIREMENTS AND REPROFILING OCTOBER 2013 MONITORING

| Corporate Services              | 2013/14 Budget   | Reprofiling      | Revised 2013/14 Budget | 2014/15 Budget   | Virements        | Reprofiling    | Revised 2014/15 Budget | 2015/16 Budget | Adjustment     | Reprofiling  | Revised 2015/16 Budget |
|---------------------------------|------------------|------------------|------------------------|------------------|------------------|----------------|------------------------|----------------|----------------|--------------|------------------------|
|                                 | £                | £                | £                      | £                |                  | £              | £                      | £              |                | £            | £                      |
| Transformation Budgets          | 690,000          |                  | 690,000                | 7,000            |                  | (7,000)        | 0                      | 500,000        |                | 7,000        | 507,000                |
| Acquisitions                    | 1,000,000        | (500,000)        | 500,000                | 1,000,000        | (926,930)        | 500,000        | 573,070                | 0              | 500,000        |              | 500,000                |
| <b>Total Corporate services</b> | <b>1,690,000</b> | <b>(500,000)</b> | <b>1,190,000</b>       | <b>1,007,000</b> | <b>(926,930)</b> | <b>493,000</b> | <b>573,070</b>         | <b>500,000</b> | <b>500,000</b> | <b>7,000</b> | <b>1,007,000</b>       |

## CAPITAL VIREMENTS AND REPROFILING OCTOBER 2013 MONITORING

| Childrens, Schools and Families             | 2013/14 Budget   | Adjustments | Virements | Reprofiling | Revised 2013/14 Budget | 2014/15 Budget   | Adjustments | Virements      | Reprofiling   | Revised 2014/15 Budget |
|---|------------------|-------------|-----------|-------------|------------------------|------------------|-------------|----------------|---------------|------------------------|
|   | £                |             |           | £           | £                      | £                |             |                | £             | £                      |
| All Saints/ South Wirm YCC exp              | 169,940          |             | 50,000    |             | 219,940                | 0                |             |                |               | 0                      |
| Gorringe Park expansion                     | 937,410          |             | (50,000)  | (59,000)    | 828,410                | 150,000          |             | (186,660)      | 59,000        | 22,340                 |
| St Mary's expansion                         | 1,453,370        |             |           |             | 1,453,370              | 1,564,840        |             | 67,540         |               | 1,632,380              |
| Hillcross School Expansion                  | 2,542,030        |             |           |             | 2,542,030              | 1,700,000        |             | 926,930        |               | 2,626,930              |
| Meriton Abbey Temp Accomodation             | 1,501,130        |             |           |             | 1,501,130              | 2,703,390        |             | 119,120        |               | 2,822,510              |
| <b>Total Children, Schools and Families</b> | <b>6,603,880</b> | <b>0</b>    | <b>0</b>  | <b>0</b>    | <b>6,544,880</b>       | <b>6,118,230</b> | <b>0</b>    | <b>926,930</b> | <b>59,000</b> | <b>7,104,160</b>       |

| Environment and Regeneration                    | 2013/14 Budget<br>£ | Adjustments    | Virements | Reprofiling<br>£ | Revised<br>2013/14<br>Budget<br>£ | 2014/15 Budget<br>£ | Adjustments      | Virements      | Reprofiling<br>£ | Revised<br>2014/15<br>Budget<br>£ |
|---|---------------------|----------------|-----------|------------------|-----------------------------------|---------------------|------------------|----------------|------------------|-----------------------------------|
| <b>Environmental Health</b>                     |                     |                |           |                  |                                   |                     |                  |                |                  |                                   |
| Disabled Facilities Grant LBM                   | 552,810             | 253,000        |           |                  | 805,810                           | 280,000             |                  | 500,000        |                  | 780,000                           |
| <b>CCTV</b>                                     |                     |                |           |                  |                                   |                     |                  |                |                  |                                   |
| CCTV  | 0                   |                |           | 25,000           | 25,000                            | 170,000             |                  |                | (25,000)         | 145,000                           |
| <b>Regeneration Partnerships</b>                |                     |                |           |                  |                                   |                     |                  |                |                  |                                   |
| Restoration of South Park Gdns                  | 129,890             |                |           | (129,890)        | 0                                 | 0                   |                  |                | 129,890          | 129,890                           |
| Mitcham Major schemes                           | 0                   |                |           | 100,000          | 100,000                           | 300,000             | (200,000)        |                | (100,000)        | 0                                 |
| <b>Plans and Projects</b>                       |                     |                |           |                  |                                   |                     |                  |                |                  |                                   |
| Low Carbon Zone                                 | 2,560               |                | (2,560)   |                  | 0                                 | 0                   |                  |                |                  | 0                                 |
| Climate Change Initiatives                      | 70,000              |                | 2,560     |                  | 72,560                            | 70,000              |                  |                |                  | 70,000                            |
| <b>Greenspaces</b>                              |                     |                |           |                  |                                   |                     |                  |                |                  |                                   |
| WallRep ChurchLn& Johnlmes Pks                  | 4,040               |                | 15,000    | 0                | 19,040                            | 0                   |                  |                | 0                | 0                                 |
| <b>Highways General Planned Roadworks</b>       |                     |                |           |                  |                                   |                     |                  |                |                  |                                   |
| B497/8 Lombard Rd Improvements                  | 24,100              |                |           | (24,100)         | 0                                 | 0                   |                  |                | 24,100           | 24,100                            |
| <b>Highways Planned Roadworks</b>               |                     |                |           |                  |                                   |                     |                  |                |                  |                                   |
| Homezones*                                      | 450,000             |                | (360,000) | 0                | 90,000                            | 0                   |                  |                | 0                | 0                                 |
| Borough Roads Maintenance                       | 1,400,000           |                | 100,000   |                  | 1,500,000                         | 150,000             |                  |                |                  | 150,000                           |
| <b>Footways Planned Works</b>                   |                     |                |           |                  |                                   |                     |                  |                |                  |                                   |
| Raynes Park Public Realm Imps                   | 0                   | 29,300         |           |                  | 29,300                            | 0                   |                  |                |                  | 0                                 |
| B502/3 Going for Gold Actn Pln                  | 20,000              | (20,000)       |           |                  | 0                                 | 0                   |                  |                |                  |                                   |
| Repairs to Footways                             | 850,000             |                | 150,000   |                  | 1,000,000                         | 1,000,000           |                  |                |                  | 1,000,000                         |
| <b>Other E&amp;R</b>                            |                     |                |           |                  |                                   |                     |                  |                |                  |                                   |
| Mobile Working Initiative                       | 25,000              |                | (8,000)   |                  | 17,000                            | 0                   |                  |                |                  | 0                                 |
| Wimbledon Scout Group                           | 0                   | 60,000         |           |                  | 60,000                            | 0                   |                  |                |                  | 0                                 |
| <b>Street Lighting</b>                          |                     |                |           |                  |                                   |                     |                  |                |                  |                                   |
| Street Lighting Replacement Programme           | 534,580             |                | 110,000   | 0                | 644,580                           | 300,000             |                  |                | 0                | 300,000                           |
| <b>Street Scene</b>                             |                     |                |           |                  |                                   |                     |                  |                |                  |                                   |
| Street Scene Enhancements                       | 125,000             |                | (7,000)   |                  | 118,000                           | 250,000             |                  |                |                  | 250,000                           |
| <b>TFL</b>                                      |                     |                |           |                  |                                   |                     |                  |                |                  |                                   |
| BCP Cycle Parking                               | 0                   | 15,000         |           |                  | 15,000                            | 0                   |                  |                |                  | 0                                 |
| <b>Transport and Plant</b>                      |                     |                |           |                  |                                   |                     |                  |                |                  |                                   |
| Replacement of Fleet Vehicles                   | 300,000             |                |           |                  | 300,000                           | 500,000             |                  |                |                  | 500,000                           |
| <b>Sub - Total Environment and Regeneration</b> | <b>4,487,980</b>    | <b>337,300</b> | <b>0</b>  | <b>(28,990)</b>  | <b>4,796,290</b>                  | <b>3,020,000</b>    | <b>(200,000)</b> | <b>500,000</b> | <b>28,990</b>    | <b>3,348,990</b>                  |

\* Homezones Budget is amended as it is not envisaged that work will start until early March 2014.

