

Merton Council

Cabinet

15 September 2014

Supplementary agenda – Item to Follow

7 Financial Monitoring July 2014-15

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Cabinet

Date: 15th September 2014

Subject: Financial Report 2014/15 – July 2014

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 2014/15. 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 net overspend at year end of £3.67million, 2.3% of the net budget. This is an increase of £980k from last month.
- B. That Cabinet note the adjustments contained in Appendix 5b approve the following adjustments:
- | | £ |
|---|-----------------------|
| St Mary's expansion – Locally Controlled Voluntary Aided Provision (LCVAP) Contribution | 355,830 |
| Room and Space Management – New Scheme | 66,500 |
| Pollution – New Scheme | 60,000 |
| Outdoor Gyms – New Scheme | 60,000 |
| Living Wandle Ravensbury Park – New Scheme | 76,200 |
| Severe Weather Road Maintenance – New Scheme | 283,100 |
| Total | <u><u>901,630</u></u> |
- C. That Cabinet approve the virement of £190,900 from the CSF Social Work Improvement Fund reserve to fund projects supporting early intervention and assessment.
- D. That Cabinet approve the supplementary virement of up to £319,000 for 2014/15 from earmarked reserves to fund the continued EDS.
- E. That Cabinet approve the virement of £24,540 from E&R to C&H to fund the administration officer post within the recently transferred Environmental Health Housing (EHH) team.
- F. That Cabinet approve the budget realignment within Waste Services, as part of the ongoing internal review of budgets to accurately reflect the total cost and income for each service operated by the section.
- G. That Cabinet approve a virement to transfer the management of the Professional Development Centre (Chaucer Centre) from CSF to the Facilities team within Corporate Services.
- Gross expenditure budget £244,180
Gross income budget £251,940

PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the regular financial monitoring report for 2014/15 presented to Cabinet in line with the financial reporting timetable. It is based on expenditure and income as at 31st July 2014.

This financial monitoring report provides:-

- The latest budgetary control information on revenue expenditure and income, forecasting a year end overspend of £3.67m (last month £2.69m);
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2014/15;

2. 2014/15 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

2.1 **Executive summary** - As at July, the forecast is expected to be a net £3.67m overspend compared to the current budget.

Summary Position as at 31st July 2014

	Current Budget 2014/15 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn variance 2013/14 £000s
Department					
3A. Corporate Services	12,772	12,086	(686)	(656)	(732)
3B. Children, Schools and Families	48,228	50,890	2,662	1,383	556
3C. Community and Housing	61,991	63,687	1,696	2,031	(1,122)
3D. Public Health	0	(784)	(784)	(408)	0
3E. Environment & Regeneration	24,092	25,854	1,762	1,493	(576)
Overheads	0	0	0	0	55
NET SERVICE EXPENDITURE	147,083	151,732	4,649	3,843	(1,820)
3E. Corporate Items					
Impact of Capital on revenue budget	14,103	14,103	0	0	0
Central budgets	427	(550)	(977)	(1,153)	2,429
Levies	931	931	0	0	0
TOTAL CORPORATE PROVISIONS	15,461	14,484	(977)	(1,153)	2,429
TOTAL GENERAL FUND	162,544	166,216	3,672	2,690	610
FUNDING					
Revenue Support Grant	(39,738)	(39,738)	0	0	(249)
Business Rates	(33,253)	(33,253)	0	0	0
Other Grants	(9,972)	(10,053)	(81)	(81)	(359)
Council Tax and Collection Fund	(79,578)	(79,578)	0	0	0
FUNDING	(162,543)	(162,622)	(81)	(81)	(610)

A detailed table is provided as Appendix 1.

It should be noted that C&H and CSF have netted down the forecast overspend by £915k of one-off Public Health money. This reduces the overall overspend from £4.39m to £3.67m reported.

Chart 1 below shows the forecast year end variance for departmental expenditure with a comparison against both 2013/14 and 2012/13.

Service Expenditure - Forecast Year End Variance

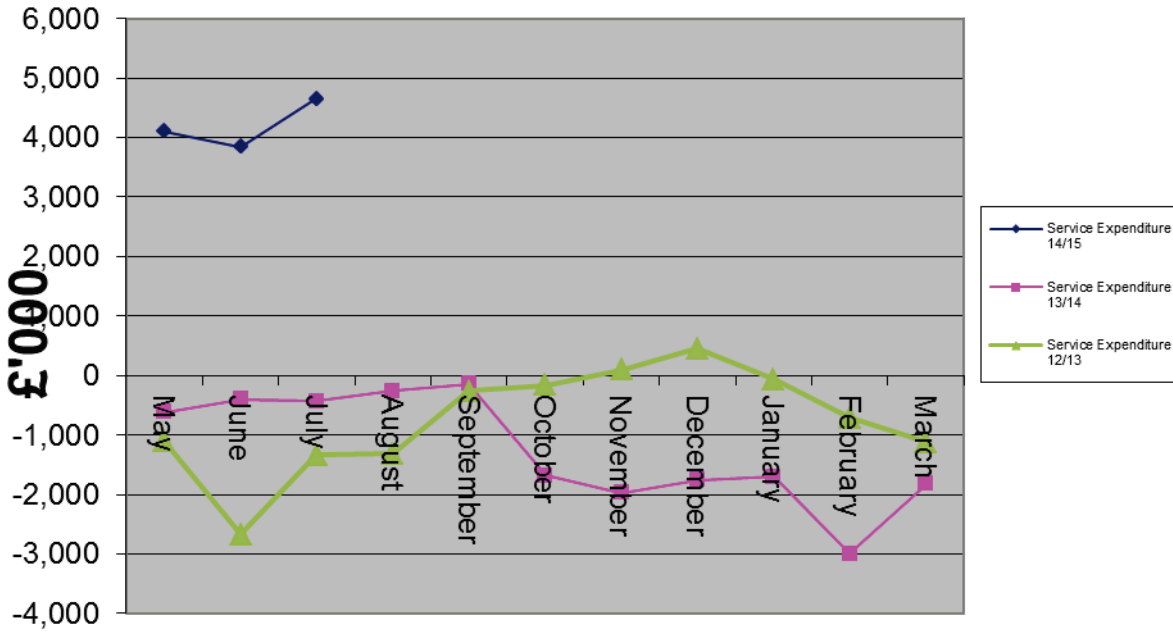
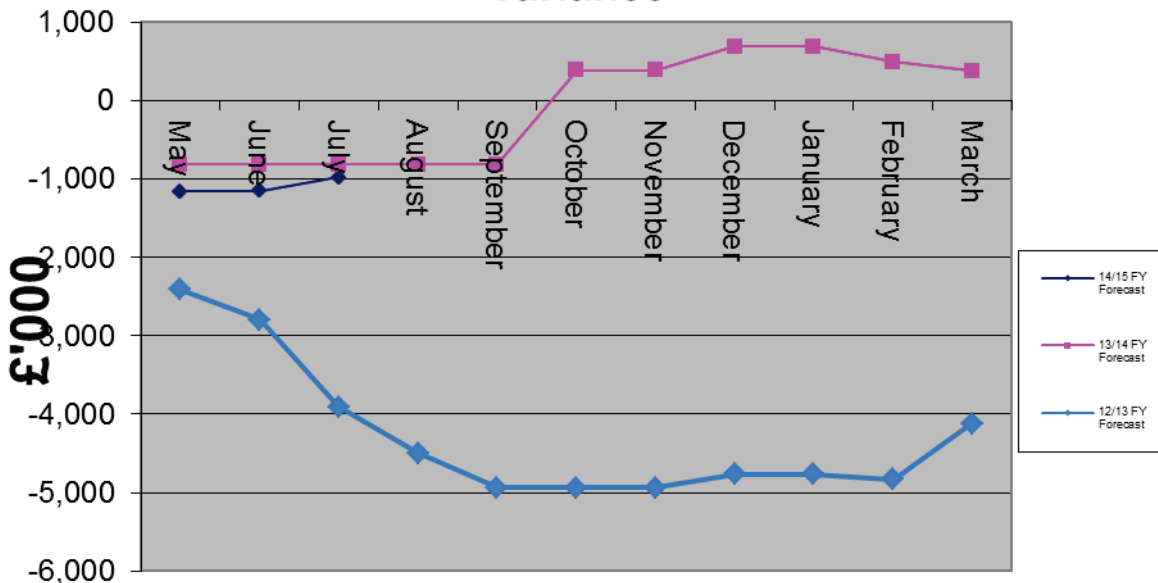


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against both 2013/14 and 2012/13.

Corporate Provisions - Year End Forecast Variance



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

	Current Budget 2014/15	Full Year Forecast (July)	Forecast Variance at year end (July)	Forecast Variance at year end (June)	Outturn variance 2013/14
Expenditure	£000	£000	£000	£000	£000
Employees	92,702	94,411	1,709	827	275
Premises Related Expenditure	9,565	9,281	(284)	(228)	(891)
Transport Related Expenditure	13,282	14,296	1,014	671	20
Supplies and Services	166,944	166,896	(47)	28	1,933
Third Party Payments	84,792	89,159	4,367	3,692	(2,106)
Transfer Payments	108,353	108,065	(288)	(306)	6,442
Support Services	32,421	32,420	(1)	(0)	1,501
Depreciation and Impairment Losses	15,227	15,226	(1)	(2)	(0)
Corporate Provisions	15,484	14,507	(977)	(1,153)	2,429
GROSS EXPENDITURE	538,770	544,263	5,493	3,529	9,603
Income					
Government Grants	(263,222)	(263,266)	(44)	18	(6,425)
Other Grants, Reimbursements and Contribs	(23,615)	(24,322)	(707)	18	(2,361)
Customer and Client Receipts	(56,328)	(56,146)	182	424	(1,141)
Interest	(44)	(19)	25	25	25
Recharges	(32,872)	(32,872)	0	0	(1,446)
Balances	(121)	(1,399)	(1,278)	(1,324)	2,352
GROSS INCOME	(376,203)	(378,024)	(1,820)	(839)	(8,994)
NET EXPENDITURE	162,567	166,239	3,672	2,690	610

1. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services Department

	2014/15 Current Budget	Full year Forecast July	Forecast variance at year end July	Forecast variance at year end June	2013/14 Variance
	£000	£000	£000	£000	£000
Business Improvement	3,177	3,214	37	113	-32
Infrastructure & Transactions	9,226	9,180	-46	-53	-130
Resources	7,403	7,327	-76	-75	-284
Human Resources	2,198	2,210	12	48	-46
Corporate Governance	3,186	2,958	-228	-220	-185
Customer Services	2,305	1,920	-385	-469	-752
Corporate Items including redundancy costs	1,272	1,272	0	0	696
Total (controllable)	28,767	28,081	-686	-656	-733

Overview

At period 4(July) the Corporate Services department is forecasting an underspend of £686k.

Business Improvement – forecast overspend £37k

The restructure of the systems and development team within the Business Improvement division is progressing well. The employee forecast for the team is being reported in line with budget under the assumption that any salary protection costs will be offset by vacant posts for this financial year. As salary protection applies for 3 years this may cause budget pressures on future years.

There is a forecast overspend of approx. £55k on support and maintenance contracts. Contracts are being reviewed in line with the development of a procurement plan to identify whether there is scope for reduction in these costs.

Human Resources – forecast overspend £12k

There is a forecast underachievement of schools SLA income of £25k due to the pressure from external providers. The iTrent Agilysis costs are also expected to overspend by £30k. There is also pressure in achieving the saving to increase the CRB income target. The shortfall projected is £20k.

These overspends are partly offset by a forecast underspend on learning and development expenditure of £50k. The training needs of the workforce are being reviewed as part of the appraisals process and workforce strategy.

Corporate Governance – forecast underspend £228k

The Benefit Investigation team currently has 7.6 posts investigating both welfare and non welfare benefit. From November 2014, the posts within this team will be transferred to the DWP under the Single Fraud Investigation Service. It is proposed that an anti- fraud team will then be set up within the Audit & Investigation service to cover corporate fraud investigations. The budget for this service will therefore be under spent by approximately £90k in 2014/15. The budget for 2015/16 will need to be reduced to reflect these changes, net of reduction in Housing benefits admin grant.

The saving of a FOI/ complaints officer post will not be achieved in the current year due to demands on the service. An alternate saving has being identified from various non-salary budgets within the division.

Customer Services – forecast underspend £385k

The Local Welfare Support discretionary scheme continues to underspend in 14/15. The forecast underspend has been reduced this month to £250k to reflect other initiatives that are being explored such as further contributions to food banks. The underspend in 13/14 was £315k due to the number of claims being significantly lower than anticipated.

The forecast underspend on vacant posts are approx. £115k.

The Corporate Communications sponsorship, advertising and filming income target remains an on-going issue and budget pressure with a forecast overspend of £85k.

The Sutton shared bailiffs income target is also a pressure in 14/15 and expected to underachieve. The forecast underachievement of income is £115k.

