

# Merton Council

## Cabinet Agenda

### Membership

#### Councillors:

Stephen Alambritis (Chair)  
Mark Allison  
Caroline Cooper-Marbiah  
Nick Draper  
Andrew Judge  
Edith Macauley MBE  
Maxi Martin  
Judy Saunders  
Martin Whelton

**Date: Monday 15 September 2014**

**Time: 7.15 pm**

**Venue: Committee rooms C, D & E - Merton Civic Centre, London Road,  
Morden SM4 5DX**

This is a public meeting and attendance by the public is encouraged and welcomed.  
For more information about the agenda please contact  
[democratic.services@merton.gov.uk](mailto:democratic.services@merton.gov.uk) or telephone [020 8545 3361](tel:02085453361).

All Press contacts: [press@merton.gov.uk](mailto:press@merton.gov.uk), 020 8545 3181

# Cabinet Agenda

## 15 September 2014

1	Apologies for absence	
2	Declarations of pecuniary interest	
3	Minutes of the previous meeting	1 - 8
4	Strategic Partner Funding 2015-18	9 - 42
5	Allocation of s.106 monies for affordable housing	43 - 48
6	Financial Monitoring June 2014-15	49 - 102
7	Financial Monitoring July 2014-15	To Follow

### **Note on declarations of interest**

Members are advised to declare any Disclosable Pecuniary Interest in any matter to be considered at the meeting. If a pecuniary interest is declared they should withdraw from the meeting room during the whole of the consideration of that matter and must not participate in any vote on that matter. If members consider they should not participate because of a non-pecuniary interest which may give rise to a perception of bias, they should declare this, withdraw and not participate in consideration of the item. For further advice please speak with the Assistant Director of Corporate Governance.

All minutes are draft until agreed at the next meeting of the committee/panel. To find out the date of the next meeting please check the calendar of events at your local library or online at [www.merton.gov.uk/committee](http://www.merton.gov.uk/committee).

CABINET  
30 JUNE 2014  
(19.15 - 20.10)

PRESENT

Councillor Stephen Alambritis (in the Chair),  
Councillor Mark Allison, Councillor Caroline Cooper-Marbiah,  
Councillor Nick Draper, Councillor Andrew Judge,  
Councillor Edith Macauley, Councillor Maxi Martin,  
Councillor Judy Saunders and Councillor Martin Whelton

Ged Curran (Chief Executive), Paul Evans (Assistant Director of Corporate Governance), Caroline Holland (Director of Corporate Services), Chris Lee (Director of Environment and Regeneration), Paul Ballatt (Assistant Director of Commissioning, Strategy and Performance), Simon Williams (Director of Community and Housing), and Chris Pedlow (Senior Democratic Services Officer).

ALSO PRESENT

Councillors Agatha Akyigyina, John Bowcott, David Dean,  
James Holmes and Russell Makin.

1. APOLOGIES FOR ABSENCE (Agenda Item 1)

No apologies were received.

2. DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

No pecuniary declarations were made.

3. MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

The Minutes of the Meeting of the Cabinet held on the 16 June 2014 were approved as a correct record.

4. ADOPTION OF LBM CLIMATE CHANGE STRATEGY (2014-2017) (Agenda Item 4)

The Cabinet Member for Environmental Sustainability and Regeneration presented the report, which included the proposed new strategy that was built on principles of environmental sustainability and on the impressive work achieved under the Council's previous climate change strategy.

The Cabinet acknowledged that a scrutiny review of Climate Change and the Green Deal had thoroughly scrutinised the document as well as coming up with a number of recommendations itself.

## RESOLVED

A) That, having noted the recommendations of the scrutiny review of Climate Change and the Green Deal (agenda item 7 of this meeting), Cabinet adopts the council's Climate Change Strategy (2014-2017)

B) That Cabinet agrees to delegate to the Director of Environment and Regeneration in consultation with the Cabinet member, the authority to make appropriate amendments/ minor clerical corrections as necessary.

## 5. FINAL REPORT AND RECOMMENDATIONS OF THE CLIMATE CHANGE AND GREEN DEAL TASK GROUP (Agenda Item 5)

Councillors Russell Makin and James Holmes jointly introduced the report and placed on record their thanks to Kevin Godding, Tom Walshe and Rebecca Redman for their work on the review, especially for their 'big picture' thinking. It was explained that the key finding of the task group was exciting, the possibility of the Council establishing an Energy Services Company (ESCO) to be able provide energy to residents at a cost below market rate. It was acknowledged that there would be a significant cost implication to develop an ESCO but in the long term it would be at least cost efficient, if not income generating.

In response Councillor Judge commented that the findings of the task group were certainly interesting, however the key factor in considering taking them any further forward was ensuring private sector investment in any form of ESCO.

## RESOLVED

A). That Cabinet considered and endorsed the report arising from the scrutiny review of Climate Change and the Green Deal.

B). That Cabinet agrees to submit an Executive Response and Action Plan to the Sustainable Communities Scrutiny Panel at their September 2014 meeting outlining their response to the report and decision taken regarding the recommendations made, including actions to be taken to implement the agreed recommendations.

## 6. FINAL REPORT AND RECOMMENDATIONS OF THE SCHOOL LEADERSHIP SUCCESSION PLANNING TASK GROUP (Agenda Item 6)

Councillor James Holmes introduced the report and placed on record his thanks to Rebecca Redman for her work on the review. He commented that the review was

certainly challenging area to examine and he highlighted two of the key findings, the first being the need to have a mechanism of encouraging BME governors in schools and how do we enable BME teachers to rise to senior roles within schools.

In response Cabinet thanked the task group for their findings especially highlighting the need to ensure that schools had governors that were more representative of the diversity of the pupils.

## RESOLVED

A). That Cabinet considered and endorsed the report arising from the scrutiny review of school leadership succession planning.

B). That Cabinet agrees to submit an Executive Response and Action Plan to the Children and Young People Scrutiny Panel at their October 2014 meeting outlining their response to the report and decision taken regarding the recommendations made, including actions to be taken to implement the agreed recommendations.

## 7. CONSULTATION ON POTENTIAL PROJECTS FOR MERTON'S COMMUNITY INFRASTRUCTURE LEVY (Agenda Item 7)

The Cabinet Member for Environmental Sustainability and Regeneration presented the report, which sought approval to go out to public consultation on Merton's Community Infrastructure Levy (CIL) strategic infrastructure project list (Reg 123 List) and neighbourhood project lists.

The Cabinet had noted the tabled paper from the Borough Plan Advisory Committee (BPAC), which supported the recommendations contained within the report, and suggested a further recommendation. On the proposed recommendation the Cabinet did not agree it was necessary for the consultation result and draft project list to go to BPAC, before the final decision on the results were taken.

## RESOLVED

A). That Cabinet approves a six weeks of public consultation on Merton's Community Infrastructure Levy (CIL) strategic infrastructure project list (Reg 123 List) and neighbourhood project lists to start in September 2014.

B). That approval of the consultation documents and other matters be delegated to the Director of Environment and Regeneration in consultation with the Cabinet Member.

8. CONSULTATION ON MERTON'S DRAFT GUIDANCE ON PLANNING OBLIGATIONS (Agenda Item 8)

The Cabinet Member for Environmental Sustainability and Regeneration presented the report, which sought approval to go out to public consultation on the revised Planning Obligations Supplementary Planning Document (SPD). It was noted that the new SPD would be an up-to-date document that would take account of the latest legislation and guidance to ensure the Merton planning obligations are applied to support open spaces, healthcare, education and other infrastructure in the borough.

The Cabinet had regard to the tabled paper from the Borough Plan Advisory Committee (BPAC) and its revised recommendation. On the revised recommendation the Cabinet did not agree it was necessary for Cabinet to approve the consultation documents. Instead they were satisfied with the original recommendation to delegate the approval to the Director of Environment and Regeneration in consultation with the Cabinet Member. The Cabinet were prepared that the Borough Plan Advisory Group be consulted prior to the documents being agreed for public consultation.

RESOLVED

A). That Cabinet approves a six weeks of public consultation on Merton's draft planning obligations supplementary planning document (consultation to start in September 2014).

B). That approval of the consultation documents and other matters be delegated to the Director of Environment and Regeneration in consultation with the Cabinet Member, and that the Borough Plan Advisory Group is consulted prior to the documents being agreed for public consultation.

9. CIRCLE HOUSING MERTON PRIORY: REGENERATION PROJECT (Agenda Item 9)

The Cabinet considered the report which sought to further explore an opportunity with Circle Housing Merton Priory Homes (CHMP) to improvement the levels of housing at three estates within the Borough namely High Path, Eastfields and Ravensbury.

CHMP were required to meet Decent Homes Standards (DHS) on the three estates by March 2015. Following an evaluation by CHMP of what was required to meet DHS it was deemed not financially or practicably feasible to raise them to the required standards, partly to the nature of the buildings. Instead a regeneration project had been proposed with the potential to provide much needed, higher quality housing as well as reduce the maintenance liability and long term burdens for leaseholders.

The report also provided further information including the proposed current offer to residents, how the Local Plan links to the estates regeneration, the housing supply and the property type, size and layout.

Councillor Judge emphasised that the Council has not made a decision on the regeneration project. There was a need however to temporarily suspend the decent homes standards for a period of 18 months for the three estates, whilst the further investigation work takes place. Once that was completed the Council would then make its decision as to whether to co-operate with the regeneration. If the Council decides not to support the regeneration, the decent homes standards obligations would immediately be reintroduced.

Ms Hays-Robinson, (a resident of High Path), addressed the Cabinet on the proposal. Her comments included that she and a number of other residents had grave concerns over the proposals, which were unwelcome. They had little faith in Circle housing, and felt they would be unable to deliver any improvements, and that there was no value in destroying the lovely red brick buildings in High Path for the sake of it.

The Leader addressed the concerns raised by saying that no final decisions on the regeneration proposal had been taken, and what was being proposed currently was simply to approve further explorations. He also stated that he was in talks with CHMP to gain 10 signed commitments for how CHMP would be supporting residents during the process.