# Appendix 5b

## CAPITAL VIREMENTS AND REPROFILING OCTOBER 2013 MONITORING

| Environment and Regeneration              | 2013/14 Budget   | Adjustments    | Virements | Reprofiling     | Revised 2013/14 Budget | 2014/15 Budget   | Adjustments      | Virements      | Reprofiling   | Revised 2014/15 Budget |
|---|------------------|----------------|-----------|-----------------|------------------------|------------------|------------------|----------------|---------------|------------------------|
| CCTV - Raynes Park                        | 0                | 0              | 0         | 0               | 0                      | 2,310            | (2,310)          | 0              | 0             | 0                      |
| Relocation of cameras 50 & 52             | 0                | 0              | 0         | 0               | 0                      | 8,150            | (8,150)          | 0              | 0             | 0                      |
| B495a/b/c CCTV Upgrade                    | 0                | 0              | 0         | 0               | 0                      | 3,000            | (3,000)          | 0              | 0             | 0                      |
| Works for Merton Priory Homes             | 0                | 0              | 0         | 0               | 0                      | 9,010            | (9,010)          | 0              | 0             | 0                      |
| <b>Total Environment and Regeneration</b> | <b>4,487,980</b> | <b>337,300</b> | <b>0</b>  | <b>(28,990)</b> | <b>4,796,290</b>       | <b>3,042,470</b> | <b>(222,470)</b> | <b>500,000</b> | <b>28,990</b> | <b>3,348,990</b>       |

| Environment and Regeneration              | 2015/16 Budget   | Adjustments | Virements | Reprofiling | Revised 2015/16 Budget | 2016/17 Budget   | Adjustments      | Virements | Reprofiling | Revised 2016/17 Budget |
|---|------------------|-------------|-----------|-------------|------------------------|------------------|------------------|-----------|-------------|------------------------|
|   | £                |             |           | £           | £                      | £                |                  |           | £           | £                      |
| Highways Planned Roadworks                |                  |             |           |             |                        |                  |                  |           |             |                        |
| Borough Roads Maintenance                 | 1,500,000        |             |           |             | 1,500,000              | 1,600,000        | (100,000)        |           |             | 1,500,000              |
| <b>Total Environment and Regeneration</b> | <b>1,500,000</b> | <b>0</b>    | <b>0</b>  | <b>0</b>    | <b>1,500,000</b>       | <b>1,600,000</b> | <b>(100,000)</b> | <b>0</b>  | <b>0</b>    | <b>1,500,000</b>       |

**CAPITAL PROGRAMME FUNDING SUMMARY 2013/14**

|  | Funded from Merton's Resources | Funded by Grant & Capital Contributions | Total         |
|--|--------------------------------|---|---------------|
|  | £000s                          | £000s                                   | £000s         |
| <b>Revised - Cabinet November 2013</b> | <b>22,844</b>                  | <b>21,697</b>                           | <b>44,538</b> |
| <b>Community and Housing</b>           |                                |   |               |
| 8 Wilton Road Section 106              | 0                              | 259                                     | 259           |
| <b>Corporate Services</b>              |                                |   |               |
| Acquisitions Budget                    | (500)                          | 0                                       | (500)         |
| <b>Children, Schools and Families</b>  |                                |   |               |
| Gorrington - Primary Expansion         | (59)                           | 0                                       | (59)          |
| <b>Environment and Regeneration</b>    |                                |   |               |
| Disabled Facilities Grant              | 0                              | 253                                     | 253           |
| Restoration of South Park Gardens      | 0                              | (130)                                   | (130)         |
| Mitcham Major Schemes                  | 0                              | 100                                     | 100           |
| CCTV                                   | 25                             | 0                                       | 25            |
| B497/8 Lombard Rd Improvements         | 0                              | (24)                                    | (24)          |
| Going for Gold                         | 0                              | (20)                                    | (20)          |
| Wimbledon Scout Group                  | 0                              | 60                                      | 60            |
| BCP Cycle                              | 0                              | 15                                      | 15            |
| Raynes Park Public Realm Improvements  | 0                              | 29                                      | 29            |
| <b>Revised - Cabinet December 2013</b> | <b>22,310</b>                  | <b>22,239</b>                           | <b>44,546</b> |



## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 13-14

| Panel   | Ref  | Description of Saving  | Type of Saving (see key) | 2013/14 Savings Required £000 | 2013/14 Savings Expected £000 | RAG | Comments  | R/A Included in Forecast Over/Under spend? Y/N |
|---|------|--|--------------------------|-------------------------------|-------------------------------|-----|---|--|
|   |      | <u>Customer Services - Bailiffs</u>  |                          |                               |                               |     |   |  |
| O&SC  | CS7  | Service  |                          |                               |                               |     |   |  |
|   |      | Joint service with Sutton for the end of 12/13 & 13/14.  | SI2                      | 150                           | 35                            | R   | Charges have been reviewed following a complaint made to the Local Government Ombudsman, resulting in a reduced level of fees | Y  |
| O&SC  | CS22 | Service  |                          |                               |                               |     |   |  |
|   |      | <u>Infrastructure &amp; Transactions - IT Service Delivery</u><br>Reduction of 2 FTE's   | SS2                      | 72                            | 72                            | G   |   |  |
|   |      | <u>Infrastructure &amp; Transactions - Facilities Management</u>   |                          |                               |                               |     |   |  |
| O&SC  | CS37 | Service  |                          |                               |                               |     |   |  |
|   |      | Introduce a charge for the Archive Service Facility  | SI2                      | 15                            | 0                             | R   | Saving will be found elsewhere within the department  | Y  |
| O&SC  | CS39 | Service  |                          |                               |                               |     |   |  |
|   |      | <u>Infrastructure &amp; Transactions - Facilities Management</u><br>Close Worsfold House and relocate service to Civic Centre.   | SPROP                    | 13                            | 13                            | G   |   |  |
| O&SC  | CS43 | Service  |                          |                               |                               |     |   |  |
|   |      | <u>Infrastructure &amp; Transactions - Transactional Services</u><br>Recovery of overpayments and other VAT recovery.  | SP1                      | (50)                          | (50)                          | G   |   |  |
| O&SC  | CS44 | Service  |                          |                               |                               |     |   |  |
|   |      | <u>Human Resources - L&amp;D</u><br>Centralisation of L&D spend  | SP1                      | 230                           | 230                           | G   |   |  |
| O&SC  | CS51 | Service  |                          |                               |                               |     |   |  |
|   |      | <u>Human Resources - Employee Relations</u><br>Staff side  | SS2                      | 20                            | 9                             | R   | Saving will be found elsewhere within the department  | Y  |
| O&SC  | CS52 | Service  |                          |                               |                               |     |   |  |
|   |      | <u>Human Resources - Employee Relations</u><br>Review Employee Relations team  |                          |                               |                               |     | Different delivery model to be implemented in December, full year saving will not be achieved in current year                 | Y  |
| O&SC  | CS54 | Service  |                          |                               |                               |     |   |  |
|   |      | <u>Corporate Governance - Democracy Services</u><br>Delete Deputy Head of Service or a Democratic Services Officer post  | SS2                      | 35                            | 10                            | R   |   |  |
| O&SC  | CS56 | Service  |                          |                               |                               |     |   |  |
|   |      | <u>Corporate Governance - Democracy Services</u><br>Reduction in overtime payments to staff in Mayor's Office.   | SS2                      | 24                            | 24                            | G   |   |  |
| O&SC  | CS59 | Service  |                          |                               |                               |     |   |  |
|   |      | <u>Corporate Governance - Contingencies budget</u><br>Within the public duties budget is the contingency sums for additional payments to staff who are used during an emergency situation such as the Riots and gas supply loss situations. This contingency covers payments not covered under departmental budgets as well as payments for external third party organisations initiated by the borough. |                          | 14                            | 14                            | G   |   |  |
| Total Corporate Services Department Savings for 2011-2015 |      |  |                          | 524                           | 358                           |     |   |  |

# DEPARTMENT: CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2013-14

## APPENDIX 6

| Ref   | Description of Saving  | Type of Saving (see key) | 2013/14 Savings Required £000 | 2013/14 Savings Expected £000 | RAG | Comments  |
|-------|--|--------------------------|-------------------------------|-------------------------------|-----|---|
| CSF01 | <b>CSF Children Social Care &amp; Youth Inclusion</b><br>Commissioning saving from re-designing the service previously provided by Action for Children.                                |                          | 15                            | 15                            | G   |   |
| CSF02 | <b>CSF Children Social Care &amp; Youth Inclusion</b><br>Reduction in Youth Offending Team budgets   |                          | 17                            | 17                            | G   |   |
| CSF03 | <b>CSF Children Social Care &amp; Youth Inclusion</b><br>Reduction in premises budget as we no longer need the contingency for repairs and maintenance for south Wimbledon and Wyvern. |                          | 20                            | 20                            | G   |   |
| CSF04 | <b>CSF Children Social Care &amp; Youth Inclusion</b><br>Reduction in connexions commissioning   |                          | 50                            | 50                            | G   |   |
| CSF05 | <b>CSF Children Social Care &amp; Youth Inclusion</b><br>The Youth Service Manager post currently operationally manages all of Merton's direct youth work provision.                   |                          | 45                            | 45                            | G   |   |
| CSF07 | <b>CSF School Standards and Quality</b><br>Increased income generation and management efficiencies   |                          | 60                            | 60                            | G   |   |
| CSF08 | <b>CSF Early Years</b><br>Service restructuring and realignment to deliver efficiencies  |                          | 80                            | 80                            | G   |   |
| CSF09 | <b>CSF SEND Integrated Service</b><br>Management efficiencies and improvement in commissioning   |                          | 30                            | 30                            | R   | Salary budgets will be overspend due to management and social work vacancies covered by agency. Additional budget was identified to permanently increase management support.  |
| CSF10 | <b>CSF Contracts, Procurement and School Organisation</b><br>Efficiency savings in contracts function  |                          | 13                            | 13                            | G   |   |
| CSF11 | <b>CSF Contracts, Procurement and School Organisation</b><br>Efficiencies achieved through shared service with LB Sutton   |                          | 27                            | 27                            | G   |   |
| CSF12 | <b>CSF Commissioning Function and Commissioning Budgets</b><br>Reduction in commissioning budgets for Early Intervention and Prevention service  |                          | 90                            | 90                            | G   |   |
| CSF13 | <b>CSF Commissioning Function and Commissioning Budgets</b><br>Reduce expenditure on LAC and SEN placements  |                          | 200                           | 200                           | R   | Base budgets were reduced. Increased cost due to increased caseload is causing a cost pressure, some of which is covered by grant funding. If grant funding does not continue, this could lead to an even bigger cost pressure in future years. |