Management Action

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

3B. Children Schools and Families

Children, Schools and Families	2014/15 Current Budget £000	Full year Forecast (Jul) £000	Forecast Variance at year end (Jul) £000	Forecast Variance at year end (Jun) £000	2013/14 Variance at year end £000
Commissioning, Strategy and Performance	6,989	8,043	1,054	595	449
Education	16,254	17,163	909	513	370
Social Care and Youth Inclusion	10,617	12,031	1,414	500	(268)
Public Health contribution	0	(415)	(415)	(215)	0
PFI	7,724	7,724	0	(10)	29
Redundancy costs	2,073	2,073	0	0	(24)
Total (controllable)	43,657	46,619	2,962	1,383	556

Overview

At the end of period 4 (July) Children Schools and Families is forecasting a net overspend of £2,962m on local authority funded services. There are a considerable number of duties placed on the Local Authority which have not been fully funded or not funded at all. These include remand costs, no recourse to public funds (NRPF) and the new requirement to support care leavers. This will be compounded by the Children and Families Act requirements from September 2014. This has been netted down by one off Public Health money of £415k making the underlying overspend £3.377m, (£1.598m last month) an increase of £1.779m.

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 £000	Jul £000	Jun £000
Fostering and residential placements (ART)	4,169	526	249
Supported lodgings/housing	627	346	337
Un-accompanied asylum seeking children (UASC)	346	143	0
Other small over and underspends	1,847	39	9
Subtotal Commissioning, Strategy and Performance	6,989	1,054	595
SEN Transport	2,816	640	340
No Recourse to Public Funds (NRPF)	0	90	90
Children with disabilities team (CWD) staffing	505	133	41
Other small over and underspends	12,933	46	42
Subtotal Education	16,254	909	513
Social work staffing costs	2,581	736	135
No Recourse to Public Funds (NRPF)	20	233	100
Supported lodgings/housing	0	238	150
Other small over and underspends	7,816	(51)	(29)
Subtotal Children's Social Care and Youth Inclusion	10,617	1,414	500
Public Health contribution	0	(415)	(215)
Subtotal PFI	7,724	0	(10)
Subtotal Redundancy cost	2,073	0	0
Grand total Children, Schools and Families	43,657	2,962	1,383

Commissioning, Strategy and Performance Division

- While the numbers of Looked After Children (LAC) are relatively stable, the complexity of a significant proportion of cases is causing the net estimated overspend of £526k. This includes on-going pressures in independent agency fostering of £46k, in-house fostering of £264k and residential placement of £378k which is offset by underspends forecast in mother and baby placements of £162k while secure accommodation costs including remands is expected to spend to budget. The increase is due to a combination of new placements, movements to more expensive placements due to assessed need, and changes in forecast assumptions (secure accommodation).
- The budget for semi-independent and supported lodgings/housing placements is estimated to overspend by £346k. This budget is used to finance placements for young people aged 16/17 who require semi-independent provision and for Care Leavers through to independence or, in some cases, through to the age of 21. There has been an increase in forecast expenditure since April 2014 due to increase in caseload as some young people have now reached 18 and funding for their placement has transferred from the LAC placement into this budget. Because of their specific needs, some young people have also needed to move placements and this has resulted in increased expenditure on those placements.
- The UASC payments are expected to overspend by £143k this year due to an increase in the number of claimants turning 18 which is when central government contribution towards these cases ceases.
- There are various other small over and underspends predicted across the division netting to a £39k overspend. These combine with the item described above to arrive at the total reported divisional overspend forecast of £1.054m.

Education Division

- SEN and FE transport cost are expected to overspend by £640k due to the increased number of service users and higher than anticipated charges from the service provider. This is due to more children with challenging behaviour requiring individual transport with accompanying escorts as well as the additional costs of providing cover for transport escorts who are off sick. Work continues to ensure the most cost effective routing for individual young people. . This amount also includes an additional £300k increase in SLA charges from E&R for core routs following a formula allocation review.
- The No Recourse to Public Funds (NRPF) budgets are forecast to overspend in total by £323k for the current financial year. These overspends are expected across education (£90k) and CSC (£233k). This increase in cost is in response to case law regarding housing families with no recourse to public funds (Zambrano & Clue cases).
- The CWD team is expected to overspend by £133k. As highlighted in the budget reports to Cabinet and Council, additional capacity is being kept under regular reviewed funded as necessary from the corporate contingency. This amount equates to two additional social workers.
- There are various other small over and underspends predicted across the division netting to a £46k overspend. These combine with the item described above to arrive at the total reported divisional overspend forecast of £909k.

Children's Social Care and Youth Inclusion Division

- The green and purple central social work teams and MASH team staffing budgets are expected to overspend by £736k. The teams are in a similar position to the CWD team with regards to six additional social workers kept under review and funded from corporate contingency. On top of the additional staff, the teams are also required to cover vacancies with agency staff due to difficulty in recruiting permanent members of staff. This cost could fluctuate during the course of the year depending on our ability to recruit permanent members of staff to our vacancies.
- The NRPF budgets are forecast to overspend by £233k in CSC for the current financial year. See second bullet point under education division for details.
- The budget for semi-independent and supported lodgings/housing placements in the 14+ team is expected to overspend by £238k. This is due to a combination of one-off overspend as a result of CareFirst packages that was not accrued for in the previous financial year, and on-going support cost increasing.
- Special guardianship orders (SGO) and residence orders are estimated to overspend by £258k during the current financial year due to an increase in caseload as well as increased fees resulting from case law.
- There are various other small over and underspends predicted across the division netting to a £51k underspend. These combine with the item described above to arrive at the total reported divisional overspend forecast of £1.414m.

Dedicated Schools Grant

DSG funded services are expected to overspend by an estimated £1.278m in 2014-15. These budgets are not within the council's general fund and any over or underspends cannot be offset against the local authority funded budgets. Any movement at year-end will be added to the DSG reserve and applied after consultation with Schools Forum. Variances between individual subjectives have been shown in the overall departmental subjective analyses.

The main reason for the expected overspend relates to post 16 SEN provision. The responsibility of these payments transferred to Authorities in 2013/14. The cost of Further Education (FE) colleges and Independent Specialist Providers (ISP) are expected to be £953k over budget as the DfE has not provided sufficient funding.

Management Action

Of the £500k public health underspend allocated to CSF, £415k will be used to offset Early Years costs which enabled us to use existing general fund money to offset overspends on LAC placements.

Transport: a review of the costs of the provision involves all departments is taking place as part of our Transformation work. Issues regarding the costing methodology are being resolved and departments are working closely together to ensure the buses and taxis are used most cost efficiently. E&R are working hard to reduce staff sickness levels, which remain higher than the council average, to reduce the costs of agency cover.

As previously mentioned, there are a considerable number of duties placed on the Local Authority which have not been fully funded or not funded at all. The table below highlights the estimated overspends relating to these duties:

Description	Budget £000	Jul overspend forecast £000	Jun overspend forecast £000
Supported lodgings/housing	627	346	337
Un-accompanied asylum seeking children (UASC)	346	143	0
No Recourse to Public Funds (NRPF)	20	323	190
Special guardianship orders (SGO) & residence orders	200	258	144
Total	1,193	1,070	671

Young people aged between 18 and 21 now have the right to stay in their foster placements beyond 18 including whilst attending university. This means their fostering placement has to remain open to them and the in-house foster carer or IFA will have to continue to be paid. These costs are included in fostering and residential placement forecast but we are yet to disaggregate the specific costs for these students which are above the forecast in the table above. Young People on remand also have access to care leavers' services across a range of budgets and we are seeking to disaggregate them too. These again are in excess of the figures in the table above but included within the overall projections for the department. Both these cost pressures will be separately identified for next month's report to be included in the table above.

Unaccompanied Asylum Seeking Young People are also required to receive these leaving care services and we have 11 over 18s which is putting pressure on the UASC budget.

NRPF: The majority of families presenting needs are housing. Meetings are on-going to discuss options to reduce cost and strengthen processes and procedures. The expansion of the Merton Action for Single Homeless Hostel agreed at Cabinet will assist with housing supply, 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.

Supported lodgings/housing placements: smarter commissioning practices through working with providers to negotiate reductions on placement costs and cost avoidance on proposed fee increases are being explored. The implementation of a "Staying Put" policy as required by new legislation which enables young people to remain in their foster placements post 18 is likely to be a cheaper option for those young people who request it rather than moving into semi-independent provision. We are also maximising the uptake of Housing Benefit for young people aged 18+.

Staff agency cover: The department has developed a scheme for newly qualified social workers (NQSW) with the aim to employ ten to twelve additional members of staff supported and quality assured by a practice assessment manager. We have also engaged an external organisation with the help of the recruitment section to source permanent social worker staff to reduce agency cover.

Of the £860k savings identified for 2014/15, it is expected that SEN transport and LAC and SEN placements will be partly delivered. Current estimates indicate that £768k will be achieved.

Use of Ring Fenced Grants

Proposals have been compiled to utilise £190,900 of the Social Work Improvement Fund reserve. CMT / Cabinet are asked to approve the virement of £190,900 from the £274,528 reserve to fund these projects supporting early intervention and assessment, contributing to a social work development programme from qualification through to management. This will enhance our specialist response to the growing issue of child sexual exploitation, and it supports our positive engagement with families working to minimise the risks to which children are exposed.

(C) Community and Housing

As at the end of period 4 (July), C&H is forecast to over-spend by £1.696m, a decrease of £335k from last month.

Community and Housing	2014/15 Current Budget	Full Year Forecast (July)	Forecast Variance (July)	Forecast Variance (June)	2013/14 Variance at year end
	£000	£000	£000	£000	£000
Access and Assessment	42,397	43,751	1,354	1,829	(1,256)
Commissioning	5,072	5,023	(49)	(115)	(116)
Direct Provision	4,181	4,969	788	774	214
Directorate	893	873	(20)	(45)	70
Contribution from Public Health	0	(500)	(500)	(500)	0
Adult Social Care	52,543	54,116	1,573	1,943	(1,088)
Libraries and Heritage	2,504	2,504	0	(9)	27
Merton Adult Education	(272)	(114)	158	157	(29)
Housing General Fund	1,979	1,944	(35)	(60)	(32)
Total (controllable)	56,754	58,450	1,696	2,031	(1,122)

This overspending has been netted down by one off Public Health money of £500,000 & £290k of ASC reserves for DOLs meaning that the underlying over-spending is £2.495m.

The main change from Period 3, is that the £290k budget pressure on Deprivation of Liberty Safeguards (DoLS) will be funded from ASC Reserves.

The additional 2014-15 Better Care Fund allocation of £1.3m is included in the above budget allocation. A net £1m corporate growth was also allocated to the Adult Social Care budget.

Management Action

In order to reduce the forecast over-spend reported in P4, the following actions have been considered:-

£500k of ASC eligible expenditure to improve health gain is to be charged to Public Health Non-recurrent fund. This is a one off measure to off-set placements over-spend and permanent action will need to be identified during the year to prevent re occurrence in 2015/16.

Transitional grant funding to Voluntary Organisations is being reduced with effect from September 2014, this will reduce over-spend by £80k.

It is proposed that £200k Better Care Fund allocated to Integrated Community Equipment is reallocated to the placements budget, as there is currently sufficient budget in the pooled equipment fund. Awaiting agreement from CCG. This is a one of measure pending permanent action.

Thresholds for care-packages going to resources panel have been lowered, meaning a lower level of delegation to team managers.

Brokerage team is to be involved in all panel meetings to give further assurance that the best value options are being followed.

Subject to changes in management reports from Care First, real time financial and performance targets and reports to be given to team managers

Audit of cases involving both direct payments and council commissioned services.

The Miles Reablement service workshop to develop the model is schedule to start.

Budget manager expects all agency staff to cease by November.

Review should generate some savings in the last quarter of the financial year.

ASC has received payment of grant allocation of £125k for the implementation of the Care Act. The purpose of the grant is to provide additional support with building change management capacity to implement the requirements of the Care Act in advance. A spend plan has been developed.

Access and Assessment - £1,354k over-spend

Access and Assessment	Forecast Variance (July) £000	Forecast Variance (June) £000
Miles –Reablement over-spend	306	417
Deprivation of Liberty	0	290
Other A&A under-spend	(779)	(786)
Gross Placements overspend	2,716	2,549
Sub-total Net over-spend	2,243	2,470
Over achievement of Client Contribution	(513)	(511)
Over achievement of CCG Contribution	(376)	(130)
Sub-Total over-achievement of Income	(889)	(641)
Total A&A Forecast over-spend	1,354	1,829

It has been agreed that the £290k budget pressure for DoLs will be funded from ASC IFRS Reserves.

Placements Budget Overview

Placements Overspend £2.7m

The total gross placement budget for 2014-15 is £37.6m and forecast total commitment is £40.3m

This includes £2.3m net growth allocated in setting the budget to deal with volume increases and savings of £1.916m through improved efficiency, better commissioning and contracting and service changes. There is therefore a net growth in the budget £0.4m plus inflation.

This is based on the latest data but is subject to wide potential variation.

The impact of the savings on the budget position for 2014-15 is being monitored.