## RESOLVED

That Cabinet recommends that Council (09 July 2014):

- 1). Are updated on due diligence undertaken over the past six months by the London Borough of Merton (LBM) and Circle Housing Merton Priory (CHMP) officers working together.
- 2). That Council notes the significant opportunity this project represents to improve housing conditions for tenants, leaseholders and freeholders and the potential contribution to addressing wider housing provision pressures in Merton and London.
- 3). Agrees to proceed with exploration of estate regeneration schemes for Eastfields, High Path and Ravensbury via:
  - (a) Preparation, in partnership with Circle Housing Merton Priory of a statutory Estate Regeneration Local Plan Document setting out the strategic planning framework to guide any estate regeneration proposals;
  - (b) Consideration of the Council's statutory powers where appropriate, to help deliver the proposed Estates Regeneration Local Plan.
- 4). Adopts revisions to Merton's Local Development Scheme as the project plan and timetable to prepare the proposed Estates Regeneration Local Plan, subject to the Mayor of London's approval.

5). Resolves to suspend the obligation in the Stock Transfer Agreement dated 22 March 2010 ("Transfer Agreement") on the part of CHMP to carry out the Qualifying Works (as defined in the Transfer Agreement) at High Path (South Wimbledon), Eastfields (Mitcham) and Ravensbury (Morden) to comply with the Decent Homes Standard for a period of up to 18 months subject to there being no legal objection or obstacle, to enable CHMP to explore the viability of estate regeneration schemes for the above estates, an agreed programme to regenerate the subject properties and the planning position being concluded including the formulation of an Estates Regeneration Local Plan. The period of suspension will commence from the date of 9th July 2014 and will also have regard to the date upon which the Deed of Variation is completed.

6). Resolves that the Director of Environment and Regeneration in consultation with the Cabinet Member for Environmental Sustainability and Regeneration be authorised to approve consultation documents prior to public consultation, publish the Local Development Scheme (subject to its approval by the Mayor of London and other consequential matters in accordance with the appropriate Regulations).

#### 10. FINANCIAL OUTTURN 2013-14 REPORT (Agenda Item 10)

The Deputy Leader and Cabinet Member for Finance presented the report, which provided the provisional out-turn position for 2013/14 financial year. In guiding the Cabinet through the report he highlighted that the general underspend had reduced compared to previous years and that for the first time the report contained a specific breakdown of the Parking Accounts. It was also noted that the request for virements were contained within section 8 of the report, whilst section 7, provided information on the capital outturn and section 6 summarised the reserves position.

Cabinet noted that the report had previously been considered by the General Purposes Committee.

#### RESOLVED

That Cabinet:

- A). noted the draft provisional revenue outturn for 2013/14
- B). considered the issues around the quality of revenue budget monitoring and agrees that the areas highlighted in the report should be the subject of particular focus in 2014/15.
- C). approves the virements, new funding and adjustments contained in Appendix 4
- D). approves the requests for revenue virement contained in Section 8



11. ADOPTION OF MERTON'S SITES AND POLICIES PLAN AND POLICIES MAPS AS PART OF MERTON'S LOCAL PLAN (Agenda Item 11)

The Cabinet Member for Environmental Sustainability and Regeneration presented the report which detailed the proposed sites and policies, and policies Maps as part of Merton's Local Plan. That document would replace the policies contained within the Merton's Unitary Development Plan and Proposals Map 2003. In presenting the report it was highlighted that the proposal had incorporated the 11 changes, recommended by the Inspectors in their final report, which also confirmed that the proposed Plan was sound.

The Cabinet had regard to the tabled paper from the Borough Plan Advisory Committee (BPAC) which advised that the proposed recommendations be taken forward by the Cabinet.

The Cabinet asked that their thanks be recorded for Tara Butler, and Paul McGarry for all their hard work on such an important document for the future of Merton.

RESOLVED

A). That, Cabinet recommends the adoption of Merton's Sites and Policies Development Plan Document and Policies Map to the meeting of Council (09 July 2014), replacing the remaining policies in Merton's Unitary Development Plan and Proposals Map 2003.

B). That Cabinet delegates to the Director of Environment and Regeneration to deal with all the necessary adoption documents and other consequential matters in accordance with the appropriate Regulations.

This page is intentionally left blank

**Committee:** Cabinet

**Date:** 15 September 2014

Wards: All

**Subject:** Strategic Partner Funding 2015-18

Lead officer: Ged Curran, Chief Executive

Lead member: Councillor Edith Macauley, Cabinet Member for Community Safety, Equalities and Engagement

Contact officer: Kate Herbert, Head of Policy, Strategy & Partnerships

---

**Recommendations:** That Cabinet:

- A. Notes the amendments made to the proposed criteria for the Strategic Partner Funding stream as a result of consultation; and
  - B. Approves the proposals for Strategic Partner Funding 2015-18, including the criteria, total funding pot and process for allocating this funding.
- 

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

- 1.1. To make recommendations for the 2015-18 Strategic Partner Funding stream and agree the criteria and allocation process for this grant stream.

## **2 DETAILS**

- 2.1. The Strategic Partner Fund was first allocated in 2012 for a period of three years to the end of March 2015. Strategic Partner Funding 2012-15 provides core funding to voluntary and community sector (VCS) organisations that undertake a strategic role in the borough (for example umbrella bodies representing other VCS groups, support services for the VCS) or cross-cutting services for local people that do not fall into service department funding categories (for example advice services covering accredited debt, welfare benefits, employment and housing).
- 2.2. The types of costs that this funding is intended to cover includes all or some of the following: costs of a Chief Executive officer, administrative costs of running the management board, audit costs, fundraising and finance function, health and safety, ICT systems, and accommodation.
- 2.3. Current Strategic Partner funding for 2012-15 will cease at the end of March 2015. Funding committed for 2014/15 is just under £780,000.

### **Proposals for Strategic Partner Funding 2015-18**

- 2.4. Looking to 2015-18, it has been important to take stock and review the criteria for Strategic Partner funding to ensure that the services funded going forward reflect local need. As such we have been engaging with stakeholders across the VCS, the council, etc, to take views on the criteria applied for 2012-15 and how they relate to needs for 2015-18. Comments and suggestions received are set out at Appendix I.
- 2.5. The proposed funding criteria for Strategic Partner Funding and supporting definitions are set out in Appendices II and III. These incorporate the amendments made as a result of the consultation feedback detailed in Appendix I.

- 2.6. It is proposed that the annual funding available for the Strategic Partner Funding stream for 2015/16 is £780,000. This funding will be met within existing resources. Although we are currently planning for the same level of funding to be available for each of the years 2016-18, the outcome of the forthcoming comprehensive spending review and implications for the council's government grant may mean that this will have to be revisited. Any changes to the funding available will be communicated to the sector and managed in accordance with the timescales and practices set out in the Merton Compact.
- 2.7. The timetable for publicising Strategic Partner Funding is set out in Section 5 below. A grants panel will be convened to assess the bids received and will include a voluntary sector representative as an observer, in accordance with Compact principles. The panel will make recommendations to the responsible Chief Officer who will take a decision on the funding allocation.

### **3 ALTERNATIVE OPTIONS**

- 3.1. There are numerous funding models for infrastructure services across the country. We could choose to identify other models of funding provision, though this is likely to delay the timetable for the implementation of the next phase of strategic support for the VCS. Furthermore, the Strategic Partner model has been successfully employed in Merton and in neighbouring boroughs and has been approved as a model by the VCS. It should also be noted that Merton's Strategic Partner model was developed in partnership with the VCS as part of a wider Review of the Voluntary Sector undertaken in 2011.

### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1. The consultation on the criteria for this fund was launched on 4 June and ran to 27 August 2014. This was a 12 week consultation, in accordance with Compact principles.
- 4.2. General communications have included:
- Online consultation at <http://www.merton.gov.uk/community-living/vcs-support/vs-funding/strategic-partner-funding-consultation.htm> and using iConsult
  - Article in Merton Together
  - Emails drawing attention to the consultation and inviting contributions from voluntary sector organisations
  - Direct communications to organisations currently in receipt of Strategic Partner funding.
- 4.3. Presentations and discussions have also taken place with the following bodies:
- Merton Compact Board
  - INVOLVE
  - Merton Partnership Executive Board
  - Joint Consultative Committee with Ethnic Minority Organisations
- 4.4. Meetings have been offered to all organisations currently funded from the existing Strategic Partner Funding Grant Scheme and have taken place where the offer was taken up. In accordance with the undertakings of the Merton Compact, a summary of comments received and action taken in

response to these comments has been provided to ensure transparency in the way contributions were responded to as part of the consultation process. This is attached at Appendix I. The response has been broadly positive with slight amendments suggested. Most have been incorporated into the criteria.

## **5 TIMETABLE**

5.1. The outline timetable for Strategic Partner funding 2015-18 is as follows:

Deadline for comments on the Strategic Partner Fund	27 August 2014
Cabinet decision on criteria for bids to the Strategic Partner Fund	15 September 2014
Strategic Partner Funding opens to bids	22 September 2014*
Deadline for Strategic Partner Funding bids	3 November 2014
Notification of funding decision	By 30 November 2014
Funding commences for successful applicants	1 April 2015

\* Date subject to no 'call in' of the Cabinet decision

## **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

6.1. With the information available at the time of writing, it is proposed that the funding available for the Strategic Partner Funding stream in 2015/16 is £780,000. Although there is no uplift for inflation, this maintains the funding level for 2014/15 and can be met within existing resources.

6.2. Although we are currently planning for the same level of funding to be available for each of the years 2016-18, the outcome of the forthcoming comprehensive spending review and implications for the council's government grant may mean that this will have to be revisited.

## **7 LEGAL AND STATUTORY IMPLICATIONS**

7.1. The Local Authority has power to fund grants by virtue of section 137 Local Government Act 1972 and section 2 Local Government Act 2000.