|              |   |  |     |     |  |   |  |
|--------------|---|--|-----|-----|--|---|--|
| <b>CSF15</b> | <b>CSF SEN Transport</b><br>Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport                                  |  | 50  | 50  |  | A | Base budgets were reduced. The annual SLA charge for 2013/14 increased by £316k which would cause a budget pressure for CSF. This increase is currently under investigation. |
| <b>CSF17</b> | <b>CSF Children Social Care &amp; Youth Inclusion Division</b><br>Saving from restructuring / administrative efficiencies in Children's Social Care Division.               |  | 75  | 75  |  | G |  |
| <b>CSF18</b> | <b>Education Division</b><br>Savings through restructuring / administrative efficiencies in Education Division.   |  | 25  | 25  |  | G |  |
| <b>CSF19</b> | <b>Commissioning, Strategy and Performance Division</b><br>Savings through restructuring / administrative efficiencies in Commissioning, Strategy and Performance Division. |  | 25  | 25  |  | G |  |
|              | <b>Total Children, Schools &amp; Families Department Savings for 2013-14</b>  |  | 822 | 822 |  |   |  |

# APPENDIX 6

## DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS

| Ref           | Description of Saving |  | Type of Saving (see key) | 2013/14 Savings Required £000 | 2013/14 Savings Expected £000 | RAG | Comments   |
|---------------|-----------------------|--|--------------------------|-------------------------------|-------------------------------|-----|--|
| ASC17         | Service Description   | Adult Social Care                            |                          | 200                           | 0                             | R   | One LD customer identified to move so far - suspended because of family objection. Project is unlikely to achieve the savings target for 2013-14   |
|               |                       |  |                          |                               |                               |     |  |
| ASC7          | Service Description   | Adult Social Care                            |                          | 600                           | 600                           | G   |  |
| ASC8 / ASC38  | Service Description   | 0% inflation uplift to third party suppliers |                          |                               |                               |     |  |
|               | Service Description   | Adult Social Care                            |                          | 600                           | 150                           | R   | Circa £100k achieved to date through releasing voids; further re-negotiations on-going; unlikely to meet full year target  |
| ASC18         | Service Description   | Adult Social Care                            |                          | 154                           | 154                           | G   |  |
|               | Service Description   | Fanon & Imagine Contract                     |                          |                               |                               |     |  |
| ASC36         | Service Description   | Adult Social Care                            |                          | 100                           | 100                           | G   |  |
| ASC13 & ASC34 | Service Description   | CADL's (complex equipment)                   |                          |                               |                               |     |  |
|               | Service Description   | Adult Social Care                            |                          | 200                           | 157                           | G   |  |
| ASC14         | Service Description   | CFC + high cost (Brokerage)                  |                          |                               |                               |     |  |
|               | Service Description   | Adult Social Care                            |                          | 233                           | 310                           | G   |  |
|               | Service Description   | Supported Living (Incl de-registration)      |                          |                               |                               |     |  |
|               | Service Description   | Adult Social Care                            |                          | 350                           | 220                           | A   | There is a risk that the full saving will not be met as the current forecast is £114k overspend. Monitored as part of monthly budgetary control  |
| ASC35         | Service Description   | Supporting People                            |                          |                               |                               |     |  |
| ASC43         | Service Description   | Adult Social Care                            |                          | 42                            | 18                            | G   |  |
|               | Service Description   | Procurement opportunities                    |                          |                               |                               |     |  |
|               | Service Description   | Adult Social Care                            |                          | 110                           | 58                            | A   | Circa £58k savings achieved to date; 3 month review post hospital discharge not yielding as many gains as first thought - reviews continue - there is a risk this project may not meet the full target |
| ASC39         | Service Description   | Reviewed Service packages                    |                          |                               |                               |     |  |
| ASC37         | Service Description   | Adult Social Care                            |                          | 50                            | 50                            | G   |  |
|               | Service Description   | Care-tech contract                           |                          |                               |                               |     |  |
| ASC16         | Service Description   | Adult Social Care                            |                          | 25                            | 0                             | G   |  |
| ASC19 & ASC40 | Service Description   | Transitions                                  |                          |                               |                               |     |  |
|               | Service Description   | Adult Social Care                            |                          | 75                            | 35                            | A   | Circa £31k projected to date - further reviews being identified  |

| Ref  | Description of Saving |  | Type of Saving (see key) | 2013/14 Savings Required £000 | 2013/14 Savings Expected £000 | RAG | Comments  |
|--|-----------------------|--|--------------------------|-------------------------------|-------------------------------|-----|---|
| ASC6   | Service Description   | Adult Social Care  |                          | 112                           | 0                             | R   | Budget manager is in discussion with transport services for Core routes for Day centres   |
|  |                       | Transport  |                          |                               |                               |     |   |
| ASC10  | Service Description   | Adult Social Care  |                          | 165                           | 50                            | A   | It is suggested that telecare for new customers is cost avoidance - not savings against current customers - it is unlikely this project will meet the savings target for 2013-14    |
|  |                       | Optimise telecare usage  |                          |                               |                               |     |   |
| ASC41  | Service Description   | Adult Social Care  |                          | 114                           | 114                           | G   |   |
| ASC42  | Service Description   | Adult Social Care  |                          | 32                            | 32                            | G   |   |
| ASC23  | Service Description   | Adult Social Care  |                          | 3,000                         | 3,000                         | G   |   |
|  |                       | Partnerships : The health and social care system . Reablement  |                          |                               |                               |     |   |
| ASC23  | Service Description   | Merton Adult Education   |                          | 50                            | 6                             | R   | Due to delayed implementation of the new commercial structure generating the target profit is unlikely to happen. New roles have been recruited to and will work on making up time. |
|  |                       | Increase income from commercial courses and cafe   |                          |                               |                               |     |   |
|  | Service Description   | Merton Adult Education   |                          | 18                            | 36                            | G   | The slowing pace of enrolments has required increased marketing activity and intervention . However re-structure has resulted in saving target being achieved                       |
|  |                       | Reduce administrative and marketing costs  |                          |                               |                               |     |   |
|  | Service Description   | Merton Adult Education   |                          | 32                            | 5                             | A   | Closure of canons house occurred at the end of July   |
|  |                       | Close Canons House site and seek alternative venues without incurring costs                                    |                          |                               |                               |     |   |
|  | Service Description   | Libraries  |                          | 13                            | 13                            | G   |   |
|  |                       | Completion of changes to opening hours, rationalisation of a number of small contracts and increase in income. |                          |                               |                               |     |   |
|  | Service Description   | Housing  |                          | 42                            | 42                            | G   |   |
|  |                       | Deletion of 1x Strategy Officer post.  |                          |                               |                               |     |   |
| Total Community & Housing Department Savings for 2013-14 |                       |  |                          | 6,317                         | 5,150                         |     |   |

# Appendix 6

## DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2013-2014

| Ref  | Description of Saving |   | Type of Saving (see key) | 2013/14 Savings Required £000 | 2013/14 Savings Expected £000 | RAG | Comments |
|------|-----------------------|---|--------------------------|-------------------------------|-------------------------------|-----|----------|
| ER01 | Service Description   | <b>Parks, Greenspaces &amp; Cemeteries</b><br>Reduction x 1 cemetery supervisor, fee/income increases, 10k reduction in grant to Mitham Common Conservators   |                          | 89                            | 89                            | G   |          |
| ER04 | Service Description   | <b>Leisure &amp; Culture</b><br>Reductions in supplies & services budgets, reduction of a total of 0.7 fte, reduction of theatres grant & removal of olympics budget.   |                          | 55                            | 55                            | G   |          |
| ER05 | Service Description   | <b>Leisure &amp; Culture</b><br>Reduce the Arts Special Project Budget (£12k) – this being part of some additional funding that came about from London Councils Repatriation Funding; Remove Leisure & Business Development Officer (loss 1 fte); Delete post of Leisure & Business Projects Officer (0.7 fte); Increase income through installation of multi use games area to rear of Canons Leisure Centre to provide additional provision for sport/youth activity and generate income. |                          | 103                           | 103                           | G   |          |
| ER06 | Service Description   | <b>Greenspaces</b><br>A phased reduction in the grant to Deen City Farm of fifteen thousand per year for the next three years.  |                          | 15                            | 15                            | G   |          |
| ER07 | Service Description   | <b>Development &amp; Building Control</b><br>Changes in fee regulation  |                          | (200)                         | (200)                         | G   |          |