The table below identifies the movement in care package numbers:

Activity Data – Care Package Numbers	No of Care Packages as at October 2013 (budget setting)	No of Care Packages as at Jul 2014	Increase/ (decrease) since Budget Setting	Total Yearly Commitment @ July 14 £000
Service Area				
Mental Health	157	151	(6)	£1,572
Physical and Sensory	289	282	(7)	£3,956
Learning Disabilities	369	417	48	£12,811
Older People	1,631	1,714	83	£20,787
Substance Misuse	8	16	8	£370
No recourse to public funds	12	13	1	£207
Transport				312
Other Placement Expenditure				323
TOTAL Gross placement expenditure	2,466	2,593	127	£40,338

Gross expenditure in the placements budget is complex to monitor and depends on CareFirst records and care packages always being up to date. It is essential to monitor that this continues.

The income budget was re-aligned as part of budget setting.

However based on latest data, income is currently forecast to over-achieve by £889k. This needs to be adjusted with the expenditure budget to more closely align both to the real situation. The monitoring of income is a key budget area where enhancement of the monitoring is being further developed.

Commissioning over -spend £49k

The main budget pressure in Commissioning is due to no budget allocation for the extension of Transition funding to Voluntary organisations. It has been agreed that transitions funding will be tapered off , so for October 2014 to March 2015, organisations will receive half of the funding they received in the first half of the financial year, but will not receive any funding in 2015/16.

Supporting People grant is forecast to under-spend by £117k, however the Underspend is not guaranteed due to on-going contract negotiation and subsidy movements.

There are under-spends in other areas in commissioning which will be used to off-set the overall position of the department.

Direct Provision over-spend £788k

The main cause of the variances is due to an over-spend on Transport SLA (Core-route) charges. This budget is forecast to over-spend by £600k.

The department put forward a budget saving of £246k in this area which is clearly not being achieved. Operational measures have been taken to reduce volumes within the SLA, but this volume reduction has not been matched by a reduction in re-charges. This saving was proposed against an already overspending budget

There is also budget pressure on salaries in Direct Provision.

Libraries- £0k over-spend

Libraries has had to make some one off contract payments that are being offset against media fund underspend.

Income will remain a challenge but at present is on track.

MAE - £158k over-spend

The over-spend is mainly due to forecast under-achievement of Income and the 2014/15 savings that must be delivered or alternatives found elsewhere in the department.

The service will require a comprehensive review and a management action plan in 2014/15 to ensure that this saving is delivered.

Strategic options have been incorporated into the Target Operating Model

Housing is expected to under-spend by £35k

The main variance is on supplies services budgets.

The newly transferred Housing Environmental Health Team is forecast to overspend by £9k due to additional agency costs.

Public Health

Public Health is forecast to underspend by £784k , an increase of £376k from last month.

Public Health	2014/15 Current Budget	Full Year Forecast (Jul)	Forecast Variance (Jul)	Forecast Variance (Jun)	2013/14 Final Out-turn
	£000	£000	£000	£000	£000
PH - Directorate	922	1,032	110	40	631
PH- Contraception*	689	717	28	16	589
PH - STI Testing and Treatment (GUM)*	2,060	2,326	266	238	2,275
PH - SH Advice, Prevent and Promotion	360	285	(75)	(80)	301
PH - NHS Health check*	232	237	5	14	172
PH - Falls Prevention	66	57	(9)	(9)	55
PH - Obesity	348	343	(5)	1	357
PH – Live well (including smoking cessation)	355	316	(39)	(16)	346
PH - Substance Misuse (drugs and alcohol)	2,057	1,672	(385)	0	1,837
PH - School Nursing (including National Child Measurement programme)*	628	609	(19)	(19)	570
PH - Surveillance and Control of Infectious Diseases	65	0	(65)	(65)	0
PH - Community Services Contract Estates	192	283	91	91	188
PH - New Investments	1,152	465	(687)	(619)	0
Total Public Health (controllable)	9,126	8,342	(784)	(408)	7321

- *Mandatory Services

The main causes of the forecast underspend on Public Health are as a result of delay to projects due to the need for Council to make savings and reconfigure services and capacity in Public Health team.

There are also challenges to Public Health budget from MCCG of £900k.

Progress is being made on all these areas.

3D Environment & Regeneration

Environment & Regeneration	2014/15 Current Budget £000	Full year Forecast (July) £000	Forecast Variance at year end (July) £000	Forecast Variance at year end (June) £000	2013/14 Final Out-turn £000
Public Protection	(7,071)	(6,867)	204	169	243
Sustainable Communities (Excl. T&H)	2,509	2,683	174	43	(54)
Traffic & Highways (T&H)	8,578	9,107	529	529	(122)
Waste Services	14,159	15,054	895	825	(1,116)
Safer Merton	1,043	1,014	(29)	(38)	(63)
Other	(752)	(763)	(11)	(35)	537
Total (Controllable)	18,466	20,228	1,762	1,493	-575

Description	2014/15 Current Budget £000	Forecast Variance at year end (July) £000	Forecast Variance at year end (June) £000
Employee overspend in Parking Services	2,476	96	85
Underachievement of income in Parking Services	(12,184)	90	67
Other	2,637	18	17
Total for Public Protection	(7,071)	204	169
Employee overspend within B&DC	1,580	70	38
General Supplies & Services underspend within B&DC	232	(90)	(73)
Shortfall in Building & Development Control (B&DC) income	(1,859)	263	223
Employee related underspend within Traffic & Highways	1,857	(129)	(109)
Reduction in ability to Capitalise expenditure	(464)	464	464
Overspend on third party payments within Traffic & Highways	2,264	132	130
Underspend on Supplies and Service in Traffic & Highways	363	(59)	(57)
Underachievement of Customer & Client Receipts in Traffic & Highways	(1,453)	162	186
Overachievement of rental income in Property Management	(4,042)	(45)	(46)
Employee overspend within Greenspaces	2,230	96	0
Premises related underspend within Greenspaces	717	(47)	0
Overachievement of Other Grants & Contributions within Greenspaces	(53)	(130)	0
Underachievement of Customer & Client Receipts within Greenspaces	(2,319)	101	0
Employee underspend within Senior Mgmt & Support	758	(27)	(26)
Other	(10,898)	(58)	(128)
Total for Sustainable Communities	11,087	703	572
Employee overspend within Waste Services	7,181	365	341
General Supplies & Services underspend within Waste Services	1,119	(186)	(194)
Overspend on 3 rd Party Payments – principally SLWP	6,270	457	335
Transport related underspend within Waste Services	2,005	(258)	(234)
Shortfall in Waste Services income – principally Commercial Waste	(2,777)	510	582
Transport Services	(752)	(11)	(35)
Other	361	7	(5)
Total for Street Scene & Waste	13,407	884	790
Employee underspend Safer Merton	840	(55)	(38)
Other	203	26	0
Total for Safer Merton	1,043	(29)	(38)
Total Excluding Overheads	18,443	1,762	1,493

Overview

The department is currently forecasting an overspend of £1,762k at year end, an increase of £269k over last month. The main areas of variance are Waste Services, Traffic & Highways, Parking Services, and Building & Development Control.

Pressures

Public Protection

Parking Services

The section is currently forecasting an overspend of £207k. Contributing to this is a £96k staff overspend, which is the result of employing additional agency CEOs to enforce areas not routinely enforced within the existing staff rotas, and to mitigate the effect of staff sickness on enforcement. A further £90k is due to an overall underachievement of income.

Sustainable Communities

Building & Development Control

The section is currently forecasting an overspend of £232k mainly due a shortfall in Customer & Client receipts of £263k. This is partially offset by an underspend of £90k in supplies and services. There is also a forecasted salary overspend of £70k which is the result of the additional temporary staff for the agreed 2 year fixed term enhancement of the service.

Traffic & Highways

The section is forecasting an overspend of £529k, 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. A permanent solution to this issue will be required before the 2015/16 budget is set.

The section also has a forecast income shortfall in the London Permitting Scheme (LoPS) and street work activities of £100k due to greater compliance.

These forecast overspends are being partially offset by an employee underspend of about £129k and an underspend of supplies and services of £59k.

Street Scene & Waste

Waste Services

The section is currently forecasting an overspend of £895k, which is mainly due to a forecast shortfall in Customer & Client receipts, specifically on Commercial activities (including Commercial Waste, clinical waste and bulky waste collection) which is forecasting an income shortfall of around £646k. This compares to a shortfall of £389k in 2013/14. However, an agreed saving of £250k has been implemented in 2014/15 for Commercial Waste.

In addition, the section is currently projecting an employee related overspend of about £365k. This is as a result of a combination of issues, including the need to realign the budget with the actual cost

of activities undertaken by refuse collection and street cleansing. There is also an element of non-contractual overtime and agency cover for sick leave absences. Actions are being taken in order to reduce this overspend wherever possible, including an action plan to reduce the level of sick leave absence, and not covering absences with agency staff where this does not impact on service delivery. In addition, the section is currently working with Eunomia to analyse the commercial waste costs / income. Eunomia are conducting a "full" review of the service, seeking to deliver a final report on action required to improve profitability and income achievement. The report is expected in early autumn.

Virements

Cabinet are requested to approve the following virements:-

- On 5th March 2014 the Council approved the use of £448k from reserves to fund the continued EDS during 2014/15. Cabinet are asked to approve the supplementary virement of up to £319k for 2014/15 from earmarked reserves. Future years budgets will be submitted for Cabinet approval as part of the process of setting the overall Council budget.
- The Environmental Health Housing (EHH) team recently transferred from E&R to C&H at which time the relevant Directors agreed to defer a decision regarding the level of administrative support required by the EHH team until such time as it had been properly assessed. It has now been agreed that one of the Administrative Officer posts will be transferred to the EHH team, along with the associated budgetary allocation. Therefore, Cabinet are requested to approve a virement of £24,540.
- As part of the internal review of budgets within Waste Services, certain budgets require viring in order to comply with the requirements of the Service Reporting Code of Practice (SerCOP). Firstly, the Clinical Waste income budget of £184k needs to be moved from the Commercial Waste to the Refuse Collection cost code. Secondly, the disposal cost of Commercial Waste, estimated to be about £224k, needs to be moved from the Waste Disposal to the Commercial Waste cost code. These virements will result in a net budgetary increase within Commercial Waste of £408k, offset by a reduction within Waste Disposal. In addition, the entire ER17 saving of £1,207k was originally removed from the landfill budget, but an element of this saving (£678k) related to the recycling gate fee budget, whereby the authority now receives income for recyclates.

Management Action

The department is looking into potential actions to mitigate the budget pressures where possible, and 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 July 2014 against budget are contained in Appendix 2. The main areas of variance as at 31 July 2014 are:-

Corporate Items	Current Budget 2014/15 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	2013/14 Year end Variance £000s
Cost of borrowing	14,103	14,031	-72	0	-166
Use for Capital Programme	0	72	72	0	512
Impact of Capital on revenue budget	14,103	14,103	0	0	346
Investment Income	-522	-522	0	0	-346
Pension Fund	13,434	13,434	0	0	21
Pay and Price Inflation	1,624	1,624	0	0	-314
Contingencies and provisions	4,392	3,415	-977	-1,153	845
Income Items	0	0	0	0	-177
Appropriations/Transfers	-3,251	-3,251	0	0	2,051
Central Items	15,677	14,700	-977	-1,153	2,080
Levies	931	931	0	0	0
Depreciation and Impairment	-15,227	-15,227	0	0	3
TOTAL CORPORATE PROVISIONS	15,484	14,507	-977	-1,153	2,429

There has been a change in the forecast variance for corporate contingency since June, but as previously advised in June, it is anticipated that the contingencies and provisions budgets will be underutilised by c. £1m.

There are no other significant variations in the corporate expenditure forecast against budget in July.

4. CAPITAL PROGRAMME 2014-18

4.1 Capital Expenditure

- 4.1.1 Over the past three 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 2013/14 this reduced to £30 million. The June Cabinet approved capital programme was just under £53 million, the proposed programme is just over £53.5 million.

Comparison of Spend to June between 2012/13, 2013/14 and 2014/15

Department	Spend To July 2012	Spend To July 2013	Spend To July 2014	Variance 2012 to 2014	Variance 2013 to 2014
Children Schools and Families	6,285	2,038	3,924	(2,361)	1,886
Corporate Services	776	612	185	(591)	(427)
Community and Housing	227	783	107	(120)	(676)
Environment and Regeneration	2,676	2,476	1,017	(1,659)	(1,459)
Total Capital	9,964	5,909	5,233	(4,731)	(676)

Outturn £000s	40,487	31,564	
Budget £000s			51,979
Projected Spend October 2013 £000s			46,795
Percentage Spend to Budget			10.07%
Percentage Spend to Outturn/Projection	24.61%	18.72%	11.18%

- 4.1.2 July is one third of the way through the financial year however departments have only spent 10.1% of their budget or 11.21% of their forecast, in the last two years spend was in the region of 20% of the final outturn by this point. To achieve a projected spend of £45.8m officers will need to spend just under £5.2m per month for each of the remaining 8 months. The table below shows that in July 2014 departments have managed to spend just under £1.9 million.