## **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

8.1. When decisions are made as to which voluntary organisations will continue to be funded and which are not to be funded, regard will need to be had to the public sector equality duties and decision-making will be informed by equality analysis.

## **9 CRIME AND DISORDER IMPLICATIONS**

9.1. None specific to this report.

## **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

10.1. None specific to this report.

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

- Appendix I – Summary of comments received during consultation and responses
- Appendix II – Proposed criteria for Strategic Partner Funding 2015-18

- Appendix III – Proposed Strategic Partner Fund Definitions
- Appendix IV – Draft application form
- Appendix V – Draft application guidance notes

## **12 BACKGROUND PAPERS**

- 12.1. Cabinet Report on Strategic Voluntary Sector Funding 2012-15
- 12.2. Cabinet Report on Voluntary Sector Review

## Strategic Partner Funding Stream – Summary of comments received during consultation and responses

Source	Comment	Response
Merton CIL	Strategic Partner Funding should include requirements for services to be accessible.	The criteria has been amended to include the requirement that Strategic Partners "deliver accessible services that meet the needs of Merton's diverse communities"
	We feel that the strategic partner funding we received for 2012-15 has played a very significant role in enabling us to grow and develop as an organisation. The fact that it was primarily core funding, and the stability offered over 3 years, has enabled us to secure additional funding, and pilot, and deliver additional services as well as delivering our outputs and outcomes for the strategic partner funding itself.	No action required.
	We are happy to see that you propose to maintain the existing criteria for the fund and we support these.	No action required.
	In order to fully reflect local need we feel that it would be helpful for the criteria to include advocacy as well as advice services. Our new advocacy service is oversubscribed and we have identified a significant advocacy gap in the borough as advice services such as CAB and the Welfare Benefits Team are typically unable to attend tribunals, assessments, reviews etc where many people require support to speak up and access their rights. In addition, we feel that statutory advocacy is under-used in the borough.	The funding criteria have been amended to incorporate a reference to advocacy services. The definition of cross-cutting accredited advice services has not been amended as it makes reference to "information, advice and where necessary, representation".
	We do broadly support the proposed definitions but feel some changes / clarifications are necessary. Changes suggested: a) the definition of strategic support services is clear, and it would also be helpful to clarify that the funding includes support for organisations to build their strategic support capacity, which we understand is what the funding has done in the past.	a) The funding criteria have been amended to include the following additional information: "We will consider funding organisations to build their strategic support capacity, where this is specified in funding bids."

	<p>b) while we agree that advice services should be accredited, we have some concerns over the AQS standard. AQS is currently undergoing some changes around the audit process and a completely new standard is being developed so we are concerned about how robust this is. In addition, although AQS is specifically for advice services, it doesn't appear to audit the quality of advice given or outcomes received. We therefore feel that a quality mark which audits the processes and procedures of the entire organisation, like PQASSO would be more appropriate.</p>	<p>b) AQS has been given as an example of a nationally recognised advice standard. Other standards include the Specialist Quality Mark, and Lexcel for legal services. Having also looked at best practice in other local authorities, these additional examples have also been included in the definition for clarity. Organisations with the AQS will have been through an audit process that checks how they manage their advice service. Whilst the AQS does not directly assess the quality of advice at the moment, it contains a number of specific requirements, or proxy measures, that help to ensure that staff have relevant and up to date expertise and that quality of advice remains high. While PQASSO is a recognised quality standard, it is not specific to advice services. We will consider funding organisations to work towards a recognised advice standard, where this is specified in funding bids. Organisations will be asked to give details of any quality assurance standards they hold as part of the application process.</p>
Merton & Lambeth Citizens Advice Bureau	<p>We support the proposed criteria for strategic partner funding but make the following comments:</p>	<p>No action required.</p>
	<p>a) Contributing to the delivery of Merton's Community Plan could be extended to include <i>other</i> plans</p>	<p>a) Merton's Community Plan is the overarching strategic plan of the Merton Partnership. It sets out the Partnership's long term vision and priorities for the borough up until 2019, so it is regarded as sufficient that applicants can evidence that they are contributing to the delivery of this strategy and meeting the council's strategic objectives. The criteria have been amended to strengthen the need for Strategic Partners to actively contribute to the Community Plan's aim of 'bridging the gap' between the east and west of the borough.</p>
	<p>b) As the Merton Compact has been in place for some time it might be worth considering whether the principles remain valid.</p>	<p>b) A new, refreshed Merton Compact was agreed in November 2011 and there is an ongoing commitment to the principles of the Compact, supported through the work of the Compact Board. We will flag this to the Merton Partnership Compact Board which keeps the Compact under review.</p>
	<p><i>Changes needed to reflect local need:</i> Without going into the detail of delivery there are no immediate or obvious changes that we feel need to be made.</p>	<p>No action required.</p>
	<p><i>Strategic partner funding definitions:</i> We support the definitions.</p>	<p>No action required.</p>



	<i>Changes that need to be made to strategic partner funding definitions:</i> There are no immediate or obvious changes that we feel need to be made.	No action required.
Joint Consultative Committee with Ethnic Minority Organisations – extra meeting on BAME Voice on 23 August 2014	The Strategic Partner funding criteria should reflect the fact that 35% of the population are BAME. There is a need for support to deliver the BAME Strategic Plan and the Strategic Partner Fund should fund cohesion, integration and access.	The proposed criteria include provision for services “providing voice, advice and capacity building support” Additional criteria have been added to require Strategic Partners to “promote cohesion, integration and access”, “actively contribute to ‘bridging the gap’ between the east and the west of the borough” and "deliver accessible services that meet the needs of Merton’s diverse communities"
MVSC	<i>Do you support the proposed criteria for Strategic Partner Funding?</i> a) Criteria appears fine and broad enough, however there appears to be no weighting for borough or locally based organisations. In order to keep investment local is it not possible to add an extra criteria that providers should be based in the borough or currently delivering activities in Merton? b) I also wonder if you need to be more specific in the point about being not for profit. Are you including social enterprises in this definition? If so, maybe it would be wise to state ‘not for profit organisations (including social enterprises)’.	a) The proposed criteria include a requirement that Strategic Partners “are able to demonstrate a strong local connection to Merton, including an established local presence in the borough for at least 12 months.”  b) The Fund is open to not for profit organisations including social enterprises. The criteria have been amended to make this more explicit.
	<i>Are there any changes that need to be made to these criteria to reflect local need?</i> No, the link to community plan and council’s strategic priorities is sufficient.	No action required.
	<i>Do you support the proposed definitions of Strategic Partner Funding?</i> Capacity building must include activities that support volunteering in the borough. As long as this assumption is made, we are happy with this definition.	We recognise the contribution volunteering makes to the borough and we are committed to support the development of volunteering in Merton. Under this definition of Strategic Partner Funding, capacity building may include activities that support volunteering in the borough.

	<p><i>Are there any changes that need to be made to these definitions?</i></p> <p>Maybe adopt this definition of infrastructure services: Infrastructure services can be described as the physical facilities, structures, systems, relationships, knowledge and skills that exist to support and develop, coordinate, represent and promote frontline providers of services, thus enabling them to deliver their services more effectively. These can include advocacy and providing a voice to other organisations, facilitating partnerships between providers and increasing awareness of the voluntary and community sector amongst key audiences. The services should then enable organisations to better:</p> <ul style="list-style-type: none"> <li>• define and achieve their objectives;</li> <li>• engage in consultation and planning;</li> <li>• manage projects;</li> <li>• take part in partnerships, social enterprise and service delivery.</li> </ul>	<p>In order to promote clarity for all regarding this funding stream, and having also looked at best practice in other local authorities, the definition of infrastructure services has been built in to the wider definition of strategic services.</p>
	<p><i>What other comments do you have about the proposed 2015-18 Fund?</i></p> <p>As there is no mention of the total pot of funding in the consultation document, we are assuming the level of funding for this programme remains the same or with an inflationary rise.</p> <p>As it is three years since the last application process, there have been some inflationary pressures on organisations in the borough. We understand that LBM are experiencing budgetary pressures and need to make efficiencies, however it needs to be recognised that in order to attract and retain employees, we need to be able to offer competitive packages.</p> <p>In line with this, we believe that the total pot of funding available should have a small increase to reflect inflation. Otherwise it is a reduction in funding available in real terms.</p>	<p>Funding committed for 2014/15 is just under £780,000. It is proposed that the annual funding available for the Strategic Partner Funding stream for 2015/16 is £780,000, maintaining the level of funding. We are currently planning for the same level of funding to be available for each of the years 2016-18, however the outcome of the forthcoming comprehensive spending review and implications for the council's government grant may mean that this will have to be revisited. Any changes to the funding available will be communicated to the sector and managed in accordance with the timescales and practices set out in the Merton Compact.</p> <p>In light of the financial pressure the council is facing we are unable to apply inflationary uplift to this funding. We note that none of our neighbouring boroughs (Kingston, Sutton, Richmond and Croydon) apply inflation.</p>

Springfield Advice & Law Centre	<p><i>Do you support the proposed criteria for Strategic Partner Funding?</i></p> <p>Yes, in particular, insofar as they relate to supporting those most vulnerable in our communities, and giving voice to their needs and concerns, and in seeking to protect their well-being and prevent harm.</p> <p>We would, however, seek to clarify whether the criteria would be met by those providing services that fulfil all of the criteria of whether those that can meet some of the criteria would qualify.</p>	<p>Applicant organisations will be expected to demonstrate clearly how their application meets all the priorities of this funding. Under the scoring criteria, applications will be scored on how well their service(s) meet the outcomes that Strategic Partners are expected to deliver. This will be reflected in the application guidance notes.</p>
	<p><i>Are there any changes that need to be made to these criteria to reflect local need?</i></p> <p>No, subject to the above.</p>	<p>No action required.</p>
	<p><i>Do you support the proposed definitions of Strategic Partner Funding?</i></p> <p>Yes, but again, it would help to clarify whether an organisation needs to fall within both activity areas, or whether either would be sufficient?</p>	<p>Strategic Partner Funding is targeted at two areas of activity:</p> <ul style="list-style-type: none"> <li>– Strategic support services for the voluntary and community sector; and</li> <li>– Cross-cutting accredited advice services</li> </ul> <p>Applications are welcome for either area of activity or both areas of the activity; although it should be made clear in the application which activity relates to which part of the service. This will be reflected in the application guidance notes.</p>
	<p><i>Are there any changes that need to be made to these definitions?</i> No</p>	<p>No action required.</p>