## Appendix 6

### DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2013-2014

| Ref  | Description of Saving      |  | Type of Saving (see key) | 2013/14 Savings Required £000 | 2013/14 Savings Expected £000 | RAG | Comments  |
|------|----------------------------|--|--------------------------|-------------------------------|-------------------------------|-----|---|
| ER14 | <b>Service Description</b> | <b>Parking Services</b><br>Enforcement of moving traffic offences, reduce car park costs due to removal of car park and stream line tariffs, channel Migration, reduce phone calls, reduce CEO sickness and gain CEO efficiencies. |                          | 380                           | 145                           | R   | Reduce Car park costs - This saving was based upon the disposal of Kenley Rd Car Park, which cannot now be achieved as the authority needs to keep this car park due to the loss of Morden Station Car Park which TFL have now taken back.<br><br>Chanel migration and a reduction in phone calls - This saving was based upon the introduction of online improvements which has now been introduced. Whilst this has generated efficiencies in officers time it also coincided with a 40% increase in workload (including phone calls) thus negating the efficiencies made by the on line improvements.<br><br>CEO efficiencies - At this moment in time these efficiencies cannot be achieved but could be achieved on top of the existing estimates for ANPR enforcement which is scheduled to be introduced in the year 2016 2017.<br><br>This shortfall will be managed and mitigated by the section |
| ER17 | <b>Service Description</b> | <b>Waste Management</b><br>Reductions in landfill tonnage and anticipated Slwp contract cost, staff saving and legislative change to close Landfill Allowance Trading Scheme in March 2013   |                          | 191                           | 191                           | G   |   |

## Appendix 6

### DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2013-2014

| Ref  | Description of Saving  |  | Type of Saving<br>(see key) | 2013/14<br>Savings<br>Required<br>£000 | 2013/14<br>Savings<br>Expected<br>£000 | RAG | Comments  |
|------|------------------------|--|-----------------------------|--|--|-----|---|
| ER18 | Service<br>Description | <b>Waste Management</b><br>Introduction of 6 day working week for refuse, recycling and food collection from Oct 2012  |                             | 271                                    | 271                                    | G   |   |
| ER20 | Service<br>Description | <b>Traffic &amp; Highways</b><br>Introduce Streetworks Permitting Scheme, income from fixed penalty notices(FPN's), savings on energy and service changes associated with the existing Street Lighting Contract. |                             | 245                                    | 203                                    | R   | £42k relating to renegotiation of Highways contract not likely to be met.         |
| ER21 | Service<br>Description | <b>Traffic &amp; Highways</b><br>15% reduction in staffing and reductions in Footway Maintenance/Street Furniture/Ditchingwatercourses/Street Lighting & Walksheet budgets.                                      |                             | 79                                     | 79                                     | G   |   |
| ER22 | Service<br>Description | <b>Traffic &amp; Highways</b><br>A further 15% reduction in staffing   |                             | 60                                     | 60                                     | G   |   |
| ER25 | Service<br>Description | <b>Commercial Services</b><br>Potential to income generate In Commercial Waste and Recycling due to withdrawal of the LATs requirement.  |                             | 150                                    | 0                                      | R   | Saving unlikely to be met. Work continuing in order to maximise income potential. |
| EN01 | Service<br>Description | <b>Legal Budget/PP&amp;D</b><br>Reduction in spend on legal cases by way of a combination of proactive resolution of issues at first point and/or drawing on section budgets to cover shortfall.                 |                             | 14                                     | 14                                     | G   |   |
| EN08 | Service<br>Description | <b>Building and Development Control</b><br>10% increase in pre application planning fees and additional charge for tree pre-application advice   |                             | 10                                     | 10                                     | G   |   |
| EN15 | Service<br>Description | <b>Waste and Street Cleansing Operations</b><br>Improved performance management and implementation of the Council's new sickness policy resulting in a reduction in agency staff usage.                          |                             | 25                                     | 25                                     | G   |   |
| EN22 | Service<br>Description | <b>Traffic and Highways</b><br>Reduction in Street Lighting Budget   |                             | 50                                     | 50                                     | G   |   |
| EN30 | Service<br>Description | <b>Traffic and Highways</b><br>Reduction in supplies and Services Costs  |                             | 6                                      | 6                                      | G   |   |

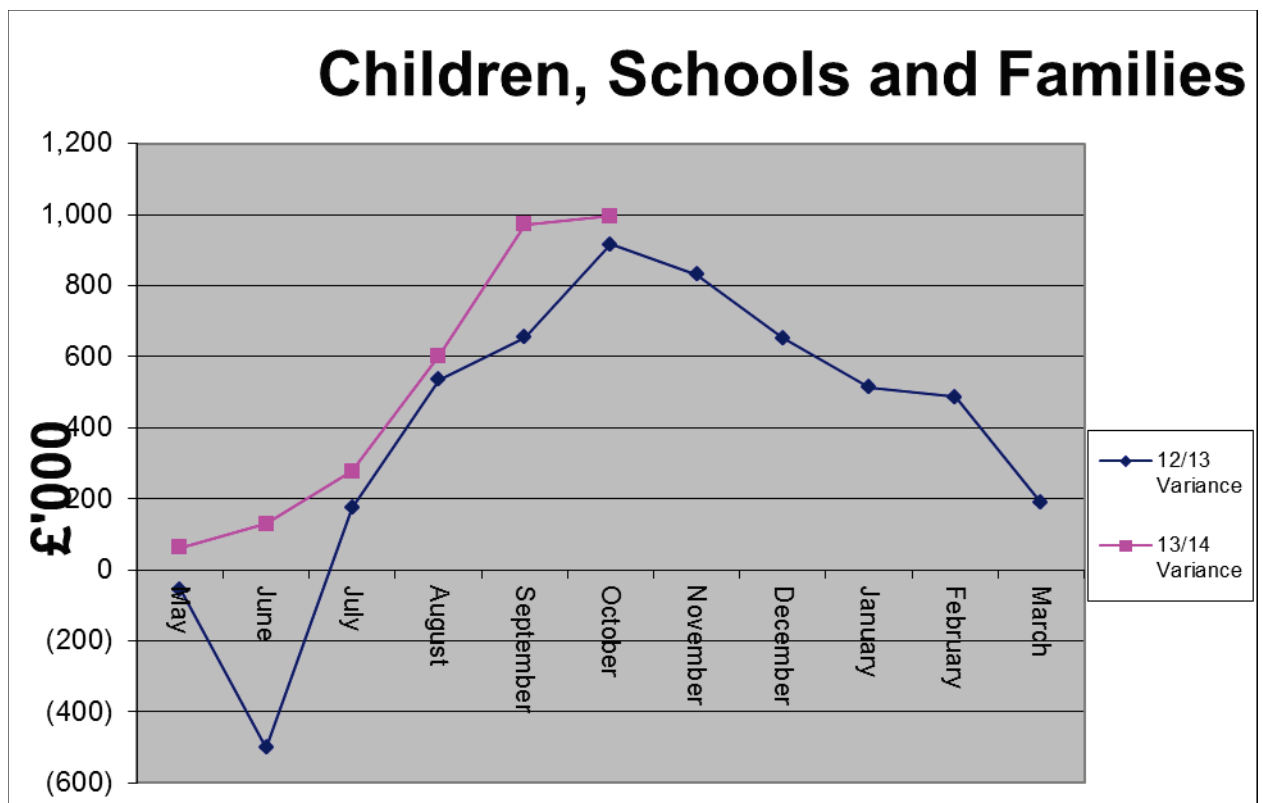
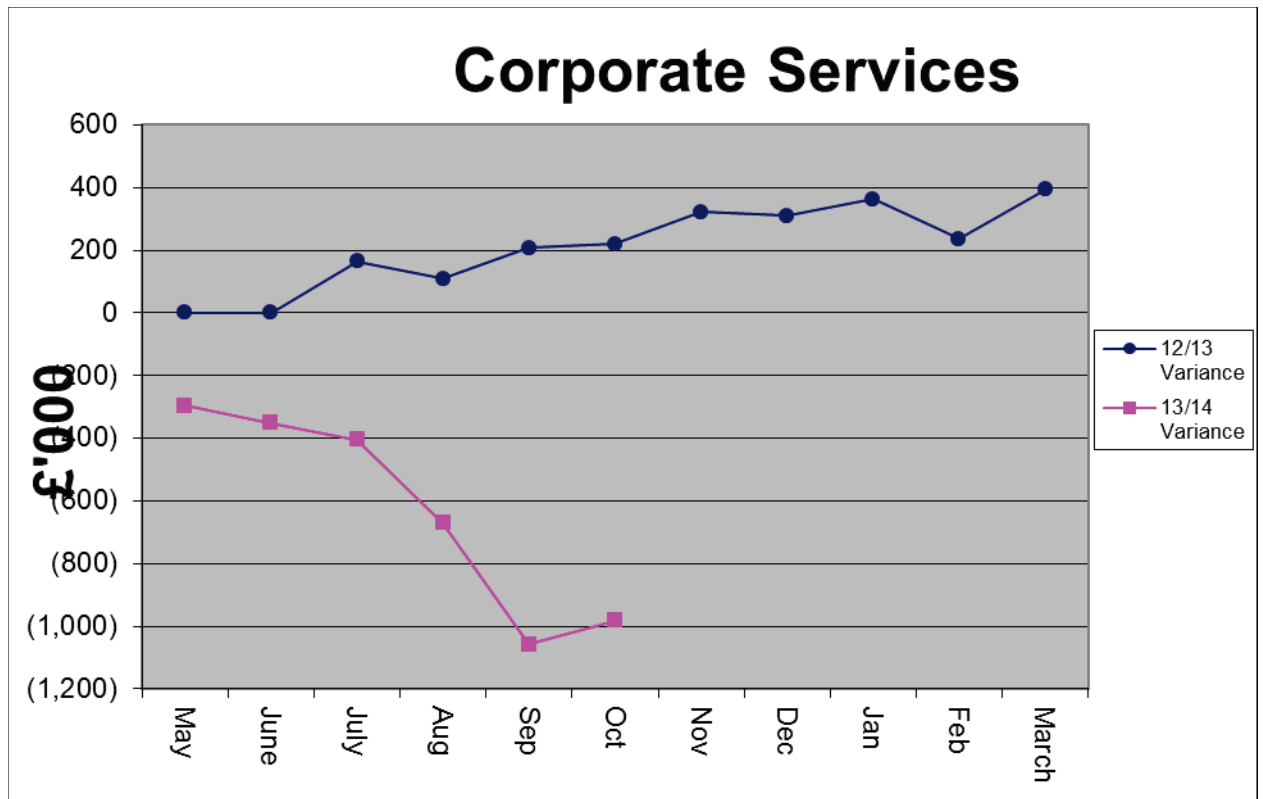