Department	Spend To June 2014	Spend To July 2014	Variance
Children Schools and Families	2,805	3,924	1,119
Corporate Services	(122)	185	307
Community and Housing	(127)	107	234
Environment and Regeneration	798	1,017	219
Total Capital	3,354	5,233	1,879

4.2 Capital Programme 2014/15

4.2.1 The table below summarises the position in respect of the Capital Programme as at July 2014 the detail is shown in Appendix 5a:

Merton Summary Capital Report - July 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Community and Housing	2,775,460	106,758	303,340	(196,582)	2,774,499	(961)
Corporate Services	6,013,800	185,194	727,789	(542,595)	4,070,006	(1,877,294)
Children Schools and Families	27,790,560	3,923,176	8,425,109	(4,501,934)	27,265,808	(524,752)
Environment and Regeneration	15,316,460	1,017,181	1,676,231	(659,051)	12,684,905	(1,515,560)
Total Capital	51,896,280	5,232,309	11,132,469	(5,900,162)	46,795,218	(3,918,567)

Please note negative spend is due to Accrual Reversal

Notes

1. Community and Housing - the projected spend on Disabled Facilities Grants is being closely monitored, it is currently envisaged that demand will increase during the financial year as in previous years and the budget full utilised.
2. Corporate Services the bulk projected under spend is due to three corporate schemes – Acquisitions (£1,042k), Capital Bidding Fund (£500k) and Capital Transformation (£240k) which are held to fund transformation activity throughout the organisation.
3. Children, Schools and Families – variance on expenditure to date is based on consistent monthly spend rather than profiled expected spend forecast. Over £21 million of the annual budgeted spend has already been contracted for major primary school expansions and the variance to date is due to some invoicing delays from the contractor. The bulk of the year end projected variance of £524k is due to Singlegate Schools this is because a Value Engineering exercise has been initiated to reduce the tender price. This has affected the expected start on site date and therefore will slip into 2015/16.
4. Environment and Regeneration the majority of the variance is due to one scheme within Regeneration Partnerships - £1,243k Mitcham Major Schemes Budget, officers are awaiting signed approval to re-profile the scheme into 2015/16 from its funder Transport for London.

4.2.2 The adjustments being made to the capital programme are detailed in Appendix 5b and the impact on funding of these changes is detailed in Appendix 5c. The Table below shows the adjustments to the Capital Programme since its approval in March 2014:

Changes to the Capital Programme 2014/15 since March 2014

Depts.	Original Budget 14/15	Slippage 2013/14	Reductions	New External Funding	New Internal Funding	Re-profiling	Revised Budget 14/15
Children, Schools and Families	27,193	304	0	869	0	(575)	27,791
Corporate Services	8,829	169	(538)	0	0	(2,446)	6,014
Community and Housing	2,603	302	(170)	0	0	0	2,735
Environment & Regeneration	15,920	1,368		1,225	0	(3,156)	15,357
Total	54,545	2,143	(708)	2,094	0	(6,177)	51,897

4.2.2 The Table below details the changes made to the approved programme within Appendix 5.

Depts.	May Monitoring Budget 2014/15	Variance	July 2014 Monitoring Budget 2014/15	May Monitoring Budget 2015/16	Variance	July 2014 Monitoring Budget 2015/16	May Monitoring Budget 2016/17	Variance	July 2014 Monitoring Budget 2016/17	May Monitoring Budget 2017/18	Variance	July 2014 Monitoring Budget 2017/18
CSF	27,436	355	27,791	15,297	0	15,297	22,087	0	22,087	21,399	0	21,399
CS	7,270	(1,256)	6,014	4,244	756	5,000	3,362	500	3,862	2,806	0	2,806
C&H	2,775	(0)	2,775	1,114	0	1,114	1,334	0	1,334	340	0	340
E&R	15,026	290	15,316	22,599	400	22,999	7,150	0	7,150	4,473	0	4,473
Total	52,507	(611)	51,896	43,254	1,156	44,410	33,933	500	34,433	29,018	0	29,018

5. DELIVERY OF SAVINGS FOR 2014/15

Department	Target Savings 2014/15	Projected Savings 2014/15	Shortfall	Shortfall
	£000's	£000's	£000's	%
Corporate Services	1,650	1,590	(60)	(3.6)%
Children Schools and Families	860	768	(92)	(10.7)%
Community and Housing	2,465	852	(1,613)	(65.4)%
Environment and Regeneration	3,338	2,863	(475)	(14.2)%
Total	8,313	6,073	(2,240)	(26.9)%

5.1 The savings projected to be achieved are showing a significant shortfall against the target of approx. 2.2m. The projected shortfall in C&H needs to be addressed urgently and highlights that savings are not being implemented.

Detailed progress on savings by department is reported in Appendix 6.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1 Officers are currently reviewing risks and issues facing the Authority, the revised Key Strategic Risk Register as at June 2014 will be reported to Cabinet as part of the July Monitoring Report.

13. 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 2012

Appendix 4 – Treasury Management: Outlook

Appendix 5a – Current Capital Programme 2014/15 – July Monitoring Information

Appendix 5b – Adjustments to the Capital Programme

Appendix 5c – Funding the Capital Programme

Appendix 6 – Progress on Savings

Appendix 7 - Forecast year end variance by department

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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**Summary Position as at 31st July
2014**

APPENDIX 1

	Original Budget 2014/15 £000s	Current Budget 2014/15 £000s	Year to Date Budget (July) £000s	Year to Date Actual (July) £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn Variance 2013/14 £000
Department	-							
3A. Corporate Services	11,285	12,772	35,575	9,642	12,086	(686)	(656)	(732)
3B. Children, Schools and Families	48,040	48,228	62,438	55,387	50,890	2,662	1,383	556
3C. Community and Housing	-							
Adult Social Care	55,894	56,503	18,790	18,547	58,075	1,572	1,943	(1,088)
Libraries & Adult Education	3,232	3,232	1,395	1,285	3,391	158	148	(2)
Housing General Fund	2,207	2,256	750	912	2,221	(35)	(60)	(32)
3D. Public Health	0	0	(1,526)	(1,772)	(784)	(784)	(408)	0
3E. Environment & Regeneration	22,853	24,092	3,219	1,398	25,854	1,762	1,493	(576)
Overheads	0	0	0	0	0	0	0	55
NET SERVICE EXPENDITURE	143,511	147,083	120,641	85,400	151,732	4,649	3,843	(1,820)
3E. Corporate Items								
Impact of Capital on revenue budget	14,103	14,103	2,231	1,893	14,103	0	0	0
Other Central items	3,996	427	-1,944	-2,207	-550	(977)	(1,153)	2,429
Levies	931	931	373	373	931	0	0	0
TOTAL CORPORATE PROVISIONS	19,030	15,461	660	59	14,484	-977	-1,153	2,429
TOTAL GENERAL FUND	162,541	162,544	121,301	85,459	166,216	3,672	2,690	610
- Funding	-							
- Business Rates	-33253	-33253	2231	2231	-33253	0	0	0
- RSG	-39738	-39738	-24832	-24832	-39738	0	0	-249
- Council Tax Freeze Grant 2014/15	-858	-858	-256	-256	-858	0	0	-13
Section 31 Grant	-1118	-1118	-240	-240	-1199	-81	-81	-346
- New Homes Bonus	-3199	-3199	-1139	-1139	-3199	0	0	0
- PFI Grant	-4797	-4797	-1199	-1199	-4797	0	0	0
Grants	-82,963	-82,963	-25,435	-25,435	-83,044	-81	-81	-610
Collection Fund - Council Tax Surplus(-)/Deficit	-4608	-4608	0	0	-4608	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	372	372	0	0	372	0	0	0
Council Tax								
- General	-75049	-75049	0	0	-75049	0	0	0
- WPCC	-293	-293	0	0	-293	0	0	0
Council Tax and Collection Fund	-79578	-79578	0	0	-79578	0	0	0
FUNDING	-162,541	-162,543	-25,435	-25,435	-162,622	-81	-81	-610
NET	0	1	95,866	60,024	3,594	3,591	2,609	1,820

	Current Budget 2014/15	Year to Date Budget (July)	Year to Date Actual (July)	Full Year Forecast (July)	Forecast Variance at year end (July)	Forecast Variance at year end (June)	Outturn variance 2013/14
Expenditure	£000	£000	£000	£000	£000	£000	£000
Employees	92,702	30,544	30,038	94,411	1,709	827	275
Premises Related Expenditure	9,565	4,450	2,286	9,281	(284)	(228)	(891)
Transport Related Expenditure	13,282	4,336	4,245	14,296	1,014	671	20
Supplies and Services	166,944	55,741	45,635	166,896	(47)	28	1,933
Third Party Payments	84,792	27,603	25,021	89,159	4,367	3,692	(2,106)
Transfer Payments	108,353	27,924	2,506	108,065	(288)	(306)	6,442
Support Services	32,421	8	0	32,420	(1)	(0)	1,501
Depreciation and Impairment Losses	15,227	0	0	15,226	(1)	(2)	(0)
Corporate Provisions	15,484	660	59	14,507	(977)	(1,153)	2,429
GROSS EXPENDITURE	538,770	151,266	109,790	544,263	5,493	3,529	9,603
Income							
Government Grants	(263,222)	(5,862)	(4,675)	(263,266)	(44)	18	(6,425)
Other Grants, Reimbursements and Contribs	(23,615)	(5,797)	(3,266)	(24,322)	(707)	18	(2,361)
Customer and Client Receipts	(56,328)	(18,415)	(16,240)	(56,146)	182	424	(1,141)
Interest	(44)	0	0	(19)	25	25	25
Recharges	(32,872)	0	(6)	(32,872)	0	0	(1,446)
Balances	(121)	109	(143)	(1,399)	(1,278)	(1,324)	2,352
GROSS INCOME	(376,203)	(29,965)	(24,331)	(378,024)	(1,820)	(839)	(8,994)
NET EXPENDITURE	162,567	121,302	85,459	166,239	3,672	2,690	610

APPENDIX 2

3E. Corporate Items	Council 2014/15 £000s	Original Budget 2014/15 £000s	Current Budget 2014/15 £000s	Year to Date Budget (July) £000s	Year to Date Actual (July) £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s
Cost of Borrowing	14,103	14,103	14,103	2,231	1,893	14,031	-72	0
Use for Capital Programme	0	0	0	0	0	72	72	0
Impact of Capital on revenue budget	14,103	14,103	14,103	2,231	1,893	14,103	0	0
Investment Income	-522	-522	-522	-131	-99	-522	0	0
Pension Fund	13,434	13,434	13,434	0	0	13,434	0	0
Corporate Provision for Pay Award	807	807	807	269	0	807	0	0
Provision for inflation in excess of 1.5%	538	538	517	0	0	517	0	0
Utilities Inflation Provision	300	300	300	0	0	300	0	0
Pay and Price Inflation	1,645	1,645	1,624	269	0	1,624	0	0
Contingency	1,500	1,500	1,423	0	0	446	-977	-1,153
Single Status/Equal Pay	100	100	100	33	16	100	0	0
Bad Debt Provision	500	500	500	0	0	500	0	0
Loss of income arising from P3/P4	400	400	400	0	0	400	0	0
Revenuisation and miscellaneous	2,166	2,166	1,969	0	0	1,969	0	0
Contingencies and provisions	4,666	4,666	4,392	33	16	3,415	-977	-1,153
Local Services Support Grant					-8	0	0	0
Income items	0	0	0	0	-8	0	0	0
Appropriations: CS Reserves	0	0	-1,291	-1,291	-1,291	-1,291	0	0
Appropriations: E&R Reserves	0	0	-1,208	-73	-73	-1,208	0	0
Appropriations: CSF Reserves	0	0	-89	-89	-89	-89	0	0
Appropriations: C&H Reserves	0	0	-663	-663	-663	-663	0	0
Appropriations/Transfers	0	0	-3,251	-2,116	-2,116	-3,251	0	0
Depreciation and Impairment	-15,227	-15,227	-15,227	0	0	-15,227	0	0
Central Items	18,099	18,099	14,553	287	-314	13,576	-977	-1,153
Levies	931	931	931	373	373	931	0	0
TOTAL CORPORATE PROVISIONS	19,030	19,030	15,484	660	59	14,507	-977	-1,153

Pay and Price Inflation as at May 2014

In 2014/15, the budget includes 1% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.517m 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:

2014/15 – The MTFs approved by Council on the 5th March 2014 includes 1% for increases in pay. This equates to £0.807m and is held as a corporate provision.

The national joint council (NJC) trade union side, the negotiators for local government pay, have submitted the following claim for a pay increase for its members in 2014-15:

“A minimum increase of £1 an hour on scale point 5 to achieve the living wage and the same flat rate increase on all other scale points.”

The Local Government Association responded by offering Council employees a pay increase from 1 April 2014. All staff earning £14,880 or more would receive a 1% rise. Staff earning less than this would receive extra, in order to keep their hourly rate at least 25p above the national minimum wage. The national minimum wage is due to increase by 3.0% to £6.50 on 1 October 2014.

Union members rejected the offer and took strike action on 10 July. No further talks have taken place since that date, although the unions have offered to go to the Government's arbitration and conciliation service. GMB, UNISON and Unite have agreed that their members will run a co-ordinated strike of their local government and school members on 14 October.