	<p><i>What other comments do you have about the proposed 2015-18 Fund?</i></p> <p>We have had the benefit of Strategic Partner Funding during 2012-15. This funding has proved to be a vital lifeline to those we assist within Merton, especially as these are some of the most vulnerable, discriminated against and stigmatised within our communities. In addition, at a time when other vital/support services were being cut or drastically reduced, the target-group we serve (those with mental health needs) would otherwise have had nowhere to turn. The fund stepped in where other funding ended or was removed. The funding is essential and it has had a benefit, not only directly to the individuals we have assisted, but also to other services provided by Merton, in reducing pressure of time and resources on those services - either because we have been provided additional support services to the relevant target-group; or because in so doing, other Merton services have not been put under increasing pressure to do so (e.g. as our target group have become unwell and unable to cope, and thus needed more intensive/expensive care services).</p>	No action required.
South West London Law Centres	<p><i>Do you support the proposed criteria for Strategic Partner Funding?</i></p> <p>Yes we support this for Cross-Cutting accredited advice service and of course broadly give our support for strategic support services. The funding from Strategic Partner Funding has made a real difference to the Law Centre and has helped us to survive and continue to fully operate. It is important that specialist services are funded as well as those just providing information and advice. There is a real need for people to effectively address and resolve their legal problems so that they do not have a significant negative impact on their lives. It is important that capacity is retained in a strong vibrant not for profit sector as it is very difficult to rebuild services that are lost. Despite the huge changes in the funding environment from other sources we are still able to provide our three core services. More details can be found at our website <a href="http://www.swllc.org">www.swllc.org</a>.</p>	No action required.

	<p>a) Casework and representation We continue to provide services in debt, employment, housing, immigration and asylum. We are also able to provide some welfare rights help where a case has been appealed to the Upper Tribunal. We have this month just taken on a community care contract. Most of our work continues to be funded with the support of legal aid. However we have started to charge for employment and immigration work. In employment we are still able to offer an initial free appointment through other funding. Currently we have three full time housing solicitors/caseworkers based at the Merton Office with other caseworkers based at our other offices. From September we will have our employment caseworker partly based in Merton and we are bidding for further debt casework to have a caseworker also partly based in Merton. Some examples of our casework is attached as an Appendix.</p> <p>b) Housing court duty scheme We have solicitors at Croydon County Court every weekday where most of Merton's cases are heard. We also operate at Wandsworth and Kingston County courts.</p> <p>c) Pro Bono Advice Clinics On top of the two weekly clinics we run with the CABx in their offices we have opened a further evening at the Wimbledon Guild from August 2013. All the clinics are full. We are also running family and personal injury clinics with local solicitors practise during the day time.</p>	
--	--	--

	<p>We work collaboratively with other VCS Organisations. We are part of the steering group for the Merton Advice Services Transition Fund. We wrote the bid for this which has brought in additional monies for 3 part time outreach workers for other advice agencies, is partially funding some employment advice and will develop a website for the advice sector as well as some training and public events. We receive many referrals from Siobhan McDonagh MP.</p>	
	<p><i>Are there any changes that need to be made to these criteria to reflect local need?</i>  No It is important that services are open and accessible for all the residents of Merton. The Law Centre is open to all and we see people from all parts of the borough. We are centrally located by the Civic Centre.</p>	No action required.
	<p><i>Do you support the proposed definitions of Strategic Partner Funding?</i>  Yes. It is really important that funded advice services have a recognised national accreditation for advice services. There are now a limited number of advice providers and it is important that users are made fully aware of those that are properly accredited. The Law Centre has the Lexcel quality mark for which we undergo an annual audit and inspection.</p>	No action required.
	<p><i>Are there any changes that need to be made to these definitions?</i>  No</p>	No action required.
	<p><i>What other comments do you have about the proposed 2015-16?</i>  None</p>	No action required.

### Proposed criteria for Strategic Partner Funding 2015-18

NB: Amendments made as a result of the consultation are underlined

The proposed criteria for 2015-18 funding are as follows:

- Strategic Partner Funding is targeted at two areas of activity:
  - Strategic support services for the voluntary and community sector, including umbrella organisations providing voice, advice and capacity building support; and
  - Cross-cutting accredited advice and advocacy services

We will consider funding organisations to build their strategic support capacity, where this is specified in funding bids.
- Strategic Partners:
  - are able to demonstrate a strong local connection to Merton, including an established local presence in the borough for at least 12 months;
  - deliver services that generate a quantifiable benefit to Merton;
  - support the delivery of Merton's Community Plan, actively contributing to 'bridging the gap' between the east and the west of the borough;
  - contribute to meeting the council's strategic objectives, including its commitment to equality and diversity;
  - promote community cohesion, integration and access;
  - deliver accessible services that meet the needs of Merton's diverse communities;
  - operate in accordance with the principles of the Merton Compact;
  - work strategically with the council and contribute to policy development relating to the service they provide/ organisations they represent;
  - give service users a voice and articulate these at a borough level;
  - work collaboratively with other VCS organisations;
  - are not for profit organisations (including social enterprises) and do not include any public body or local authority; and
  - have a corporate body or have a formal constitution if not incorporated

## Strategic Partner Fund Definitions

Strategic support services	<p>Strategic support services include any services provided for the voluntary and community sector, including umbrella organisations providing voice, advice and capacity building support.</p> <p><u>Strategic support services can be described as the physical facilities, structures, systems, relationships, knowledge and skills that exist to support and develop, coordinate, represent and promote frontline providers of services, thus enabling them to deliver their services more effectively. These can include advocacy and providing a voice to other organisations, facilitating partnerships between providers and increasing awareness of the voluntary and community sector amongst key audiences. The services should then enable organisations to better:</u></p> <ul style="list-style-type: none"> <li>• <u>define and achieve their objectives;</u></li> <li>• <u>engage in consultation and planning;</u></li> <li>• <u>manage projects;</u></li> <li>• <u>take part in partnerships, social enterprise and service delivery.</u></li> </ul> <p>Strategic support services are largely provided by infrastructure or umbrella organisations.</p>
Cross-cutting accredited advice services	<p>Cross-cutting <u>advice and advocacy</u> services offer information, advice and where necessary, representation on matters relating to social welfare law covering areas such as accredited debt, welfare benefits, employment and housing advice services. These services are cross-cutting as they are provided for local people and do not fall into service department funding categories.</p> <p>Services will have a recognised national accreditation for advice services such as the Advice Quality Standard (AQS), <u>Specialist Quality Mark (SQM) standard or Lexcel practice management standard</u> and there will be limited duplication with other services in the borough.</p>



## LBM Strategic Partner Funding 2015 - 2018

### Application Form for funding from April 2015 to March 2018

Please refer to the [guidance notes](#) (*link to be to added*) for this funding stream when completing this application form

SECTION A: SUMMARY OF APPLICATION			
Name of organisation:			
Brief description of your proposal (Maximum 25 words)			
Is your application for a new or existing service(s)?			
Funding applied for:	Cash £	Donated services and facilities £	Total £
Year 1 2015/2016			
Year 2 2016/2017			
Year 3 2017/2018			

SECTION B: ABOUT YOUR ORGANISATION	
Contact name:	
Position in organisation:	
Address:	
Telephone:	Email:
What kind of organisation are you? (Please delete as applicable)	
Community group/ club/ society	Yes / No
Registered charity	Yes / No
Charity Number:	
Company limited by guarantee	Yes / No
Company Number:	
Branch of a National organisation	Yes / No
Other (please specify)	Yes / No
Do you have a base in the Borough? (Please delete as applicable) Yes / No	
Do all staff and volunteers who have contact with vulnerable adults have a current DBS disclosure? (Please delete as applicable) Yes / No	
Does your organisation have a quality assurance standard? (Please delete as applicable) Yes / No	
If yes please tell us which one/s (e.g. Advice Quality Standard (AQS), Specialist Quality Mark (SQM), Lexcel practice management standard, PQASSO, Investor in People (IIP), Investing in Volunteers):	
Expiry date:	
If your organisation has its own internal systems, there is an opportunity to tell us about these in Section C of the application form.	
What year was your organisation established?	
Why was your organisation established and what services and activities do you currently provide? <b>(Please refer to the guidance notes)</b>	

**SECTION C: ABOUT YOUR SERVICE(S)**

**a) Which type of service does your application relate to (tick)?**

Strategic support services for the voluntary and community sector, or

Cross-cutting accredited advice and advocacy services

**b) How will you use the grant?** Please provide a detailed and specific description of the services or activities you will be undertaking with this grant **(Please refer to the guidance notes)**

If you are applying for more than one service or activity, number them separately below.

*Note: These are your 'outputs' and will be used when monitoring your service if your bid is successful*

**c) How did you identify the need or continuing need for the service(s)? (Please refer to the guidance notes)**

**d) How do you involve your service users in the design and delivery of your service(s)? (Please refer to the guidance notes)**

**e) Who will benefit from your service(s)? (Please refer to the guidance notes)**

**f)** What geographical area does your service(s) cover?  
Please circle or highlight the relevant areas

Abbey	Hillside	Raynes Park
Cannon Hill	Lavender Fields	St Helier
Colliers Wood	Longthornton	Trinity
Cricket Green	Lower Morden	Village
Dundonald	Merton Park	West Barnes
Figges Marsh	Pollards Hill	Wimbledon Park
Graveney	Ravensbury	ALL WARDS

**g)** How will people know about your service(s)? **(Please refer to the guidance notes)**

**h)** What changes do you expect your service(s) to make? **(Please refer to the guidance notes)**

*Note: These are your 'outcomes' and will be used when monitoring your service(s) if your bid is successful.*

Please give four specific outcomes that your service(s) will achieve during the period of the grant:

1.	
2.	
3.	
4.	