## DEPARTMENT: ENVIRONMENT &amp; REGENERATION SAVINGS PROGRESS: 2013-2014

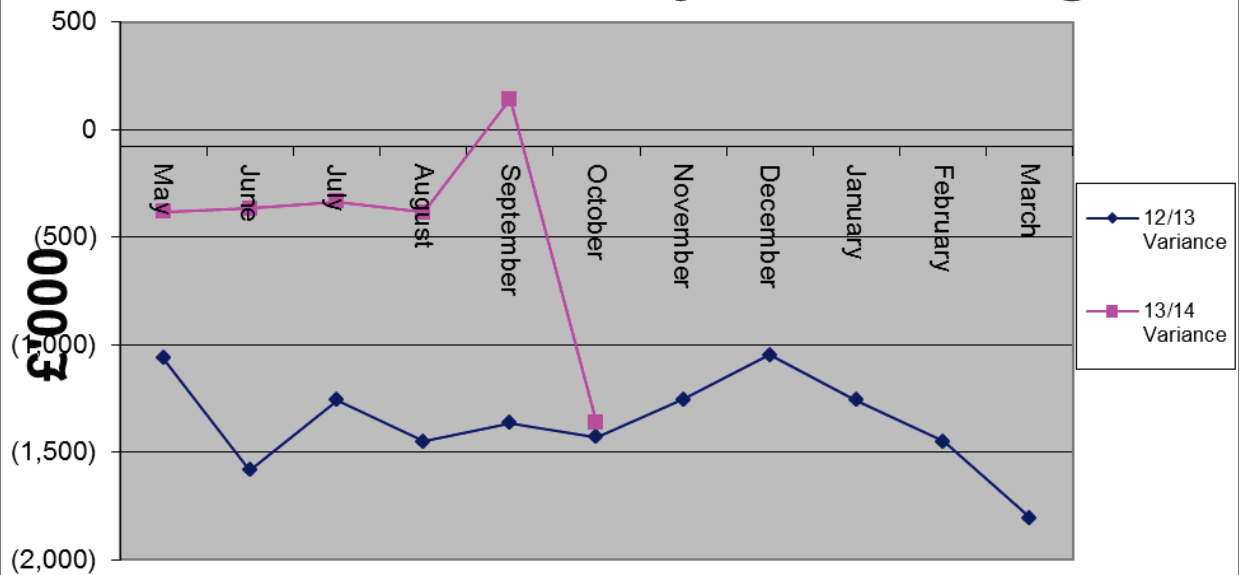
| Ref  | Description of Saving |  | Type of Saving<br>(see key) | 2013/14<br>Savings<br>Required<br>£000 | 2013/14<br>Savings<br>Expected<br>£000 | RAG | Comments |
|--|-----------------------|--|-----------------------------|--|--|-----|----------|
| EN34   | Service Description   | <b>Leisure &amp; Culture Development Team</b><br>Various Budgets - Reduction in supplies & services  |                             | 6                                      | 6                                      | G   |          |
| EN38   | Service Description   | <b>Leisure &amp; Culture Development Team</b><br>Reduction of Core Arts Grants to Polka Theatre - Proposal to further reduce Polka theatre's grant by £4k per annum in each of 2013/14 & 2014/15 financial years |                             | 4                                      | 4                                      | G   |          |
| EN39   | Service Description   | <b>Senior Management &amp; Support</b><br>Removal of vacant Policy & Projects Officer post.  |                             | 44                                     | 44                                     | G   |          |
| EN40   | Service Description   | <b>Senior Management &amp; Support</b><br>Reduction in various supplies and services budgets within the section, including stationery and subscriptions.   |                             | 55                                     | 55                                     | G   |          |
| <b>Total Environment &amp; Regeneration Department Savings for 2013-2014</b> |                       |  |                             | <b>1,652</b>                           | <b>1,225</b>                           |     |          |

## APPENDIX 7

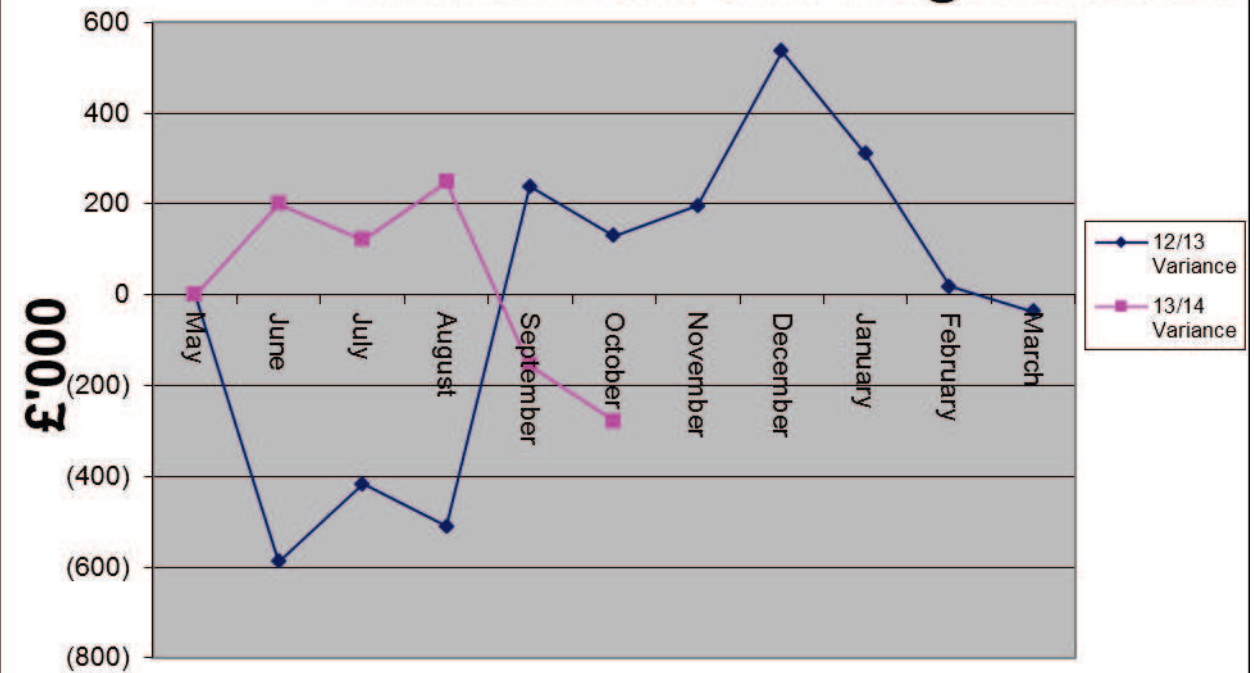
The following charts show the forecast year end variance by department with a comparison for 2012/13:

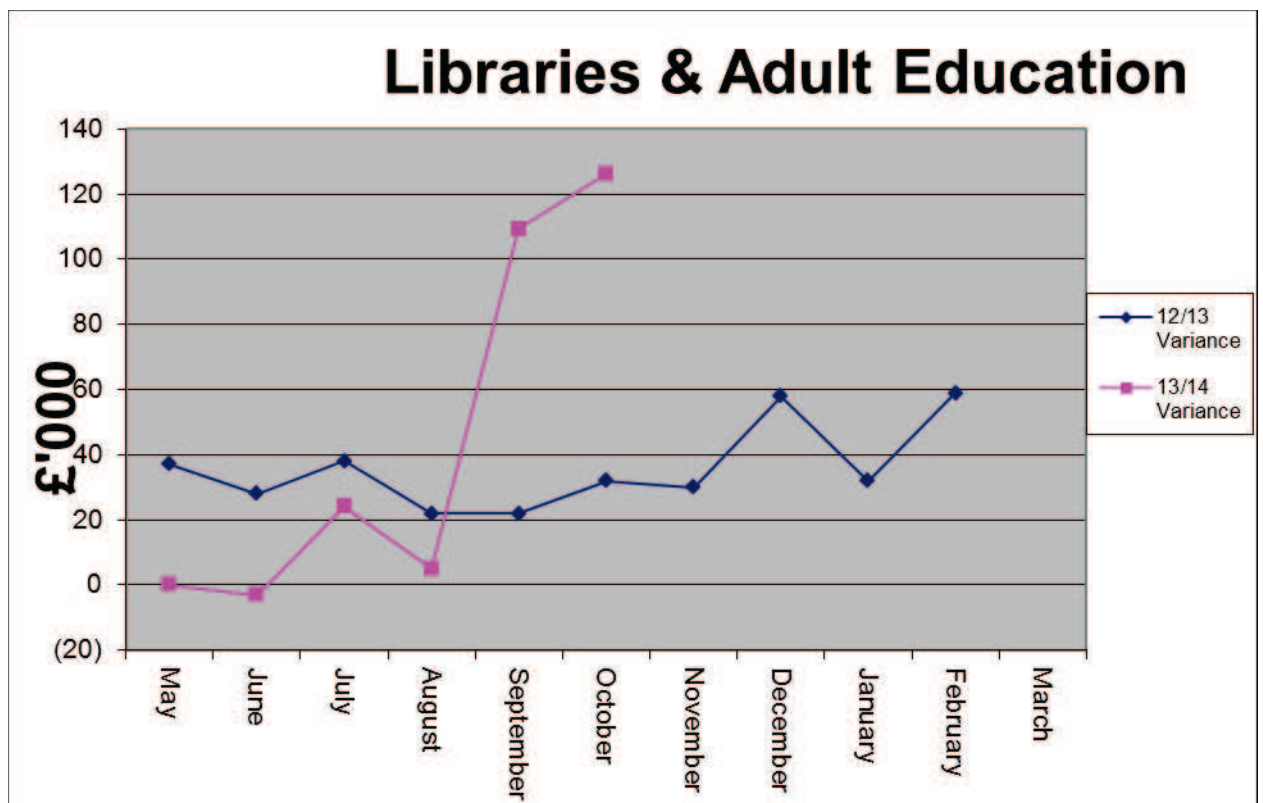
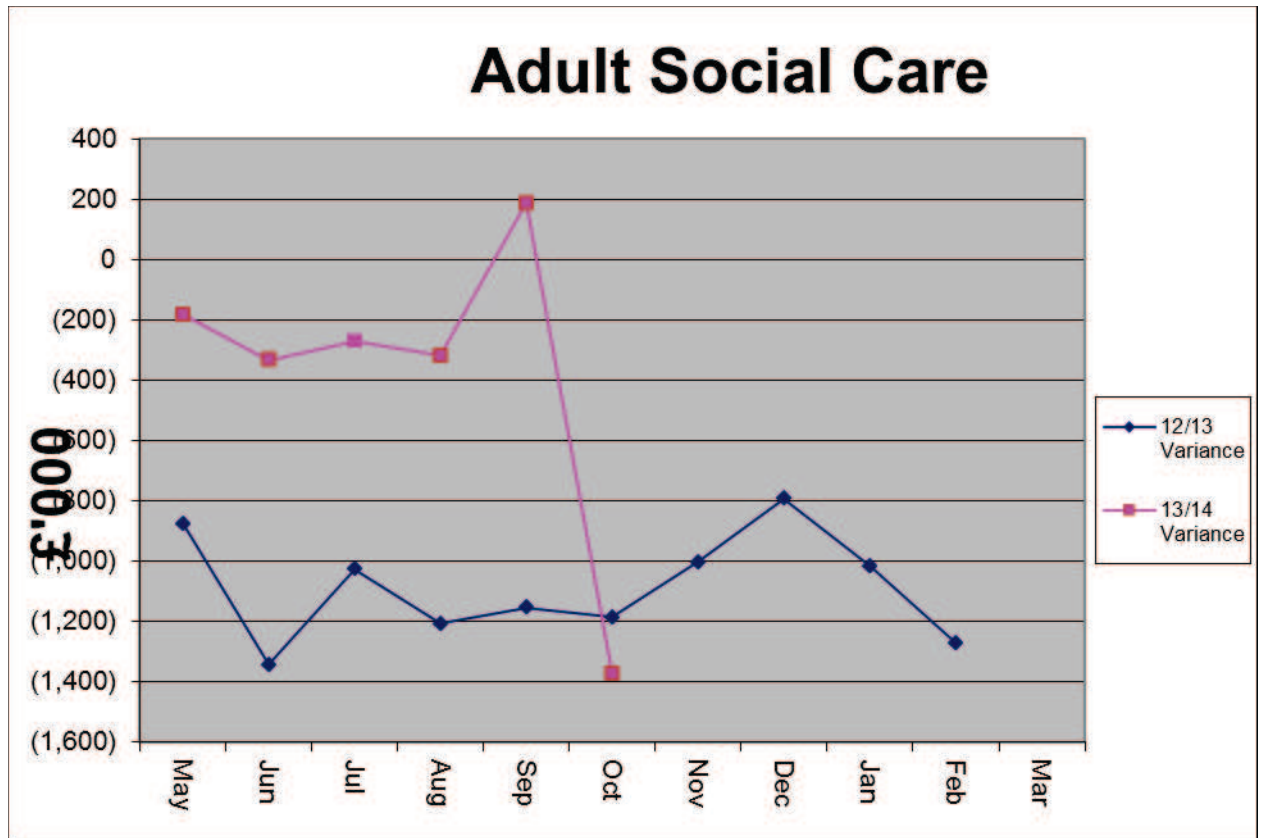


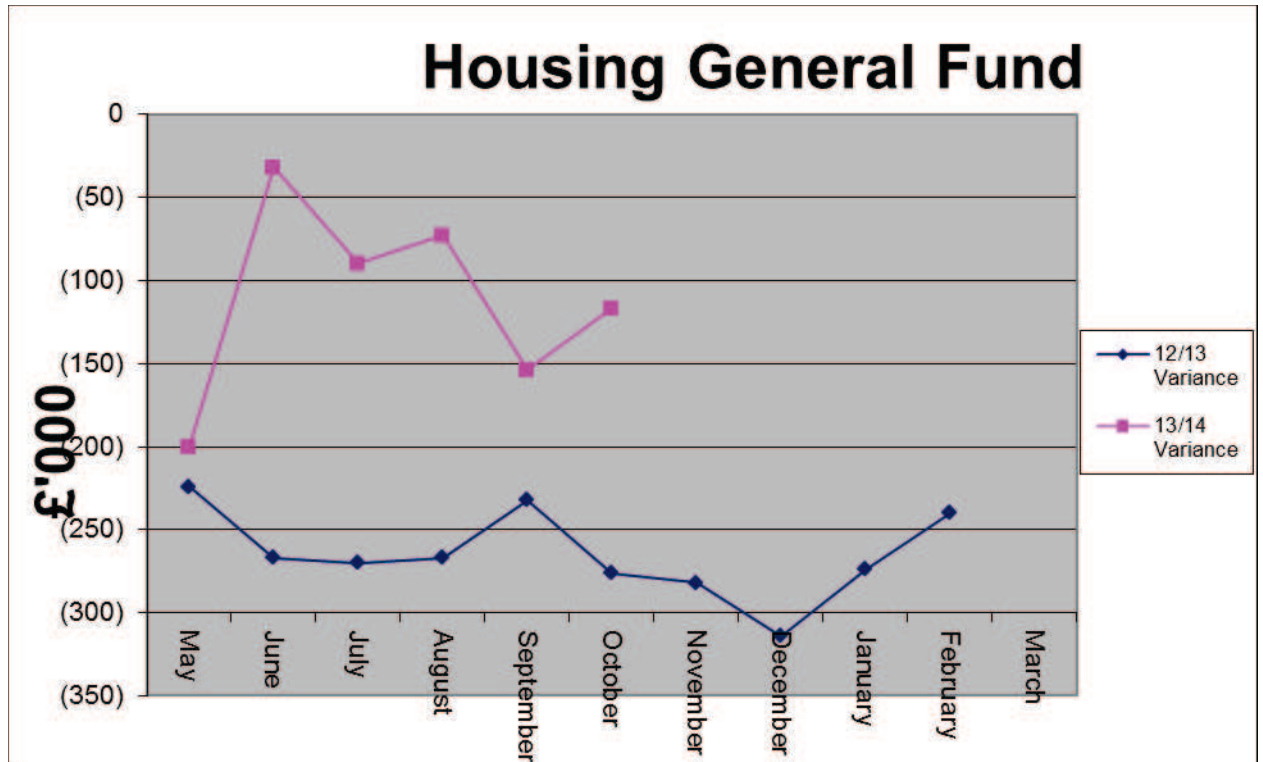
## Community and Housing



## Environment and Regeneration







**Subject: Miscellaneous Debt Update October 2013****1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

This Appendix updates the latest position with regard to the collection of miscellaneous debt; focusing on debt that is over one year old and the action being taken (or required) to reduce the outstanding arrears.