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 was 1.6% in July 2014, which is down from 1.9% in June 2014. The main contribution to the drop in the rate was from clothing prices with other large falls in alcohol, financial services, and food product costs. The drop was partially offset by an increase in transport costs. CPIH, the new measure of consumer price inflation including owner occupiers' housing costs, grew by 1.5% in the year to July 2014, down from 1.8% in June 2014. Owner occupiers' housing costs increased by 0.1% between July 2014 and June 2014.

RPI annual inflation stands at 2.5% in July 2014, down from 2.6% in June 2014.

Outlook for inflation:

On 7 August 2014, 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 August 2014 Inflation Report was published on 13 August. In introducing the report, the Governor of the Bank of England said, “the MPC has revised up its expectation for near-term growth to 3½% this year and we now expect headline activity to slow a little later than we had previously thought. Unemployment has fallen sharply and is now expected to drop below 6% by the end of the year and to around 5.5% by the end of the forecast period - a marked reduction relative to our expectations in May. The MPC expects inflation to remain at, or slightly below, 2%, before reaching the target at the end of the forecast period.....as the economy normalises, Bank Rate will need to start to rise in order to achieve the inflation target. But the MPC has no pre-set course. The path of Bank Rate will depend on how the expansion proceeds and how the inflation outlook evolves.”

In the minutes published on 20 August the MPC concluded that “the central view was that inflation would remain close to, but a little below, 2% for the next couple of years, before reaching the target at the end of the forecast period...The Committee’s central expectation – assuming that Bank Rate followed the path implied by market yields and that the stock of purchased assets remained at £375 billion – was that inflation was likely to remain close to, but a little below, 2% for the next couple of years, before reaching the target at the end of the three-year forecast period. Inflation would be dampened by the effect on import prices of the recent rise in the sterling exchange rate. And a modest expansion in supply capacity would help to slow the rate at which slack was absorbed, thereby limiting the build-up of domestic inflationary pressure resulting from the pace of output and employment growth.”

The latest inflation and unemployment 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 (August 2014)			
	Lowest %	Highest %	Average %
2014 (Quarter 4)			
CPI	1.0	2.6	1.7
RPI	1.3	3.4	2.6
LFS Unemployment Rate	5.7	6.4	6.1
2015 (Quarter 4)			
CPI	1.7	3.3	2.1
RPI	2.6	4.6	3.3
LFS Unemployment Rate	4.4	6.2	5.6

The medium term forecasts based on a summary average of independent forecasts (August 2014) for 2014 to 2018 are set out in the following table:-

Source: HM Treasury – Medium Term Forecasts for the UK Economy (August 2014)					
	2014	2015	2016	2017	2018
CPI	1.7%	2.0%	2.1%	2.1%	2.1%
RPI	2.4%	3.1%	3.5%	3.4%	3.4%
LFS Unemployment Rate	6.4%	5.9%	5.6%	5.5%	4.8%

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. On 7 August 2014, 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.

In the MPC minutes published on 20 August 2014, it was noted that two of the 9 members voted for a 0.25% increase in the Bank Rate. For the “two members, in particular, economic circumstances were sufficient to justify an immediate rise in Bank Rate. These members noted that the continuing rapid fall in unemployment alongside survey evidence of tightening in the labour market created a prospect that wage growth would pick up. They noted that it was possible that wages were lagging developments in the labour market to some extent..... These members further noted that, while there were always likely to be risks associated with the possible financial market reaction to the first increase in Bank Rate after such a protracted period, it was unclear that these risks would be lessened, and indeed possible they would be augmented, by delaying that increase.” The MPC, however, did agree that “a potential over-reaction in financial markets was not necessarily a reason to delay an increase in Bank Rate if that were merited by the economic data.”

Analysts are predicting that rates will begin to rise in early 2015. Low inflation is currently helping the Bank of England to keep rates low. At its July meeting, the MPC noted that “members had no preset timing for the first increase in Bank Rate, which would be driven by the data. Against this backdrop, the Committee agreed that no increase was warranted at this meeting, although for some members the decision had become more balanced in the past few months than earlier in the year. “

The MPC makes 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 2013 monitoring report.

The Inflation Report for February 2014 provided a summary of the Bank of England's approach to its proposed monetary policy as the economy recovers and once the unemployment threshold has been reached:-

- The MPC sets policy to achieve the 2% inflation target, and, subject to that, to support the Government's economic policies, including those for growth and employment.
- Despite the sharp fall in unemployment, there remains scope to absorb spare capacity further before raising Bank Rate.
- When Bank Rate does begin to rise, the appropriate path so as to eliminate slack over the next two to three years and keep inflation close to the target is expected to be gradual.
- The actual path of Bank Rate over the next few years will, however, depend on economic developments.
- Even when the economy has returned to normal levels of capacity and inflation is close to the target, the appropriate level of Bank Rate is likely to be materially below the 5% level set on average by the Committee prior to the financial crisis.
- The MPC intends to maintain the stock of purchased assets at least until the first rise in Bank Rate.

- Monetary policy may have a role to play in mitigating risks to financial stability, but only as a last line of defence if those risks cannot be contained by the substantial range of policy actions available to the Financial Policy Committee and other regulatory authorities.

The Bank of England published the August Inflation Report on 13 August. Changes to the Bank Base Rate will depend on how quickly the economy recovers and will be set to achieve the inflation target of 2%. The MPC concluded in the Inflation Report that “the experience of recent years has shown that inflation can also be pushed materially away from the target by external cost shocks. Global energy prices remain a key risk, especially if they become more sensitive to geopolitical events. The outlook for import prices more generally depends on the evolution of the exchange rate. Its impact on inflation will be lower if companies do not fully pass lower import prices through to customers and instead take the opportunity to expand margins.

Robust growth over the past year has taken output to above its pre-crisis peak. Strong output growth has yet to be matched by a material pickup in productivity, however. Instead employment gains have been exceptionally strong and unemployment has fallen sharply. The strength in labour market quantities has contrasted with the weakness of wage growth, increasing the uncertainty about the current degree of spare capacity..... In light of the heightened uncertainty about the current degree of slack, the Committee noted the importance of monitoring the expected path of costs, particularly wages, in assessing inflationary pressures....The pace at which slack was being absorbed was projected to slow, reflecting a gentle expansion of supply, thereby limiting the build-up of domestic inflationary pressures. Import prices were likely to weigh on inflation. Overall, CPI inflation was thought likely to remain close to, or a little below, 2%, before reaching the target at the end of the forecast period.”

The MPC sets monetary policy to meet the 2% target in the medium term and in a way that helps to sustain growth and employment. At its August meeting, the MPC concluded that given the current economic climate when Bank Rate does begin to rise, it is expected to do so only gradually. The MPC noted that the legacy of the financial crisis and broader global forces, mean that Bank Rate is expected to remain below average historical levels for some time to come but “it remained the case, however, that the actual path for monetary policy, even after the first rise in Bank Rate, would remain dependent on economic conditions. In other words, the Committee’s guidance on the likely pace and extent of interest rate rises was an expectation, not a promise.”

Bank Base Rates forecasts, based on July 2014, are set out in the following table:-

	End Q.3 2014	End Q.4 2014	End Q.1 2015	End Q.2 2015	End Q.3 2015	End Q.4 2015	End Q.1 2016	End Q.2 2016	End Q.3 2016	End Q.4 2016	End Q.1 2017	End Q.2 2017
Capita	0.5%	0.5%	0.75%	0.75%	1.0%	1.0%	1.25%	1.25%	1.5%	1.75%	2.0%	2.0%
Capital Economics	0.5%	0.5%	0.75%	0.75%	1.0%	1.0%	1.25%	1.25%	1.5%	1.5%		

Community & Housing Summary Capital Report - July 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care	140,980	(12,469)	3,080	(15,549)	140,019	(961)
Libraries Total	0	0	0	0	0	0
Adult Education and Community	0	0	0	0	0	0
Housing	2,634,480	119,227	300,260	(181,033)	2,634,480	0
Community and Housing Total	2,775,460	106,758	303,340	(196,582)	2,774,499	(961)

Corporate Services Summary Capital Report - July 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Business Improvement	1,306,350	26,310	433,453	(407,143)	1,236,806	(69,544)
Corporate Governance	0	0	0	0	0	0
Corporate Items	1,542,340	0	0	0	0	(1,542,340)
Facilities Management Total	1,410,920	98,829	212,580	(113,751)	1,410,920	0
IT Total	1,180,280	60,055	81,756	(21,701)	1,113,780	0
Resources	333,750	0	0	0	308,500	(25,250)
IT Transformation Unallocated	240,160	0	0	0	0	(240,160)
Corporate Services Total	6,013,800	185,194	727,789	(542,595)	4,070,006	(1,877,294)

Children, Schools & Families Summary Capital Report - July 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Aragon expansion	0	(31,207)	0	(31,207)	0	0
Benedict expansion	0	0	0	0	0	0
Cranmer expansion	2,051,770	1,688,517	1,700,000	(11,483)	2,051,770	0
Primary Expansion Contingency	0	0	0	0	0	0
Joseph Hood Permanent Expansn	219,830	(12,902)	219,830	(232,732)	219,830	0
Holy Trinity Expansion	39,740	55,637	39,740	15,897	40,590	850
St Mary's expansion*	2,946,040	390,337	496,485	(106,148)	2,946,040	0
All Saints/ South Wim YCC exp	9,250	0	9,250	(9,250)	9,250	0
Gorringe Park expansion	18,570	(14,056)	18,570	(32,626)	18,570	0
Hillcross School Expansion	3,492,490	275,739	743,300	(467,561)	3,492,490	0
Merton Abbey Temp Accomodation	3,452,300	276,673	775,665	(498,992)	3,452,300	0
Pelham School Expansion	3,200,000	205,428	977,348	(771,920)	3,200,000	0
Dundonald expansion	981,790	116,266	622,374	(506,109)	981,790	0
Poplar Permanent Expansion	3,450,260	826,059	851,265	(25,206)	3,450,260	0
Liberty expansion	2,620	2,077	2,620	(543)	2,620	0
Singlegate expansion	4,291,090	65,747	878,124	(812,377)	3,880,150	(410,940)
Wimbledon Park expansion	429,380	24,029	369,380	(345,351)	429,380	0
Primary Expansion	24,585,130	3,868,344	7,703,951	(3,835,608)	24,175,040	(410,090)

Children, Schools & Families Summary Capital Report - July 2014 Monitoring Continued ...

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Devolved Formula Capital	439,640	121,676	439,640	(317,964)	365,028	(74,612)
Early Years	0	(59,158)	0	(59,158)	0	0
Free School Meals	437,090	20,447	0	20,447	437,090	0
Garden PCP	12,310	0	12,310	(12,310)	12,310	0
Schools Access Initiative Inc	0	(711)	0	(711)	850	850
SS Peter & Paul PCP	0	0	0	0	0	0
St Ann's Primary Phase	0	20,160	2,460	17,700	0	0
Cricket Green Site	50,050	5,330	50	5,280	50,000	(50)
Primary school autism unit	320,000	0	20,000	(20,000)	320,000	0
Breaks-disabled children grant	0	(4,038)	0	(4,038)	0	0
Perseid	480,600	0	426	(426)	479,750	(850)
Secondary School Autism Unit	40,000	0	0	0	0	(40,000)
Lonesome - Main Heating	0	(1,194)	0	(1,194)	0	0
The Sherwood-Boiler&Perim Fnc	0	(1,868)	0	(1,868)	0	0
West Wim-Boiler&Perim Fnc	0	0	0	0	0	0
Wimb Chase-Dining Hall Roof	0	(760)	0	(760)	0	0
Cricket Gn-Imprved site access	0	0	0	0	0	0
Morden - Safer access scheme	0	(5,000)	0	(5,000)	0	0
Merton Pk- Entrance adaptation	630	(579)	630	(1,209)	630	0
Schs Cap Maint & Accessibility	686,170	0	116,170	(116,170)	686,170	0
B631 - Solar PV Raynes Prk Pav	0	(17,000)	0	(17,000)	0	0
Raynes Park Sports Pavilion	4,770	(25,257)	4,770	(30,027)	4,770	0
Secondary School expansion	275,000	0	8,332	(8,332)	275,000	0
Schools Equipment Loans	372,800	0	50,000	(50,000)	372,800	0
ICT Harnessing Technolgy Grant	0	0	0	0	0	0
Wimbledon Chase DCSF grant	68,980	3,579	68,980	(65,401)	68,980	0
Youth&Comm centres reprovision	17,390	(795)	(2,610)	1,815	17,390	0
	3,205,430	54,832	721,158	(666,326)	3,090,768	(114,662)
Children Schools and Families	27,790,560	3,923,176	8,425,109	(4,501,934)	27,265,808	(524,752)