**i)** How will your service(s) meet the following outcomes that Strategic Partners are expected to deliver:

- are able to demonstrate a strong local connection to Merton, including an established local presence in the borough for at least 12 months;
- deliver services that generate a quantifiable benefit to Merton;
- contribute to meeting the council's strategic objectives, including its commitment to equality and diversity;
- promote community cohesion, integration and access;
- deliver accessible services that meet the needs of Merton's diverse communities;
- operate in accordance with the principles of the Merton Compact;
- work strategically with the council and contribute to policy development relating to the service they provide/ organisations they represent;
- give service users a voice and articulate these at a borough level;
- work collaboratively with other VCS organisations.

**(Please refer to the guidance notes)**

**j)** How will your service(s) support the delivery of Merton's Community Plan, actively contributing to 'bridging the gap' between the east and the west of the borough'

**k)** How will you know the service(s) is/ are successful? **(Please refer to the guidance notes)**

**l)** How do you collaborate with other organisations to minimise duplication and reduce spend on infrastructure? **(Please refer to the guidance notes)**

**m)** What will happen when the grant ends? **(Please refer to the guidance notes)**

<b>SECTION D: FINANCES</b>		
n) Your organisation's finances. From your organisation's most recent audited or independently examined accounts, please complete the following ( <b>Please refer to the guidance notes</b> ):		
Financial year ended:	Month:	Year:

	£	£	£
<b>Incoming Resources</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
Grants – Trusts & Charities			
Grants – Statutory (e.g. NHS; Local Authority)			
Other Generated Funds			
Charitable Activities			
Other incoming resources			
<b>TOTAL INCOMING RESOURCES</b>			
<b>Resources Expended</b>			
Costs of Generating Funds			
Charitable Expenditure			
Governance Costs			
Other Resources Expended			
<b>TOTAL RESOURCES EXPENDED</b>			
<b>NET INCOMING (OUTGOING) RESOURCES/ EXPENDITURE</b>			
Transfers between funds			
Other gains (losses)			
<b>NET MOVEMENT IN FUNDS</b>			
<b>Donated services and facilities <u>not</u> included above:</b>	£	£	£
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>

<b>Net Assets</b>	£
Tangible Fixed Assets	
Other Tangible Assets	
Net Current Assets (Liabilities)	
<b>TOTAL NET ASSETS (LIABILITIES)</b>	

<b>Reserves</b>	£
Unrestricted Funds	
Restricted Funds	
<b>TOTAL FUNDS</b>	

Number of full-time equivalent paid staff in the organisation	
Number of volunteers in the organisation	
Volunteer hours per year	

Do you have a Reserves Policy? (Please delete as applicable) Yes / No
Do you have a Finance Policy? (Please delete as applicable) Yes / No



	Year 1	Year 2	Year 3	TOTAL
<b>Total volunteer time for the service (in hours)</b>				

If you wish to clarify any of the above information please do so here:

#### SECTION E: DOCUMENTS WE NEED FROM YOU

If your application is successful we will need these documents from you

- Most recent audited accounts or set of accounts examined by an independent examiner
- Latest Annual Report (if you have one)
- Names and addresses of current Management Committee/Trustees or Directors
- Business or Project Plan (if you have one)
- Vulnerable Adults Policy and confirmation that all staff/volunteers meet the current disclosure and barring requirements, including DBS checks (if appropriate)
- Reserves Policy
- Finance Policy
- Governing Document
- Equality & Diversity Policy
- Evidence of appropriate insurance cover
- Your bank account details (you will be paid by BACS)

We may also require job descriptions and staffing information and reserve the right to request further relevant information.

If you are a new group (under 1 year old) we will require a reference from someone who knows the work of your organisation. This may be someone from a local support agency, LBM or another voluntary organisation.





## Terms & Conditions of Grant

In submitting this application form, we understand and agree to the following:

1. If we are awarded a grant, we will use it for exactly the purpose set out in this application, unless a specific condition has been attached to the award.
2. We will not make any major changes to the proposal without first receiving LBM's agreement in writing.
3. We will not use the grant to order or buy any goods before we receive the grant offer letter.
4. We will not use the grant to pay for any item which has been funded under another grants programme.
5. We will take all reasonable steps to:
  - a. offer equality of access to our services;
  - b. provide a safe, healthy and supportive environment which meets the needs of the local community;
  - c. deliver value for money and use sound financial procedures;
  - d. share information that will contribute to the understanding of future client needs.
6. We will acknowledge LBM's grant in our annual report and in all printed materials as appropriate. We will supply copies of these documents to LBM if requested.
7. We will have a bank or building society account in the name of our group (or, if applying as a consortium or partnership, in the name of the accountable group). We confirm that all cheques or withdrawals from this account require at least two signatories.
8. We will keep all financial records and accounts, including receipts for items bought with the grant, for at least six years from receiving the grant. We understand that this does not release us from our legal responsibility to keep records for longer periods.
9. We will provide sufficient insurance cover to meet potential liabilities and produce evidence of payment of the current premiums and note that LBM may request us to provide copies of our employer's liability, public liability and buildings insurance policies.
10. We will allow LBM to use our name in their own publicity materials. We will inform LBM of any situation where confidentiality is a particular issue.
11. We will send LBM all relevant monitoring information at the end of the project and meet all monitoring and financial requirements as requested during the life of the grant, subject to Data Protection regulations.
12. We will allow LBM to visit us to see the work funded by this grant.
13. We note that LBM will ask us to repay the grant, in whole or in part, in the following circumstances:
  - a. if we fail to keep to our funding agreement in any way;
  - b. if the application form was completed dishonestly or the supporting documents gave false or misleading information;
  - c. if any member of our governing body, staff or volunteers acts dishonestly or negligently in respect of this grant;
  - d. if we close down or become insolvent.
14. These terms and conditions will apply until we have spent the grant and submitted all related documentation.

## LBM Strategic Partner Funding 2015 - 2018

### Application Guidance Notes

#### Background information to Strategic Partner funding

The Strategic Partner Funding will provide core funding over three years to voluntary and community sector (VCS) organisations that undertake a strategic role in the borough or provide cross-cutting services for local people that do not fall into service department funding categories. Further detail about definitions for the types of services this funding covers is provided below.

- Strategic Partner Funding is targeted at two areas of activity:
  - Strategic support services for the voluntary and community sector, including umbrella organisations providing voice, advice and capacity building support; and
  - Cross-cutting accredited advice and advocacy services

We will consider funding organisations to build their strategic support capacity, where this is specified in funding bids.

- Strategic Partners:
  - are able to demonstrate a strong local connection to Merton, including an established local presence in the borough for at least 12 months;
  - deliver services that generate a quantifiable benefit to Merton;
  - support the delivery of Merton’s Community Plan, actively contributing to ‘bridging the gap’ between the east and the west of the borough’;
  - contribute to meeting the council’s strategic objectives, including its commitment to equality and diversity;
  - promote community cohesion, integration and access;
  - deliver accessible services that meet the needs of Merton’s diverse communities;
  - operate in accordance with the principles of the Merton Compact;
  - work strategically with the council and contribute to policy development relating to the service they provide/ organisations they represent;
  - give service users a voice and articulate these at a borough level;
  - work collaboratively with other VCS organisations;
  - are not for profit organisations (including social enterprises) and do not include any public body or local authority; and
  - have a corporate body or have a formal constitution if not incorporated.

The following definitions have been developed to provide clarity around the areas of activity Strategic Partner Funding is aimed at:

<p>Strategic support services</p>	<p>Strategic support services include any services provided for the voluntary and community sector, including umbrella organisations providing voice, advice and capacity building support.</p> <p>Strategic support services are largely provided by infrastructure or umbrella organisations.</p> <p>Strategic support services can be described as the physical facilities, structures, systems, relationships, knowledge and skills that exist to support and develop, coordinate, represent and promote frontline providers of services, thus enabling them to deliver their services more effectively. These can include advocacy and providing a voice to other organisations, facilitating partnerships between providers and increasing awareness of the voluntary and community sector amongst key audiences. The services should then enable organisations to better:</p> <ul style="list-style-type: none"> <li>• define and achieve their objectives;</li> <li>• engage in consultation and planning;</li> <li>• manage projects;</li> <li>• take part in partnerships, social enterprise and service delivery.</li> </ul>
<p>Cross-cutting accredited advice services</p>	<p>Cross-cutting advice and advocacy services offer information, advice and where necessary, representation on matters relating to social welfare law covering areas such as accredited debt, welfare benefits, employment and housing advice services. These services are cross-cutting as they are provided for local people and do not fall into service department funding categories. Services will have a recognised national accreditation for advice services such as the Advice Quality Standard (AQS), Specialist Quality Mark (SQM) standard or Lexcel practice management standard and there will be limited duplication with other services in the borough.</p>

Strategic Partner Funding will be allocated from 1 April 2015 for a period of three years. Funding would therefore run until the end of March 2018.

Strategic Partner Funding will be transferred in two batches – in April and October – during the period of funding.

Year	Overall sum to be allocated
2015/16	£780,000
2016/17	£780,000**
2017/18	£780,000**

\*\* Please note that although we are currently planning for the same level of funding to be available for each of the years 2016-18, the outcome of the forthcoming comprehensive spending review and implications for the council's government grant may mean that this will have to be revisited.