**2. LATEST ARREARS POSITION – MERTON'S AGED DEBTORS REPORT**

- 2.1 A breakdown of departmental net miscellaneous debt arrears, as at 30<sup>th</sup> October, is shown in column F of Table 1 below.

**Table 1 – Debtors aged balance – October 2013 – not including debt that is less than 39 days old**

| Department<br>a                  | 39 days to 6<br>months b<br>£ | 6 months<br>to 1 year c<br>£ | 1 to 2<br>years<br>d<br>£ | Over 2 years<br>e<br>£ | Oct 2013<br>arrears<br>f<br>£ | August<br>2013<br>arrears<br>£ | Direction of<br>travel |
|----------------------------------|-------------------------------|------------------------------|---------------------------|------------------------|-------------------------------|--------------------------------|------------------------|
| Env & Regeneration               | 470,068                       | 295,765                      | 85,533                    | 80,566                 | 931,932                       | 904,092                        | ↑                      |
| Corporate Services               | 26,305                        | 140,097                      | 130,317                   | 64,639                 | 361,358                       | 361,417                        | ↓                      |
| Housing Benefits                 | 409,132                       | 412,546                      | 713,793                   | 1,398,977              | 2,934,448                     | 2,950,883                      | ↓                      |
| Children, Schools & Families     | 74,252                        | 48,339                       | 14,952                    | 6,511                  | 144,054                       | 156,636                        | ↓                      |
| Community & Housing              | 1,129,853                     | 924,883                      | 1,071,183                 | 765,430                | 3,891,349                     | 4,462,853                      | ↓                      |
| Chief Executive's                | 0                             | 500                          | 0                         | 0                      | 500                           | 1,500                          | ↓                      |
| <b>Total</b>                     | <b>2,109,610</b>              | <b>1,822,130</b>             | <b>2,015,778</b>          | <b>2,316,123</b>       | <b>8,263,641</b>              | <b>8,837,381</b>               | ↓                      |
| <b>Oct-12</b>                    | <b>2,793,929</b>              | <b>1,756,818</b>             | <b>1,687,242</b>          | <b>2,021,840</b>       | <b>8,259,829</b>              |                                |                        |
| <b>Variance Oct 12 to Oct 13</b> | <b>-684,319</b>               | <b>65,312</b>                | <b>328,536</b>            | <b>294,283</b>         | <b>3,812</b>                  |                                | ↑                      |

- 2.2 Since the position was last reported in August 2013, the net current level of arrears, i.e. invoices over 39 days old, has reduced by £573,744.
- 2.3 There has been a reduction in Community and Housing debt over 39 days old of £571,504 since last reported in August 13. For more detail on Community and Housing level of debt please refer to 4.4 below.
- 2.4 Table 2 below shows the total net level of arrears for the last five years – not including debt that is less than 39 days old.

**Table 2 – net miscellaneous debt October 2009 to October 2013 – not including debt that is less than 39 days old**

| Department                   | Oct 2009         | Oct 2010         | Oct 2011         | Oct 2012         | Oct 2013         |
|------------------------------|------------------|------------------|------------------|------------------|------------------|
|                              | £                | £                | £                | £                | £                |
| Env & Regeneration           | 491,275          | 254,545          | 377,096          | 627,680          | 931,932          |
| Corporate Services           | 145,170          | 146,581          | 231,184          | 431,604          | 361,358          |
| Housing Benefits             | 1,869,388        | 1,927,818        | 2,726,275        | 2,978,803        | 2,934,448        |
| Children, Schools & Families | 197,221          | 209,241          | 131,488          | 573,675          | 144,054          |
| Community & Housing          | 2,154,800        | 2,672,100        | 2,960,359        | 3,648,070        | 3,891,349        |
| Chief Executive's            | 9,613            | 250              | 2,280            | 0                | 500              |
| <b>Total</b>                 | <b>4,867,467</b> | <b>5,210,535</b> | <b>6,428,682</b> | <b>8,259,832</b> | <b>8,263,641</b> |

- 2.5 The figures in table 2 (above) show that the major area of increase in debt over the four year period is housing benefit overpayments and Community and Housing. Housing benefit overpayments have increased by £1.1 million over the 4 year period. It should be noted that the amount of housing benefit paid out has also increased over this period. In 2008/09 £61.3 million was paid out and in 2012/13 £90 million paid out.
- 2.6 The action being taken to recover the largest debts is outlined below.

### **3 THE PROCESS FOR COLLECTION OF MISCELLANEOUS DEBT**

- 3.1 In considering the current levels of debt, it is important to outline the general process Merton currently has in place to collect its arrears. In general terms the process has 5 stages, as detailed below, although processes employed vary by debt type. It is important to note that most debtors can not pay their outstanding liabilities other than by payment arrangements. Once a payment arrangement has been made it can not be changed without the debtors consent.

**Table 3 – the process for collecting debt**

| Stage 1  | Stage 2   | Stage 3  | Stage 4  | Stage 5   |
|--|---|--|--|---|
| Invoice issued to debtor with 30 days allowed for payment. | After 30 days and following two requests for payment, a final warning notice is issued and the case passed to the Debt Recovery team. | The debt and debtor is evaluated to ensure the most effective recovery action is taken to attempt recovery. This will include contacting debtors' direct and collecting payment or agreeing repayment plans and passing the debt to collection agents to collect on our behalf, bankruptcy proceedings, attachment to benefit etc. | If the debt remains unpaid then County Court action is taken by the Debt Recovery team's solicitor who administers this process. | The final stage is consideration of the debt for write-off if all other attempts to collect the debt have failed. |

#### 4 DEBT OVER ONE YEAR OLD

- 4.1 Debt over 1 year old has increased by £1,048,067 since the end of April 2012.