Environment & Regeneration Summary Capital Report - June 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Footways Planned Works	1,000,000	83,519	131,074	(47,555)	1,000,000	0
Greenspaces	1,023,980	263,365	98,409	164,956	853,160	0
Highways General Planned Works	748,120	86,239	81,941	4,298	692,850	(730)
Highways Planned Road Works	1,783,100	52,398	212,967	(160,569)	1,500,000	0
Leisure Centres	1,609,290	213,073	582,184	(369,111)	1,109,290	0
Other E&R	144,340	(2,893)	500	(3,393)	144,340	0
On and Off Street Parking	42,910	22,456	4,000	18,456	42,910	0
Plans and Projects	130,000	0	30,000	(30,000)	70,000	0
Regeneration Partnerships	4,438,400	15,498	139,893	(124,395)	3,056,505	(1,381,900)
Street Lighting	410,000	13,615	48,856	(35,241)	410,000	0
Street Scene	375,190	11,226	61,793	(50,568)	315,000	(60,190)
Transport for London	2,393,550	201,756	162,284	39,472	2,346,010	0
Traffic and Parking Management	178,500	39,533	43,500	(3,967)	173,230	(5,270)
Transport and Plant	678,680	(2,173)	54,998	(57,171)	611,210	(67,470)
Safer Merton - CCTV & ASB	145,000	0	0	0	145,000	0
Environmental Health	0	6,328	13,332	(7,004)	0	0
Waste Operations	215,400	13,241	10,500	2,741	215,400	0
Environment and Regeneration	15,316,460	1,017,181	1,676,231	(659,051)	12,684,905	(1,515,560)

Adjustments to the Capital Programme July Monitoring

Appendix 5b

	2014/15 Budget	Virements	Adjusted & New Funding	Reprofiling	Revised 2014/15 Budget	2015/16 Budget	Reprofiling	Revised 2015/16 Budget	2016/17 Budget	Reprofiling	Revised 2016/17 Budget
	£	£	£	£	£	£	£	£	£	£	£
Environment & Regeneration											
Section 106											
B487 Landscape Ravensbury Park	5,450		(4,580)		870			0			0
B617a-c Wimbledon Park upgrade	15,030		(5,600)		9,430			0			0
B489 Landscape Colliers Wd Rc	0		11,230		11,230			0			0
B506 Colliers Wood Rec	0		5,000		5,000			0			0
Rowan Rd Rec (B525)	6,000		(6,000)		0			0			0
Colliers Wood Area (S106)	0		9,570		9,570			0			0
S106 Wim broadwy CA	6,480		40,000		46,480			0			0
B591b Shop Front Improvement	24,480		18,030		42,510			0			0
B544 Wimbledon Station Access	1,980		9,810		11,790			0			0
River Wandle Footbridge	12,880		30,440		43,320			0			0
Bewley Bridge	0		25,540		25,540			0			0
Public Health Reserve											
Pollution	0		60,000		60,000			0			0
GLL Football Programme	0		25,000		25,000			0			0
Outdoor Gyms	0		60,000		60,000			0			0
Dev and Licensing PH Framework	0		30,000		30,000			0			0
Transport for London											
Living Wandle Ravensbury Park	0		76,200		76,200			0			0
Poulter Park (Wandle Trail)	0		22,000		22,000			0			0
Department for Transport											
Severe Weather Road Maintenanc	0		283,100		283,100			0			0
Reprofiling											
Town Centre Investment	810,000			(400,000)	410,000	878,000	400,000	1,278,000	1,037,000	0	1,037,000
Children, Schools and Families											
St Mary's expansion - LCVAP	2,590,210		355,830		2,946,040			0			0
Corporate Services								0			0
Replacement Social Care System	971,000			(571,000)	400,000	0	571,000	571,000			
Capital Bidding Fund	1,000,000			(500,000)	500,000	1,000,000	0	1,000,000	0	500,000	500,000
Civic Centre - Upgrading Lifts	650,000			(185,000)	465,000	0	185,000				
Room and Space Management	0	66,500			66,500			0			0
Transformation Budget	306,660	(66,500)			240,160			0			0
Total	6,400,170	0	1,045,570	(1,656,000)	5,789,740	1,878,000	1,156,000	2,849,000	1,037,000	500,000	1,537,000

Capital Programme Funding Summary 2014/15

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Cabinet - June 2014	21,986	30,521	52,507
Environment and Regeneration			
B487 Landscape Ravensbury Park	0	(5)	(5)
Living Wandle Ravensbury Park	0	76	76
B617a-c Wimbledon Park upgrade	0	(6)	(6)
B489 Landscape Colliers Wd Rc	0	11	11
B506 Colliers Wood Rec	0	5	5
Rowan Rd Rec (B525)	0	(6)	(6)
Colliers Wood Area (S106)	0	10	10
GLL Football Programme	25	0	25
Outdoor Gyms	60	0	60
River Wandle Footbridge	0	30	30
Severe Weather Road Maintenan Pollution	0	283	283
	60		60
S106 Wim broadwy CA	0	40	40
B591b Shop Front Improvement	0	18	18
Poulter Park (Wandle Trail)	0	22	22
Bewley Bridge	0	26	26
B544 Wimbledon Station Access	0	10	10
Dev and Licensing PH Framework	30	0	30
Town Centre Improvements	(400)	0	(400)
Corporate Services			
Replacement Social Care System	0	(571)	(571)
Capital Bidding Fund	(500)	0	(500)
Civic Centre - Upgrading Lifts	(185)	0	(185)
Childrens, Schools and Families			
St Mary's expansion	0	356	356
Cabinet - September 2014	21,076	30,820	51,896

Capital Programme Funding Summary 2015/16

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Cabinet - June 2014	9,027	33,872	42,899
Town Centre Improvements	400	0	400
Corporate Services			
Replacement Social Care System	0	571	571
Civic Centre - Upgrading Lifts	185		185
Childrens, Schools and Families			
St Mary's expansion	0	356	356
Cabinet - September 2014	9,612	34,799	44,411

DEPARTMENT: CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2014-15

APPENDIX 6

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Children Social Care							
CSF2012-01	Reduction of the overall detached youth service budgets following service review.	25	25	0	G	Paul Angeli		
CSF2012-09	Participation/Advocacy commissioning	50	50	0	G	Paul Angeli		
CSF2012-10	Duke of Edinburgh reprovide via schools funding	25	25	0	G	Paul Angeli		
CSF2012-12	Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE)	100	100	0	G	Paul Angeli		
	Education							
CSF2012-02	Increased income generation and management efficiencies	70	70	0	G	Jan Martin		
CSF2012-03	Service restructuring and realignment to deliver efficiencies	100	100	0	G	Jan Martin		
CSF2012-08	Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport	140	70	70	A	Jan Martin	Base budgets were reduced. The annual SLA charge is circa £300k above the budget due to an increase in 2013/14. Overall transport budget is forecasting an overspend due to increase taxi costs. Procedures have been put in place to generate savings.	Y
	Commissioning, Strategy and Performance							
CSF2012-05	Reduction in commissioning budgets for Early Intervention and Prevention service	50	50	0	G	Paul Ballatt		

DEPARTMENT: CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2014-15

APPENDIX 6

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2012-06	Reduce expenditure on LAC and SEN placements	200	178	22	A	Paul Ballatt	Base budgets were reduced. Increased cost due to higher caseload is causing a cost pressure, some of which is covered by grant funding. Grant funding is not expected to continue which will lead to an even bigger cost pressure in future years.	Y
CSF2012-07	Staffing reduction equivalent to 1 fte	50	50	0	G	Paul Ballatt		
CSF2012-11	Reduction of one post in commissioning and partnerships	50	50	0	G	Paul Ballatt		
	Total Children, Schools & Families Department Savings for 2014-15	860	768	92				

DEPARTMENT: CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2014-15

APPENDIX 6

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
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DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2014/15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Adult Social Care							
ASC7	0% inflation uplift to third party suppliers	550	450	100	A	David Slark	It is anticipated that there will be some challenges from Supplier . Each challenge will be dealt with on a case by case basis. However at this point savings target should be achieved.	Y
ASC13/ASC34	Brokerage Efficiencies	300	26	274	R	Julie McCauley		Y
ASC16	Transitions	50	22	28	R	Jonathan Brown		Y
ASC19	Monitoring of high value/high cost placements (domiciliary)	50	22	28	R	Jonathan Brown		Y
ASC8	Optimising the use of block and spot contracts	300	50	250	R	David Slark		Y
ASC45	Reablement (outcome- care packages)	50	50	0	G	Sarah Wells		
ASC46	Review Service packages	60	5	55	R	Jean Spencer	There maybe challenges in meeting this project's target. Project leads will however look to develop a	Y
ASC54	Reduction in Mental Health Placement	50	0	50	R	Kamla Sumbhoolual	There maybe challenges in meeting this project's target. Project leads will develop a comprehensive plan to achieve as much savings as possible.	Y
CH12	Remove day care costs from residential customers	250	0	250	R	Andy Ottaway-Searle		Y
CH14	All Saints Respite extension	36	0	36	R	Julie McCauley		Y
CH15	Assistive Technology	70	0	70	R	Andy Ottaway-Searle	Although referrals to MASCOT has increased it is likely this project will not meet its target.	Y

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Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CH6	Voluntary Organisation- SLA reduction	150	150	0	G	Rahat Ahmed-Man		
ASC51	Voluntary Sector Grants- reduction in infrastructure	98	98	0	G	Rahat Ahmed-Man		
ASC52	Delete 1 management post & reduce management & staffing costs	53	53	0	G	Rahat Ahmed-Man		
ASC53	Meals on wheels contract	50	0	50	R	Rahat Ahmed-Man	There maybe a challenge in meeting this project's target. Project lead will look to develop a comprehensive plan to achieve as much savings as possible.	Y
ASC4	TCES Retail Model (simple equipment)	23	23	0	G	Maike Blakemore		
ASC44	Remodelling of reablement service	282	282	0	G	Sarah Wells		
ASC47	Additional Reablement Funding (CCG)	500	500	0	G	Sarah Wells		
ASC48	Staff Vacancy Factor	105	105	0	G	ALL		
CH2	Promoting independence	500	500	0	G	Sarah Wells		
CH4	Reduce management costs & reduction in staffing costs	148	148	0	G	Jonathan Brown/ Jenny Rees & Julie Phillips		
CH13	Reduction in staffing in Access & Assessment	50	50	0	G	Jonathan Brown/ Jenny Rees & Julie Phillips		

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
ASC6/ASC49/CH8	Transport	246	0	246	R	Andy Ottaway-Searle	It is anticipated that this project will not meet the target. There are a number of external corporate factors impacting on this target.	Y
ASC50/CH7	Staffing savings in Direct Provision	216	216	0	G	Andy Ottaway-Searle		
ASC23	system . Reablement	(2,000)	(2,000)	0	G	Sarah Wells		
	<u>Merton Adult Education</u>							
	Increase income from commercial courses and café, reduction in staff. Admin & marketing cost.	176	0	176	R	Yvonne Tomlin	Budget holder meeting to be arranged to establish an action plan to meet savings as team is already forecasting an overspend.	Y
	<u>Libraries</u>							
	Media fund	10	10	0	G	Anthony Hopkins		
	<u>Housing</u>							
	Homelessness Prevention Grant	92	92	0	G	Steve Langley		
	Total Community & Housing Department Savings for 2014/15	2,465	852	1,613				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under
	<u>Business Improvement</u>							
CS1	Rationalisation of management costs	50	50	0	A	Sophie Ellis	Awaiting outcome of restructure	N
CS3	Generate income through training	5	5	0	A	Sophie Ellis	Alternate saving to be identified	N
CS4	Expiry of salary protection	10	10	0	G	Sophie Ellis		
	<u>IT Service Delivery</u>							
CS5	Review and challenge of the procurement of Support & Maintenance & Licence Contracts	29	29	0	G	Mark Humphries		
CS6	Consolidation of ITSD Revenue Budgets	34	34	0	G	Mark Humphries		
CS7	Reduction of costs through re-procurement of Mobile Telephones Contract against a number of revenue budgets spread across the Council	10	10	0	G	Mark Humphries		
CS9	Fallout of pay protection	16	16	0	G	Mark Humphries		
CS11	Deletion of One Van	5	5	0	G	Mark Humphries		
CS13	Cancellation of all Escrow Agreements (Carefirst, Hometrack Data, Ash, Open Revenues, Proactis, Fibonacci)	4	4	0	G	Mark Humphries		
CS14	Cancellation of ttMobile contract	35	35	0	G	Mark Humphries		
CS19	Energy ReFit Savings (Subject to agreed investment) - Phase 1	100	100	0	G	Mark Humphries		
CS24	Project Manager - Accommodation (Vacant Post)	46	46	0	G	Mark Humphries		

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under
CS26	Savings realised from the renegotiation of Corporate Cleaning Contract	39	39	0	G	Mark Humphries		
CS28	M&E Term Contract (Amalgamation) of Intruder Alarms	10	10	0	G	Mark Humphries		
CS29	Energy Procurement	200	200	0	G	Mark Humphries		
CS32	<u>Corporate Governance</u> Integrate the FOI and Complaints functions	40	0	40	R	Paul Evans	Alternate savings within division identified	Y
CS35	<u>Customer Services</u> Close Cash Office	30	30	0	G	Sean Cunniffe		
CS36	Re tendering of Cash Collection Contract	20	20	0	A	Sean Cunniffe		N
CS37	Increase Registrars Income	20	20	0	G	Sean Cunniffe		
CS38	Review of Welfare Benefits and New Welfare Support program	30	30	0	G	David Keppler		
CS39	Impact of Customer Service Review	30	30	0	G	David Keppler		
CS40	Rationalisation of Divisional Budgets	20	20	0	G	David Keppler		
CS41	<u>Resources</u> Resources - Change in Audit Arrangements	185	185	0	G	Paul Dale		
CS42	Resources -Fall Out of Pay Protection Arrangement	45	45	0	G	Paul Dale		