### General guidance for completing the application form

- Please answer all the questions and aim to address all the points requested. Organisations must submit only one application. If you are applying for more than one service or activity list them separately on the form. Applications are welcome for either area of Strategic Partner Funding activity or both areas of activity.
- We do not expect small organisations to have sophisticated documentation or processes. However, we will expect you to have something in place which is reasonable for your size and income and to fill in every section of this form.
- Use a *maximum of 400 words* in each box (apart from question Cb), where the maximum is 600 words). You will not be penalised for using fewer words and we would prefer your answer to be clear and focused rather than trying to use the full quota.
- Type your answers. If you do not have access to a computer contact Merton Voluntary Service Council who can help (020 8685 1771).
- Demonstrate clearly how your application meets the priorities of this funding (see background information above and on page 8).
- Do not send any supplementary information at this stage.
- Please note the following key dates:

Deadline for Strategic Partner Funding bids	3 November 2014 (5 pm)
Panel meeting to make funding recommendations, followed by Chief Officer decision	w/c 10 November 2014
Notification of funding decision	By 30 November 2014
Strategic Partner Funding commences for successful applicants	1 April 2015

- The funding decision is final and any appeals in relation to the procedure for considering applications or the funding decision will not be considered unless in exceptional circumstances.

### Section A: Summary of application

- Summarise your proposal in a maximum of 25 words.
- Tell us whether the application is for a new or existing service(s).
- In the box at the bottom of the page please give the total amount you are applying for in each year.

## Section B: About your organisation

- Please give the contact details of someone who will be available to answer questions about the application. Ideally, this should be a different person to the signatories at the end of the form.
- **What kind of organisation are you?**  
Please tick all that apply.
- **Services and activities of your organisation**  
What are the aims of your organisation and why was it established? This may be in your governing document or mission statement. What activities and services do you currently provide to meet these aims?
- **Does your organisation have a quality assurance standard?**  
We will consider funding cross-cutting advice services to work towards a recognised advice standard, where this is specified in funding bids.

## Section C: About your service(s)

All the questions in this section are about the service(s) for which you are applying for funding.

### a) Which type of service does your application relate to?

Tell us which of the service types covered by this funding stream your application relates to.

### b) How will you use the grant?

Tell us about the services or activities you are seeking funding for. If you are applying for more than one service, number each of them.

For each service, tell us what you will deliver, the number of activities or sessions you will provide, when and how they will be delivered, and how many service users will benefit. Do not list management and administration (sometimes referred to as overheads or core costs) as a separate service or activity.

***These are your 'Outputs' and will be used when monitoring your service if your bid is successful.***

### c) How did you identify the need or continuing need for the service(s)?

You may be aware of issues and unmet needs through your own experience in your local community. It is useful however if you can back this up with some specific evidence to let us know why your service is necessary. This may be research (carried out by your organisation or others), local demographic information, or specific feedback you have received.

- Tell us how you identified the need
- Tell us why you think this service is the best way of responding to that need
- If it is an existing service, tell us how it is continually developing and improving

**d) How do you involve your service users in the design and delivery of your service(s)?**

For example, you may send out questionnaires or surveys, hold regular focus groups or have a suggestion box. How do these responses make a difference to your service delivery?

**e) Who will benefit from your service(s)?**

For example, is your service targeted at a specific age group, a particular community of interest or culture, or a geographical area?

**f) What geographical area does your service(s) cover?**

Please tick all that apply.

**g) How will people know about your service(s)?**

- Will your service be publicised? If so, how?
- Is your service restricted to members? If so, how do people become members?
- Do people have to be referred to your service? If so, from which organisations and if you use a referral process, please describe it.
- Can people refer themselves? If so, how?
- Do you have a waiting list? If so, what is the average wait?

**h) What changes do you expect your service(s) to make?**

Tell us the difference your service will make, the changes that will happen as a result of using your service or participating in the activities you told us about in Section Cb) above.

***These are your 'Outcomes' and will be used when monitoring your service if your bid is successful.***

**Outcomes** are the changes, benefits, learning or other effects that happen as a result of your work. For example, the outcomes for users of a refugee centre might include:

- improved English language skills
- improved access to services
- reduced isolation

**Please give four specific Outcomes that the service(s) will achieve during the period of the grant.**

Make your outcomes **SMART**- that is, **S**pecific, **M**easurable, **A**chievable, **R**elevant and **T**ime-bound. In other words your intended outcomes need to include information on numbers and timescales as well as what you do and who for.

**SMART** outcomes look like this:

- 200 more households on the Cullingworth Estate will be regularly recycling at the end of the project
- 15 local groups who have taken part in the scheme will report greater success in attracting funding by the end of the second year
- 25 local families with autistic children will report reduced stress as a result of respite opportunities

**i) How will your service(s) meet the following outcomes that Strategic Partners are expected to deliver:**

- are able to demonstrate a strong local connection to Merton, including an established local presence in the borough for at least 12 months;
- deliver services that generate a quantifiable benefit to Merton;
- contribute to meeting the council's strategic objectives, including its commitment to equality and diversity;
- promote community cohesion, integration and access;
- deliver accessible services that meet the needs of Merton's diverse communities;
- operate in accordance with the principles of the Merton Compact;
- work strategically with the council and contribute to policy development relating to the service they provide/ organisations they represent;
- give service users a voice and articulate these at a borough level;
- work collaboratively with other VCS organisations.

How will you deliver the stated activity expected of 'Strategic Partners'?

Applications will be scored on how well their service(s) meet the outcomes that Strategic Partners are expected to deliver.

**j) How will your service(s) support the delivery of Merton's Community Plan, actively contributing to 'bridging the gap' between the east and the west of the borough'**

Applications will be scored on how well their service(s) contribute to 'bridging the gap'..

**k) How will you know the service(s) is/ are successful?**

- How will you monitor your service?
- What systems will you have in place to measure whether the service is on track, doing what you said it would do and making a difference to your users?
- What evidence will you provide to let us know you are achieving the *Outputs* you identified in Section Cb) and the *Outcomes* you identified in Section Cg)?

**l) How do you collaborate with other organisations to minimise duplication and reduce spend on infrastructure?**

Please explain:

- Which other organisations you work with and how you work with them?
- How your services complement those of other organisations?
- How you know your services do not duplicate those of other organisations?

**m) What will happen when the grant ends?**

What will happen to the service(s) at the end of the grant? If there is still a need, how will the service continue?



## Section D: Finances

### n) Your organisation's finances

Please give us an overview of the income and expenditure of **your organisation**. Your governance structure will determine how this is completed. The amounts should be for the whole legal entity the service is part of. If you are a branch of a registered charity you should complete this for the whole charity. If you are a subsidiary company and the company is a distinct legal entity then it would be prepared for that company only.

These amounts should come from your latest audited or independently reviewed accounts. The headings follow the format of Accounting and Reporting by Charities: Statement of Recommended Practice 2005 (SORP2005). If you are not a charity then please complete the form using the definitions from that document which is available on the Charity Commission website at [www.charity-commission.gov.uk](http://www.charity-commission.gov.uk).

If you are a very small organisation that prepares receipts and payments accounts, please complete the form following the format of CC16a, also available on the Charity Commission website.

If you require help, contact Merton Voluntary Service Council on 020 8685 1771.

Since your accounts will be more than one year old at the time of completing this application **please enclose your most recent management accounts** with the form. The format of these accounts will not affect the scoring of your application; they are to demonstrate your current financial position.

- Incoming Resources section – SORP2005 includes all *Incoming Resources from Generated Funds* and we would like to have these grants detailed separately. Other Generated Funds is your total Incoming Resources from Generated Funds less these grants. The other headings in Incoming Resources are the same as SORP2005.
- Donated services and facilities (sometimes known as *in kind* donations or *notional grants*) should be included in your accounts in accordance with the SORP2005. If they are **not** then please provide details of these amounts in the space provided. Examples of donated services and facilities would include rent, utilities, transport and other services such as payroll.
- The information on staff and volunteers should also be for the whole organisation. The number of staff is the same as disclosed in your audited/independently examined accounts in accordance with the SORP2005. It should include all part-time and sessional staff employed during the year *rounded up* to the full time equivalent.
- If you receive funding you will be required to send in your Reserves and Finance policies. Merton Voluntary Service Council can provide you with model policies as an aid to developing these (020 8685 1771).

### **o) Funding required for your service(s)**

Please tell us about the finances *relating to the service(s) that you are requesting funding for*. Tell us the total income and expenditure associated with this piece of work even if you are not asking us to fund the full amount.

- Only complete the column(s) relating to the year(s) for which you are applying for funding
- The Expenditure headings should give sufficient detail to show where the money is spent. For example list staff costs (including on-costs) as one heading, volunteer expenses, rent, utilities, transport, etc. Include any donated services or facilities that relate specifically to this service separately in accordance with SORP2005.
- If you have already received funding from elsewhere to supplement this application please indicate this in the Revenue section and indicate whether or not this funding has been confirmed with \*. Detail any other income you expect to receive in connection with this service (e.g. charging for meals). Also include all donated services and facilities received from elsewhere and state the source (e.g. LBM Positive Activities Fund, NHS, etc.).
- Please tell us how many hours you anticipate volunteers will contribute to your service each year. This should include time your Trustee/ Management Committee members spend on governance.
- The amounts detailed in the 'funding requested' section should list the separate costs for each service or activity numbered in question Cb). Do not list management and overheads costs separately, instead include an appropriate contribution for management and overheads in the cost of each service/ activity, using full cost recovery. Also include the in kind amount for donated services and facilities to provide a figure for the total funding requested. The total of this box should equal the difference between the income and expenditure boxes.
- It is important that you identify *all* your service costs and overheads. We will only fund you if you can demonstrate that your organisation and the service are financially viable.

### **Section E: Documents we need from you**

- We will ask for these documents **if your application is successful**. Please do not send them in now.
- If you need help producing any of these policies or with DBS checks, please contact Merton Voluntary Service Council on 020 8685 1771.

### **Section F: Sign off**

- The form should be signed by two senior members of your organisation's Trustee Board, Management Committee or Board of Directors who have the authority to enter into contractual agreements. Ideally, these should be different to the contact named in Section B.

- Please send the form electronically by 5 p.m. on Monday 3 November 2014, followed by a signed hard copy.
- If you have any questions about the form or guidance notes please contact Amanda Roberts on 020 8545 4685 or [amanda.roberts@merton.gov.uk](mailto:amanda.roberts@merton.gov.uk).