**Table 4 – Debt over 1 year old compared to April 2012**

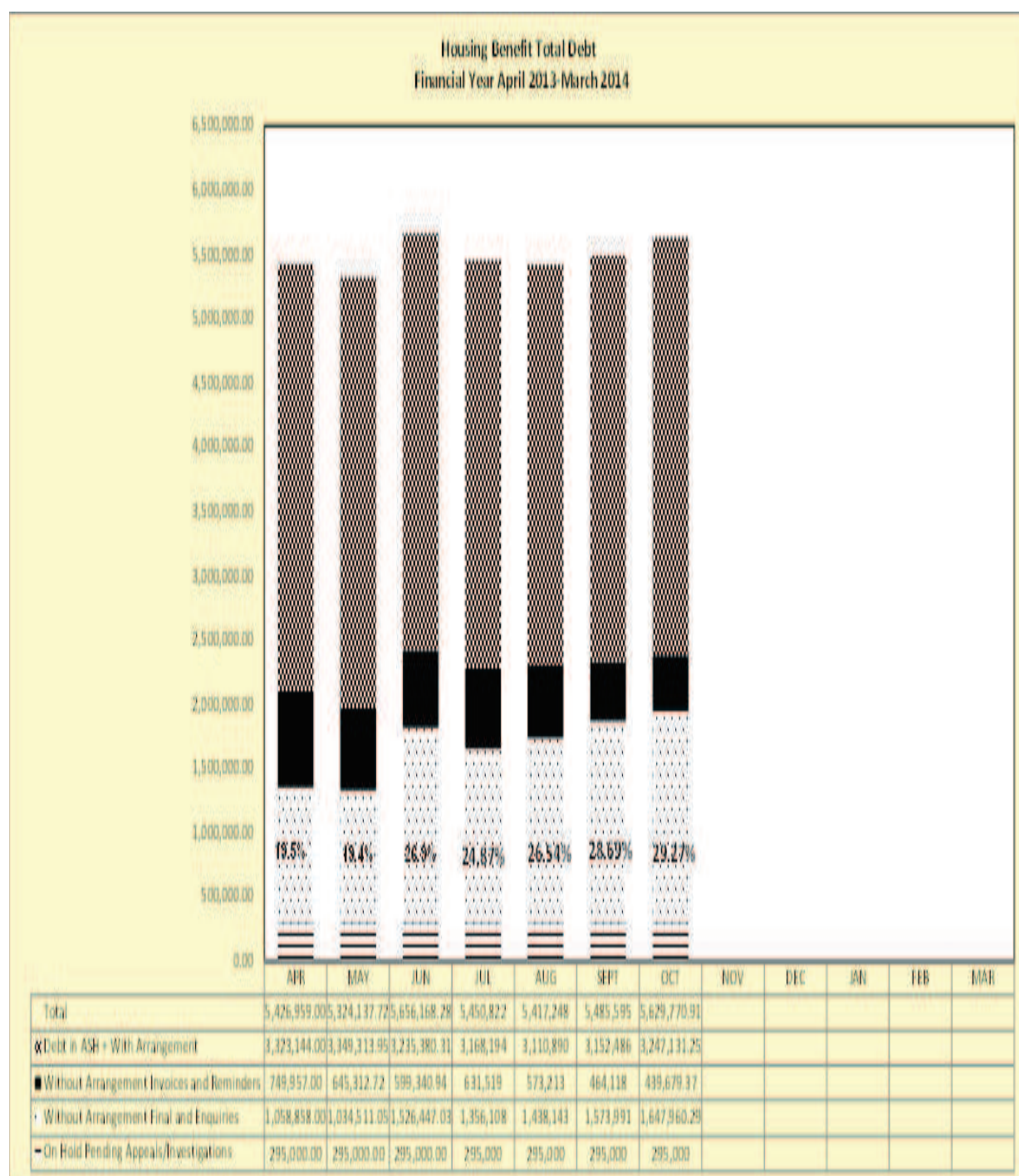
| Department                    | April 2012       | October 2013     | Variance         | % Variance     |
|-------------------------------|------------------|------------------|------------------|----------------|
| Env & Regeneration            | 65,104           | 166,099          | 100,995          | <b>60.80</b>   |
| Corporate Services Note 1     | 45,461           | 194,156          | 148,695          | <b>76.59</b>   |
| Housing Benefits              | 1,695,646        | 2,112,770        | 417,124          | <b>19.74</b>   |
| Childrens, Schools & Families | 54,992           | 21,463           | -33,529          | <b>-156.22</b> |
| Community & Housing           | 1,421,831        | 1,836,613        | 414,782          | <b>22.58</b>   |
| Chief Executives              | 0                | 0                | 0                | <b>0.00</b>    |
| <b>Total</b>                  | <b>3,283,034</b> | <b>4,331,101</b> | <b>1,048,067</b> | <b>24.20</b>   |

- 4.2 The majority of debt over 1 year old is for Community and Housing debts and Housing Benefit overpayments.
- 4.3 The debt for Community and Housing over a year old has increased by £414,782 since April 2012.



- 4.4 The total debt figure for Community and Housing, including debt that is less than 39 days old, is £5.3 million. Of this debt £2.1 million is between 39 days and a year old and £1.8 million is over a year old. Of this £3.9 million collectable debt approximately £2.1 million is on arrangements, undertaking legal action or secured with Charging Orders. Over £1.2 million in debt is secured against properties. Active recovery action is taking place on the remaining £1.8 million unsecured debt with the aim of securing the debt with payment arrangements or against the property with Charging Orders.
- 4.5 Housing benefit overpayment debt over a year old has increased by £417,124 since April 2012. The total amount of housing benefit debt is £5.6 million, this has increased by approximately £200,000 when last reported at the end of August 2013. Of this debt £1.8 million is being recovered from on going benefit by reducing current housing benefit payments, this equates to approximately £90,000 per month being reduced from payments to off-set these overpayments. Over £3.25 million is on a payment arrangement or recovery from on going benefit.
- 4.6 It should be noted that the level and number of housing benefit overpayments continues to increase due to the continued drive to identify fraud and failure to declare change in claimant circumstances. In 2012/13 £3.4 million of overpayments were identified and over £1.85 million either recovered or off set against housing benefit.
- 4.7 The graph on the next page shows breakdown of all housing benefit overpayments by recovery action.

**Graph 1 – Total Housing Benefit Debt by recovery action from April 2013**



- 4.8 Of the total debt outstanding shown in the graph 29.27% requires further recovery action. This figure has increased since last reported in August 2013. This is the debt where effective recovery action can be taken.

## **5. PROVISION FOR BAD AND DOUBTFUL DEBTS**

- 5.1 Provision has been made available for writing off bad and doubtful debts held with the ASH and Housing benefits systems.. These provisions are £2.557m for ASH miscellaneous debt (including £0.308m for Housing Benefit debt) and £3.232m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £5.789m.. Clearly, every attempt is made to collect debts before write-off is considered. The current level of provision is analysed in the table below.
- 5.2 The Council adheres to the requirements of the SORP when calculating its provisions. Merton's methodology is to provide on the basis of expected non collection using the collection rates for individual departmental debt, and the age of the debt. 6.3

### **Provision for Bad and Doubtful Debts**

| <b>Department</b>            | <b>Less than 1 year</b> | <b>Over 1 year</b> | <b>Total provision</b> |
|------------------------------|-------------------------|--------------------|------------------------|
|                              | <b>£000's</b>           | <b>£000's</b>      | <b>£000's</b>          |
| Env & Regeneration           | 79                      | 198                | 277                    |
| Corporate Services           | 45                      | 174                | 219                    |
| Housing Benefits             | 1,293                   | 2,248              | 3,541                  |
| Children, Schools & Families | 35                      | 64                 | 99                     |
| Community & Housing          | 1,002                   | 651                | 1,653                  |
| Chief Executive's            | 0                       | 0                  | 0                      |
| <b>Total</b>                 | <b>2,454</b>            | <b>3,335</b>       | <b>5,789</b>           |

## **6. EXECUTIVE SUMMARY / CONCLUSION**

- 6.1 Merton's total level of miscellaneous debt arrears i.e. invoices over 39 days old, as at 30<sup>th</sup> October 2013 is £8,263,637. The net level of arrears, when the matter was last reported in August 2013 was £8,837,381.

## **7. TOTAL DEBT DUE TO MERTON**

- 7.1 The total amount due to Merton as at 30<sup>th</sup> October 2013 is detailed in table 6 on the next page.

**Table 6** – Total debt outstanding as at 30<sup>th</sup> October 2013 and compared with previous periods over the past 12 months

|   | Oct-12            | Dec-12            | Feb-13            | Jun-13            | Aug-13            | Oct-13            |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | £                 | £                 | £                 | £                 | £                 | £                 |
| Miscellaneous<br>sundry debt<br>Note 1    | 11,531,061        | 11,649,664        | 18,154,293        | 11,565,929        | 10,578,989        | 11,960,990        |
| HB debt in<br>Benefit<br>system Note<br>2 | 2,451,628         | 2,314,607         | 2,427,121         | 2,282,190         | 2,338,199         | 2,532,921         |
| Housing Rent<br>Note 3                    | 231,236           | 230,060           | 110,936,          | 108,058           | 108,034           | 103,451           |
| Parking<br>Services                       | 1,913,322         | 2,127,613         | 2,342,502         | 2,208,764         | 2,317,610         | 2,553,803         |
| Council Tax<br>Note 4                     | 4,166,454         | 3,817,752         | 3,402,427         | 5,056,682         | 4,647,094         | 4,263,977         |
| Business<br>Rates Note 5                  | 1,656,657         | 1,281,928         | 1,114,885         | 3,032,636         | 2,674,288         | 2,404,348         |
| <b>Total</b>                              | <b>21,950,358</b> | <b>21,421,624</b> | <b>27,441,228</b> | <b>24,254,259</b> | <b>22,664,214</b> | <b>23,819,490</b> |

Note 1 This figure differs from the amount shown in Table 1 as it shows all debt, including that which is less than 39 days old.

Note 2 This is the housing benefit debt within the benefits system

Note 3 This is former tenants rent arrears – leaseholder debts are included in miscellaneous sundry debt

Note 4 Council tax debt does not include the current year council tax collection

Note 5 Business rates debt does not include the current year business rates collection

7.2 Detailed breakdowns of the Council Car Parking figures are shown in the Table 7 below:

### Table 7 – Car Parking Aged Debtors - October 2013

| Age of Debt               | Outstanding<br>£ | Number of PCNs |
|---------------------------|------------------|----------------|
| 0-3 months                | 786,525          | 6,990          |
| 3-6 months                | 420,527          | 2,680          |
| 6-9 months                | 305,959          | 1,840          |
| 9-12 months               | 209,336          | 1,311          |
| 12-15 months              | 255,986          | 1,567          |
| Older than 15 months      | 575,475          | 3,760          |
| <b>Total October 2013</b> | <b>2,553,807</b> | <b>18,148</b>  |

|                   |           |        |
|-------------------|-----------|--------|
| Total August 2013 | 2,317,613 | 15,870 |
|-------------------|-----------|--------|

|          |         |       |
|----------|---------|-------|
| Increase | 236,194 | 2,278 |
|----------|---------|-------|