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under
CS43	Resources -Delete Business Planning Post	50	50	0	G	Paul Dale		
CS44	Resources -Review of Insurance Provision	200	200	0	G	Paul Dale		
CS45	Resources -Improved Cash Management	200	200	0	G	Paul Dale		
CS37	<u>I&T</u> Introduce a charge for the Archive Service Facility (approximately 0.39p per month - commercial rates x 3300 boxes) to produce income - E02243	15	15	0	A	Mark Humphries	Alternate savings to be identified	N
CS46	<u>Human Resources</u> Co-locate all recruitment jobs	60	60	0	G	Dean Shoesmith		
CS47	CRB Income generation via sales to PVI	30	10	20	R	Dean Shoesmith	Alternate savings to be identified as well as further opportunities for income	Y
CS54	<u>Corporate Governance</u> Delete Deputy Head of Service or one Democratic Services Officer post	18	18	0	G	Paul Evans		
CS56	Reduction in overtime payments to staff in Mayor's Office	1	1	0	G	Paul Evans		
	<u>Customer Services</u> Delete Communications Admin Assistant post (vacant)	23	23	0	G	Sophie Poole		
	Delete Advertising, Film and Sponsorship Officer post (vacant)	40	40	0	G	Sophie Poole		
	Total Corporate Services Department Savings for 2014/15	1,650	1,590	60				

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15

Ref		2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Unders pend? Y/N
<u>LEISURE & CULTURE</u>								
ER04	Reductions in supplies & services budgets; Increased income at Morden Assembly Hall and the Watersports Centre; Grant reduction of c15% to both Polka and Attic Theatres.	29	29	0	G	James McGinlay		
ER05	Increase income through installation of multi use games area at Canons Leisure Centre.	15	15	0	G	James McGinlay		
EN33	Recharging for staff time & reduction of 0.2fte.	33	33	0	G	James McGinlay		
EN35	Increased Income through various charging increases.	11	11	0	G	James McGinlay		
EN36	Increased Income through sale of advice & guidance.	15	15	0	G	James McGinlay		
EN38	Reduction of Core Arts Grants to Polka Theatre.	4	4	0	G	James McGinlay		
<u>BUILDING & DEVELOPMENT CONTROL</u>								
EN06	Staff reduction of 2fte.	73	73	0	G	James McGinlay		
<u>TRAFFIC & HIGHWAYS</u>								
EN23	Reduction in Grounds Maintenance Budget.	50	50	0	G	James McGinlay		
EN24	Deletion of Major Project Engineer Post.	30	30	0	G	James McGinlay		
EN25	Reduction in the Surface Water Budget.	18	18	0	A	James McGinlay	There is a backlog of drainage related repairs that have been prioritised. Adverse weather has added to this backlog but it is currently expected that this pressure can be contained within existing budgets.	N
EN26	Reduction in the Ditching Budget.	11	11	0	G	James McGinlay		
EN27	Reduction in the Lining Budget.	10	10	0	G	James McGinlay		
EN28	Reduction in Energy budget.	70	70	0	G	James McGinlay		
<u>FUTURE MERTON</u>								
EN41	Review of staffing levels by 1.5fte within the section following transformation review.	40	40	0	G	James McGinlay		
EN43	Community grant scheme reduction.	60	60	0	G	James McGinlay		
<u>GREENSPACES</u>								
EN45	Further commercialisation and development of sports and allied parks services	96	96	0	G	James McGinlay		
<u>ENVIRONMENTAL HEALTH, TRADING STANDARDS & LICENCING</u>								

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15

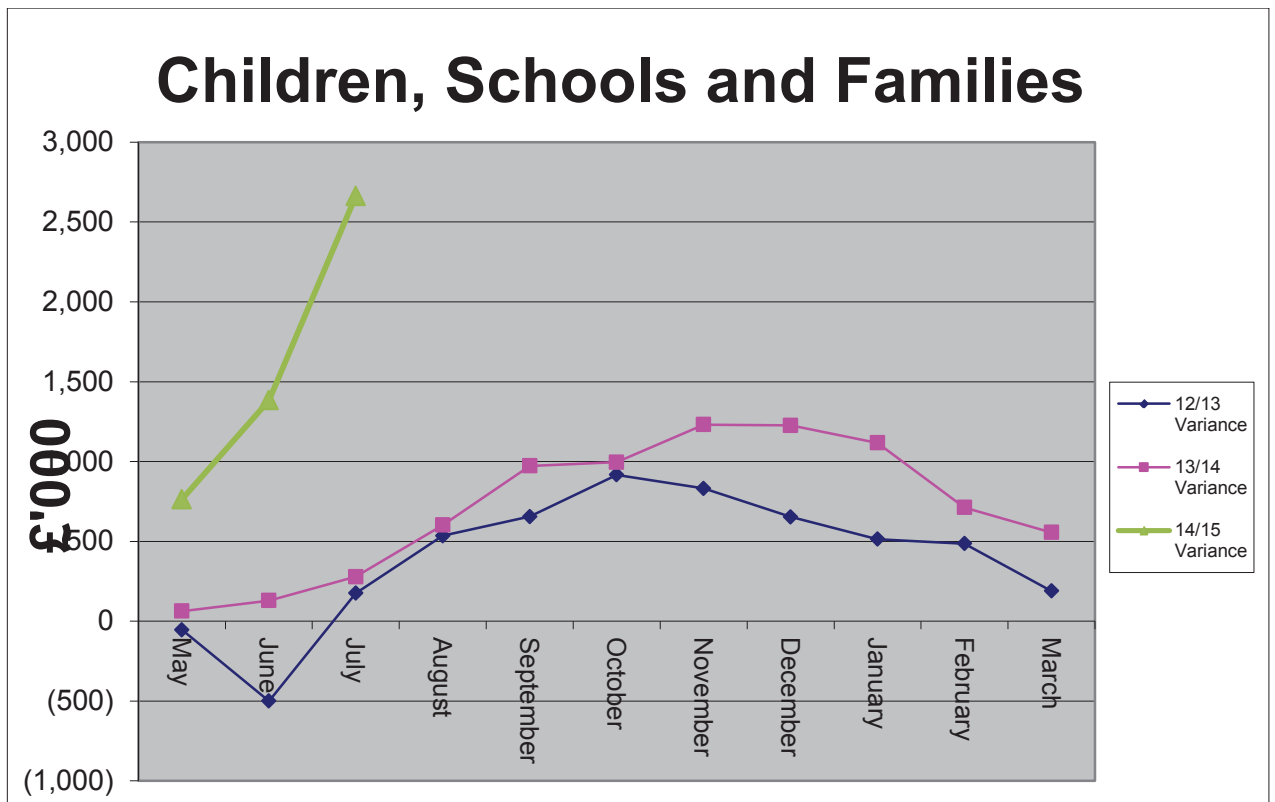
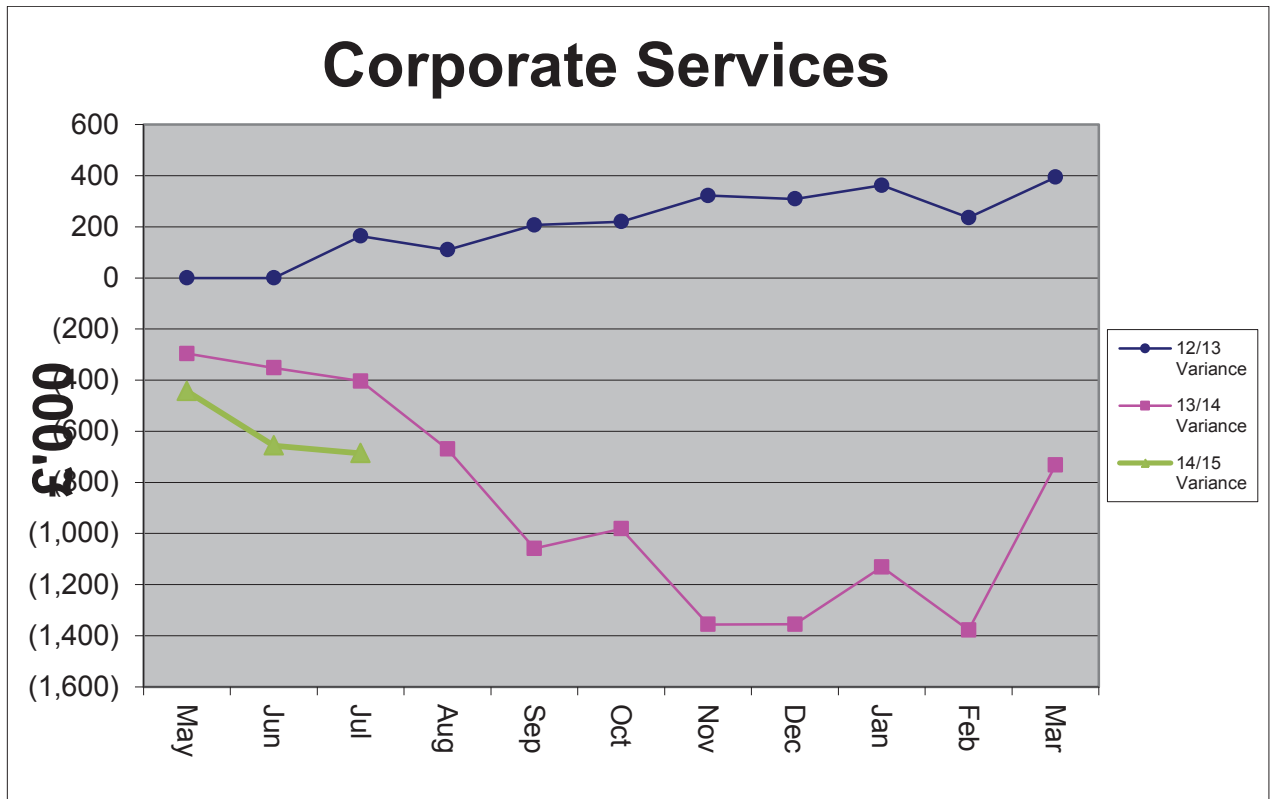
Ref		2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Underspend? Y/N
ER10	Merton & Richmond shared regulatory services.	100	100	0	A	John Hill	Shared Service began on 1st August. Due to the delayed start date, the full £100k saving may not be met this financial year. However, any shortfall is expected to be met from posts currently vacant within the section.	N
WASTE SERVICES								
ER17	Ceasing compensation payments to Sutton as part of SLWP agreement.	10	10	0	G	Cormac Stokes		Y
	Planning costs reduction	59	59	0	G			
	Reduction in costs of waste process per tonne	1207	1207	0	G			
	Consultancy and legal costs cease in relation to new partnership contracts	213	188	25	R			
ER25	Commercial Waste and Recycling	250	0	250	R	Cormac Stokes	The section is currently working with Eunomia to analyse the commercial waste costs / income. Eunomia are conducting a "full" review of the service, seeking to deliver a final report on action required to improve profitability and income achievement. The report is expected in early autumn.	Y
EN15	Alter management structure as a result of recommendations in consultants report.	56	56	0	G	Cormac Stokes		
EN15	Improved performance management and implementation of the Council's new sickness policy resulting in a reduction in agency staff usage.	100	0	100	R	Cormac Stokes	The 2014/15 baseline budget was reduced by £100k, and the agency related expenditure is forecast to reduce from £2,012k in 2013/14 to £1,607k in 2014/15. However, this still results in a forecast overspend of £395k.	Y
EN17	Reduction in Staffing 1.5 FTE	65	65	0	G	Cormac Stokes		
EN18	Reduction in cost of waste processing per tonne (phase B) contract gate fee	135	135	0	G	Cormac Stokes		
EN19	Reduction/Re-negotiation of Phase A Contracts.	295	295	0	G	Cormac Stokes		
EN20	Reduction of tonnage to landfill based on current projections for disposal	60	60	0	G	Cormac Stokes		
EN21	Dividend from positive movements in Foreign Exchange rates associated with capital costs of Phase B facility resulting in improved unitary charge	50	50	0	G	Cormac Stokes		
PARKING SERVICES								
EN03	Enforcement of new CPZ's (Controlled Parking Zones)	50	10	40	R	John Hill	The CPZ implementation programme for this year is such that it is unlikely to generate the level of income previously forecast from enforcement. The saving will be mitigated by the employment of additional CEOs to cover sickness, absences and areas of non-compliance not routinely patrolled within the existing staff rotas.	Y