This page is intentionally left blank

**Committee: Cabinet**

**Date: 15<sup>th</sup> September 2014**

Wards: Lavender Fields Ward

## **Subject: Allocation of s.106 monies for affordable housing**

Lead officer: James McGinlay, Head of Sustainable Communities

Lead member: Councillor Andrew Judge, Cabinet Member for Environmental Sustainability and Regeneration

Contact officer: Tim Catley

---

### **Recommendations:**

- A. To authorise the allocation of £80,000 S.106 funding towards the delivery of new affordable housing in the borough, specifically at the development at 191-193 Western Road, Mitcham.

---

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

- 1.1. The purpose of this report is to seek authorisation of Cabinet to allocate £80,000 of S.106 funding towards delivery of 21 affordable housing units as part of the development at 191-193 Western Road, Mitcham. These funds come from the S.106 monies received by London Borough of Merton for the purpose of delivering new affordable housing.
- 1.2. It is Council procedure that any addition of £50,000 or more to the Capital Programme must be authorised by decision of Cabinet.

## **2 DETAILS**

- General S.106 Considerations
- 2.1. S.106 of the Town & Country Planning Act 1990 (as amended) permits Local Planning Authorities to enter into agreements with applicants for planning permission to regulate the use and development of land. This may involve the payment of a financial contribution for off site works. The Council currently has £365,643.20 made up of S.106 contributions for affordable housing from housing developments throughout the borough. This is separate from the S.106 fund from housing schemes of 9 units or less.

- 2.2. The Community Infrastructure Regulations 2010 require that a planning obligation must be
- i. Necessary to make the development acceptable in planning terms
  - ii. Directly related to the proposed development
  - iii. Fairly and reasonably related in scale and kind to the proposed development

Allocation of monies towards new affordable housing

- 2.3 The project that is the subject of this report is the provision of additional affordable housing units as part of a development at 191-193 Western Road Mitcham.
- 2.4 The proposed housing development (planning application reference number 14/P1241) which involves the Demolition of the existing buildings (940 square metres of B8 floor space) and the redevelopment of the site for residential purposes (48 residential units in three and four storey buildings comprising 11 one bedroom flats; 21 two bedroom flats, 14 three bedroom houses and 2 four bedroom houses).
- 2.5 Policy CS8 of the council's adopted Core Planning Strategy requires developments involving 10 or more residential units to provide of an equivalent of 40% of those dwellings as affordable onsite. The policy states that in seeking affordable housing provision the council will have regard to site characteristics such as site size, site suitability and economics of provision such as financial viability issues
- 2.6 The London Plan requires that negotiation on sites should take account of their individual circumstances including development viability and the availability of public subsidy.
- 2.7 The applicant's financial viability appraisal in relation to the scheme was independently assessed on behalf of the Council. The assessor concluded that 40% could be generated from the scheme in viability terms. However, the applicant has contended that this would not be feasible as it would involve the mix of affordable and market housing in one of the blocks of accommodation (40% in viability terms would require the provision of 8.2 shared ownership units and 1.8 open market units in Block C), which because of associated servicing and maintenance difficulties would not be a feasible option for a registered affordable housing provider.
- 2.8 The independent assessor has agreed that a public grant would be required to facilitate the transfer of the whole block of accommodation to the registered provider with the grant being equivalent to the loss of value attached to the transfer of what would have been market housing to the registered provider for affordable housing. Following discussions with the registered provider the amount of grant that is considered necessary to secure this transfer would be £80,000.

- 2.9 This level of S.106 funding would be no more in value terms than the shortfall between achieving 21 affordable housing units on the site in two affordable housing blocks and what can be viably provided by the development without a contribution from the Council. The terms of the grant will require the provision of 21 affordable housing units and 100% nomination rights to the council as far as nominating persons to take up the affordable housing dwellings delivered as part of the development is concerned.
- 2.10 Planning Applications Committee resolved at its meeting on 21 August 2014 to grant planning permission for the development subject the completion of a S106 agreement, with the provision of 21 affordable housing units on-site, subject to confirmation that Cabinet had approved the grant of support funding by 16 September 2014. The fall-back resolution, was for 11 affordable rented units together with an off-site financial contribution equivalent to on site affordable housing provision or that which is possible as part of a viable development as confirmed by the independent third party assessor. The recommendation to members is to accordingly approve the allocation of the S.106 monies.

### **3 ALTERNATIVE OPTIONS**

- 3.1. If Cabinet was not to authorise the allocation then the opportunity to secure on site provision of 10 shared ownership units would be lost.
- 3.2. The alternative option (i.e. the fall-back resolution of Planning Applications Committee set out in paragraph 2.10) for a payment in-lieu with onsite provision of the remaining 11 affordable rented units. The payment in lieu, which would be £100,000, has been calculated to be the equivalent in value terms to the impact upon development viability for the provision of the 8.2 shared ownership units in Block C. This payment in lieu would be paid to the council for provision of affordable housing elsewhere in the borough.
- 3.3. The aim of the S.106 funds is to increase the amount of affordable housing in the borough.
- 3.4. There is a limited supply of deliverable housing schemes in the near future, and targeting the S.106 funds at the Western Road scheme would provide a deliverable solution.
- 3.5. The types of sites for which might be available to spend the payment in lieu of £100,000 are not certain, and it is considered that the number of affordable housing units that could be delivered with that sum is unlikely to come close to the 8.2 units that would be delivered on this site. This is particularly the case given that the funds are used to purchase additional units on sites for affordable housing that would otherwise have been sold on the open market and which would not attract an alternative public subsidy.
- 3.6. While the amount of CIL revenues would be larger with the alternative option (initially estimated as £131,000 higher), given the CIL relief that is available to affordable housing units, this is not considered to be significant enough together with the £100,000 payment in lieu to offset the value gained by on-

site provision of 10 shared-ownership units with the £80,000 investment recommended to Cabinet.

- 3.7. The allocation of £80,000 that is subject of this report is therefore considered a good value for money investment.

#### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1. The planning application followed the requisite statutory public consultation procedure, and the proposal has been approved by the Planning Applications Committee.
- 4.2. The council's Housing Development Team were consulted prior to Planning Applications Committee and have confirmed their support for this proposal.

#### **5 TIMETABLE**

- 5.1. As set out in paragraph 2.13.

#### **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1. The S.106 funds referred to in this report have been received by London Borough of Merton and are available to be spent in the manner agreed by Council, subject to any restrictions contained in the agreements.

#### **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. The Council would have 100% nomination rights for both schemes in perpetuity.

#### **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1. The planning application was considered in the light of the Human Rights Act. The S.106 contribution was secured towards community benefits to mitigate the impact of the development granted planning permission. The proposed allocations would be in strict accordance with the terms of the S.106 Agreement. As a consequence, equalities and community cohesion implications are taken into account.

#### **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. There would be no crime and disorder implications associated with the allocation of the above contribution.

#### **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1. The proposed expenditure of the S.106 monies is towards the general purposes specified in the respective S.106 agreements and would enable



new affordable housing to be built in the borough to meet housing need in the absence of any external grant funding from the GLA or any other grant funding bodies. Therefore this proposal is considered sound from a risk management perspective. There are no health and safety implications.

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

**12 BACKGROUND PAPERS**

12.1. None

This page is intentionally left blank

## Cabinet

Date: 15<sup>th</sup> September 2014

Subject: Financial Report 2014/15 – June 2014 (Quarter 1)

Lead officer: Paul Dale

Lead member: Mark Allison

### Recommendations:

---

- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast overspend at year end of £2.69million, 1.65% of the net budget and consider the need for urgent action by managers to reduce this.
- B. That Cabinet note the financial reporting data for capital
- C. Cabinet are requested to approve the following Virements from Adult Social Care IFRS Reserves- £609k and Public Health Grant IFRS Reserves £1.6m as detailed in Appendix 11
- D. Cabinet are requested to approve a Virement from the Corporate Contingency to fund the cost of the recent local elections of £165k.

---

### 1. 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 end of the first quarter of the financial year this information was presented to the Financial Task Group on 22 July 2014.

This financial monitoring report provides:-

- The latest budgetary control information on revenue expenditure and income, forecasting a year end overspend of £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 June, the forecast is expected to be a net £2.69m overspend compared to the current budget.

	Current Budget 2014/15 £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn variance 2013/14 £000s
<b>Department</b>					
3A. Corporate Services	12,339	11,683	(656)	(443)	(732)
3B. Children, Schools and Families	48,151	49,534	1,383	763	556
3C. Community and Housing	61,581	63,612	2,031	2,300	(1,122)
3D. Public Health	0	(408)	(408)	0	0
3E. Environment & Regeneration	24,068	25,560	1,493	1,481	(576)
Overheads	0	0	0	0	55
<b>NET SERVICE EXPENDITURE</b>	<b>146,138</b>	<b>149,981</b>	<b>3,843</b>	<b>4,101</b>	<b>(1,820)</b>
<b>3E. Corporate Items</b>					
Impact of Capital on revenue budget	13,581	13,581	0	0	0
Central budgets	1,891	738	(1,153)	(1,160)	2,429
Levies	931	931	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>16,403</b>	<b>15,250</b>	<b>(1,153)</b>	<b>(1,160)</b>	<b>2,429</b>
<b>TOTAL GENERAL FUND</b>	<b>162,541</b>	<b>165,231</b>	<b>2,690</b>	<b>2,941</b>	<b>610</b>
<b>FUNDING</b>					
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)	0	(359)
Council Tax and Collection Fund	(79,578)	(79,578)	0	0	0
<b>FUNDING</b>	<b>(162,541)</b>	<b>(162,622)</b>	<b>(81)</b>	<b>0</b>	<b>(610)</b>

A detailed table is provided as Appendix 1.

It should be noted that C&H and CSF have netted down the forecast overspend by £715k of one-off Public Health money. This reduces the overall overspend from £3.4m to £2.69m reported.