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15

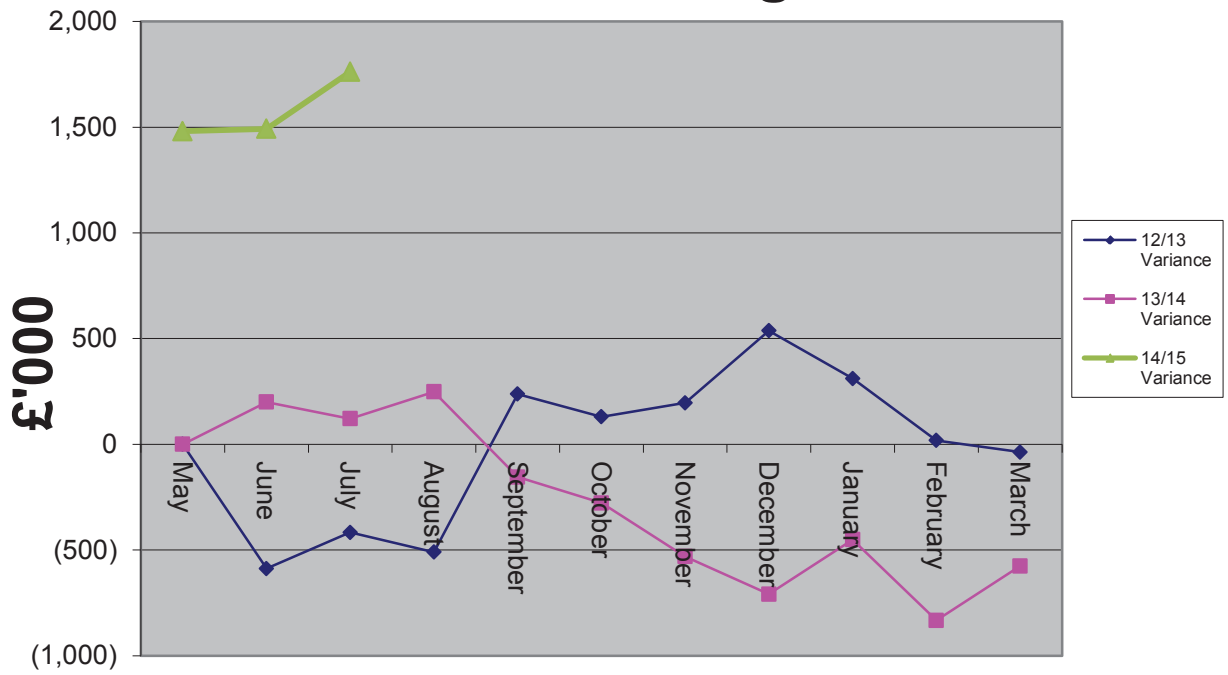
Ref		2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
EN04	Implementation of Pay & Display machines in new CPZ's (Controlled Parking Zones)	75	15	60	R	John Hill	This is ongoing, but not at the rate previously forecast.	Y
EN12	Refocusing of resources on areas of non-compliance in order to tackle traffic congestion hotspots and increase efficiency of the service.	48	48	0	G	John Hill		
Total Environment and Regeneration Savings 2014/15		3338	2863	475				

APPENDIX 7

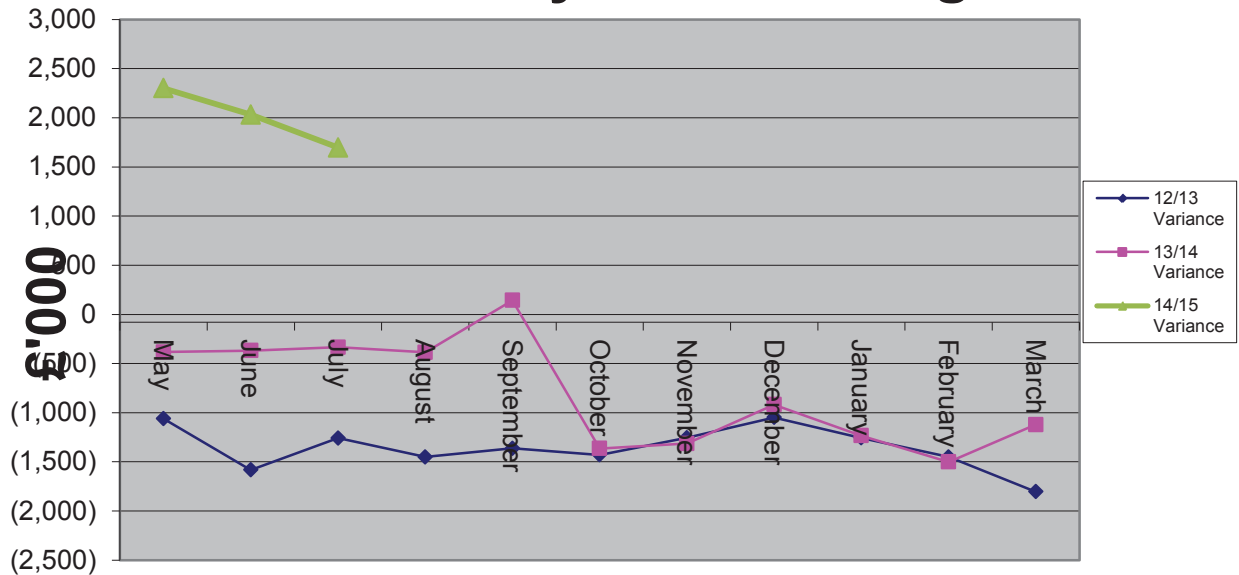
The following charts show the forecast year end variance by department with a comparison for 2012/13 and 2013/14:



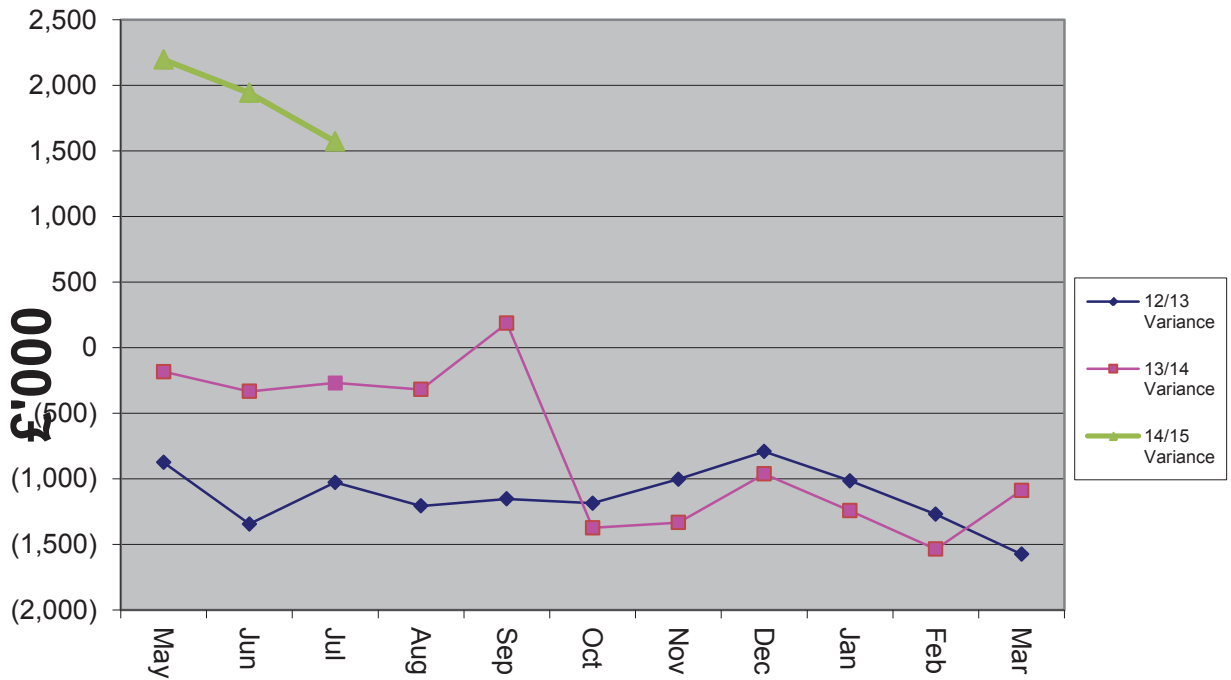
Environment and Regeneration



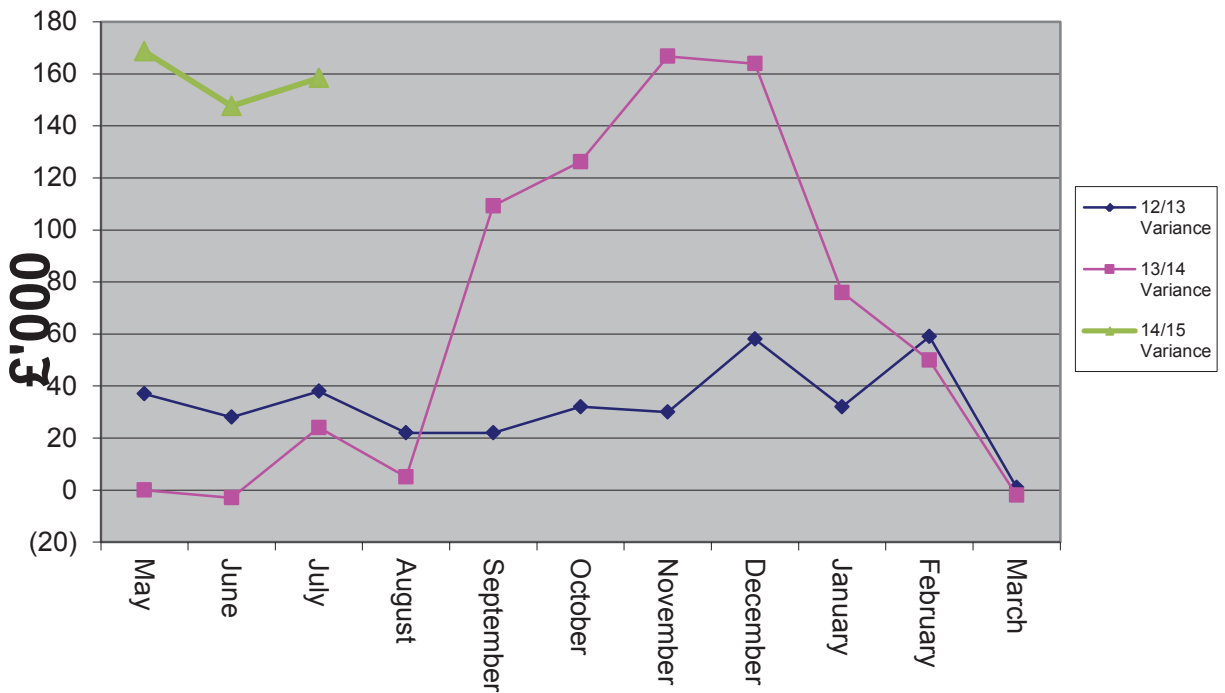
Community and Housing



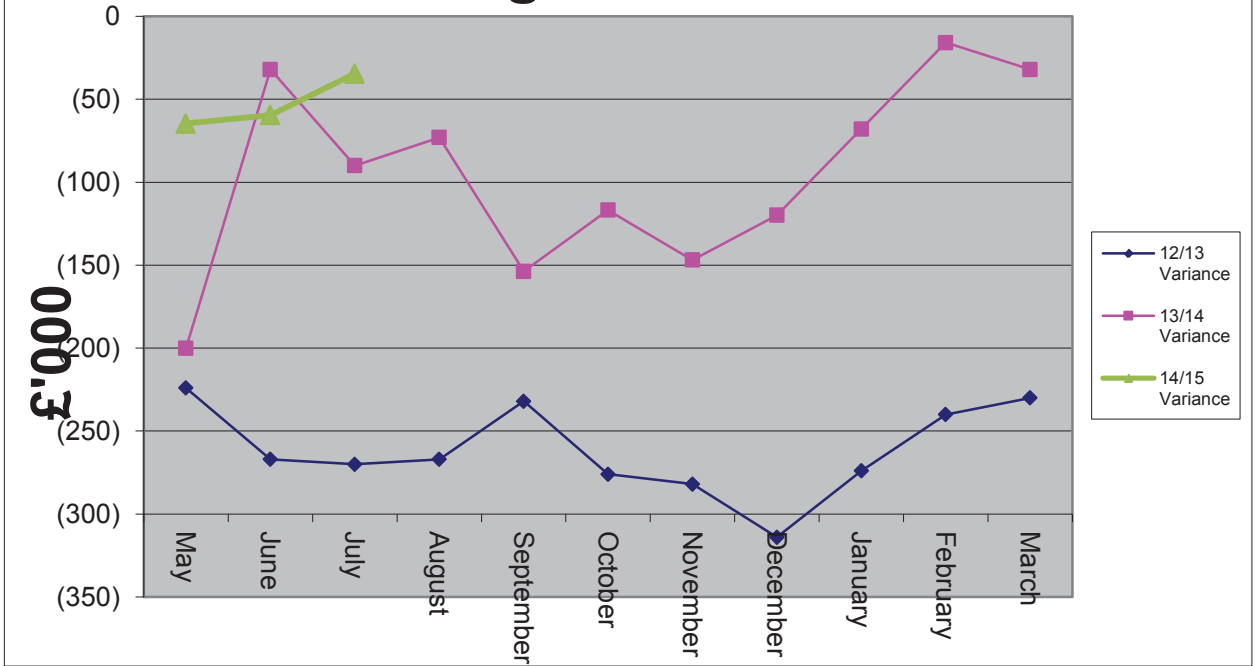
Adult Social Care



Libraries & Adult Education



Housing General Fund



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