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

	Current Budget 2014/15	Full Year Forecast (June)	Forecast Variance at year end (June)	Forecast Variance at year end (May)	Outturn variance 2013/14
<b>Expenditure</b>	£000	£000	£000	£000	£000
Employees	92,065	92,892	827	625	275
Premises Related Expenditure	9,561	9,333	(228)	(308)	(891)
Transport Related Expenditure	13,282	13,954	671	607	20
Supplies and Services	166,170	166,198	28	(1,493)	1,933
Third Party Payments	84,723	88,414	3,692	1,760	(2,106)
Transfer Payments	108,464	108,158	(306)	(250)	6,442
Support Services	32,311	32,311	(0)	(14)	1,501
Depreciation and Impairment Losses	15,226	15,224	(2)	(4)	(0)
Corporate Provisions	16,403	15,250	(1,153)	(1,160)	2,429
<b>GROSS EXPENDITURE</b>	<b>538,205</b>	<b>541,734</b>	<b>3,529</b>	<b>(236)</b>	<b>9,603</b>
<b>Income</b>					
Government Grants	(262,779)	(262,762)	18	253	(6,425)
Other Grants, Reimbursements and Contribs	(23,518)	(23,501)	18	(577)	(2,361)
Customer and Client Receipts	(56,328)	(55,904)	424	1,640	(1,141)
Interest	(44)	(19)	25	0	25
Recharges	(32,872)	(32,872)	0	0	(1,446)
Balances	(121)	(1,446)	(1,324)	1,861	2,352
<b>GROSS INCOME</b>	<b>(375,663)</b>	<b>(376,503)</b>	<b>(839)</b>	<b>3,178</b>	<b>(8,994)</b>
<b>NET EXPENDITURE</b>	<b>162,541</b>	<b>165,231</b>	<b>2,690</b>	<b>2,941</b>	<b>610</b>

### 3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

#### Corporate Services Department

	2014/15 Current Budget	Full year Forecast June	Forecast variance at year end June	Forecast variance at year end May	2013/14 Variance
	£000	£000	£000	£000	£000
Business Improvement	2,744	2,857	113	63	-32
Infrastructure & Transactions	9,226	9,172	-53	7	-130
Resources	7,403	7,328	-75	-73	-284
Human Resources	2,198	2,246	48	-22	-46
Corporate Governance	3,186	2,966	-220	-42	-185
Customer Services	2,305	1,836	-469	-370	-752
Corporate Items including redundancy costs	1,272	1,272	0	-5	696
<b>Total (controllable)</b>	<b>28,333</b>	<b>27,677</b>	<b>-656</b>	<b>-443</b>	<b>-733</b>

#### Overview

At period 3(June) the Corporate Services department is forecasting an underspend of £656k.

#### **Business Improvement – forecast overspend £113k**

The restructure of the systems and development team within the Business Improvement division is currently underway. The employee forecast at period 3 for the team is being reported in line with budget.

The outcome and financial impact of vacant posts and salary protection will be reported by period 6.

The forecast overspend of £113k is on RPI and general increases in 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 £48k**

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 £30k. The training needs of the workforce are being reviewed as part of the appraisals process and workforce strategy.

### **Corporate Governance – forecast underspend £220k**

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. An anti- fraud team of 3 posts 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 £98k in 2014/15. The budget for 2015/16 will need to be reduced to reflect these changes.

The saving of a FOI/ complaints officer post is unlikely to be achieved in the current year due to demands on the service and alternate savings are being identified.

The Merton and Richmond part of the SLLP continues to apply hard charging with an hourly rate of £55. The case management system migration work has completed and shadow charging information will be provided to the Kingston and Sutton part of the structure in 14/15 in anticipation of hard charging from 15/16.

The cost of the recent local elections of approx. £165k will be funded from the corporate contingency.

### **Customer Services – forecast underspend £469k**

The Local Welfare Support discretionary scheme continues to underspend in 14/15 with a forecast underspend of £298k. 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 targets is also a pressures in 14/15 and expected to underachieve. The Bailiffs Reform was implemented from April 2014. The fee structure is fixed under the new regulations. The level of activity for Sutton is low in the first quarter.

### **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 (Jun) £000	Forecast Variance at year end (Jun) £000	Forecast Variance at year end (May) £000	2013/14 Variance at year end £000
Commissioning, Strategy and Performance	6,938	7,318	380	413	449
Education	16,102	16,615	513	474	370
Social Care and Youth Inclusion	10,743	11,243	500	(124)	(268)
PFI	7,724	7,714	(10)	0	29
Redundancy costs	2,073	2,073	0	0	(24)
<b>Total (controllable)</b>	<b>43,580</b>	<b>44,963</b>	<b>1,383</b>	<b>763</b>	<b>556</b>

#### Overview

At the end of period 3 (June) Children Schools and Families is forecasting a net overspend of £1,383m 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 £215k meaning that the underlying overspending is £1,598.

#### 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	Jun £000	May £000
Fostering and residential placements (ART)	4,169	249	415
Public Health contribution	0	(215)	0
Supported lodgings/housing	567	337	0
Other small over and underspends	2,202	9	(2)
<b>Subtotal Commissioning, Strategy and Performance</b>	<b>6,938</b>	<b>380</b>	<b>413</b>
SEN Transport	2,734	340	340
No Recourse to Public Funds (NRPF)	0	90	90
Other small over and underspends	13,368	83	44
<b>Subtotal Education</b>	<b>16,102</b>	<b>513</b>	<b>474</b>
Purple central social work team	765	135	0
No Recourse to Public Funds (NRPF)	20	100	0
Supported lodgings/housing	0	150	0
Special guardianship orders (SGO)	100	144	0
Other small over and underspends	9,858	(29)	(124)
<b>Subtotal Children's Social Care and Youth Inclusion</b>	<b>10,743</b>	<b>500</b>	<b>(124)</b>
<b>Subtotal PFI</b>	<b>7,724</b>	<b>(10)</b>	<b>0</b>
<b>Subtotal Redundancy cost</b>	<b>2,073</b>	<b>0</b>	<b>0</b>
<b>Grand total Children, Schools and Families</b>	<b>43,580</b>	<b>1,383</b>	<b>763</b>

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 £249k. This includes on-going pressures in independent agency fostering of £80k, in-house fostering of £187k and residential placement of £305k which is offset by underspends forecast in mother and baby placements of £195k as well as secure accommodation costs including remands which now fall to the Council of £128k.
- Of the £500k public health underspend allocated to CSF, £215k was used to offset Early Years costs which enabled us to use existing general fund money to offset overspends on LAC placements.
- The budget for semi-independent and supported lodgings/housing placements is estimated to overspend by £337k. 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 predicted 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 PFI schools' annual contributions towards the funding gap are calculated using a formula set-out in Governing Body Agreements. Following a review of the Governing Body Agreements and changes to the schools' Dedicated Schools Grant funding, the schools' contribution formula needs to be re-negotiated.
- There are various other small over and underspends predicted across the division netting to a £9k overspend. These combine with the item described above to arrive at the total reported divisional overspend forecast of £380k.

### Education Division

- SEN and FE transport cost are expected to overspend by £340k 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.
- The No Recourse to Public Funds (NRPF) budgets are forecast to overspend in total by £190k for the current financial year. These overspends are expected across education (£90k) and CSC (£100k). This increase in cost is in response to case law regarding housing families with no recourse to public funds (Zambrano & Clue cases).
- There are various other small over and underspends predicted across the division netting to a £83k overspend. These combine with the item described above to arrive at the total reported divisional overspend forecast of £513k.

## Children's Social Care and Youth Inclusion Division

- The central social work teams' budget is expected to overspend by £135k due to the high volume and cost of agency cover. 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 £100k 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 £150k. This is a one-off overspend as a result of CareFirst packages that was not accrued for in the previous financial year.
- Special guardianship orders (SGO) are estimated to overspend by £144k 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 £74k underspend. These combine with the item described above to arrive at the total reported divisional underspend forecast of 124k.

### **Dedicated Schools Grant**

DSG funded services are expected to overspend by an estimated £1,324m 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**

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.

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+.

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.

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 £740k will be achieved.

**(C) Community and Housing**

As at the end of period 3 (June), C&H is forecast to over-spend by £2.031m

<b>Community and Housing</b>	<b>2014/15 Current Budget</b>	<b>Full Year Forecast (June)</b>	<b>Forecast Variance (June)</b>	<b>Forecast Variance (May)</b>	<b>2013/14 Variance at year end</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>
Access and Assessment	42,106	43,935	1,829	1,573	(1,256)
Commissioning	5,072	4,957	(115)	49	(116)
Direct Provision	4,181	4,955	774	624	214
Directorate	774	728	(45)	(50)	70
Contribution from Public Health	0	(500)	(500)	0	0
<b>Adult Social Care</b>	<b>52,133</b>	<b>54,075</b>	<b>1,943</b>	<b>2,196</b>	<b>(1,088)</b>
Libraries and Heritage	2,504	2,495	(9)	14	27
Merton Adult Education	(272)	(114)	157	155	(29)
Housing General Fund	1,931	1,870	(60)	(65)	(32)
<b>Total (controllable)</b>	<b>56,296</b>	<b>58,327</b>	<b>2,031</b>	<b>2,300</b>	<b>(1,122)</b>

This overspending has been netted down by one off Public Health money of £500,000 meaning that the underlying over-spending is £2.531m an increase from the £2.3 reported in May.

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

## **Management Action**

In order to reduce the forecast over-spend reported in P2, 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.

If transitional grant funding to Voluntary Organisations is 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. Review should generate some savings in the last quarter of the financial year.

ASC has a 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 - £1,829k over-spend**

<b>Access and Assessment</b>	<b>Forecast Variance (June) £000</b>
Miles –Reablement over-spend	417
Deprivation of Liberty	290
Other A&A under-spend	(786)
Gross Placements overspend	2,549
<b>Sub-total Net over-spend</b>	<b>2,470</b>
Over achievement of Client Contribution	(511)
Over achievement of CCG Contribution	(130)
<b>Sub-Total over-achievement of Income</b>	<b>(641)</b>
<b>Total A&amp;A Forecast over-spend</b>	<b>1,829</b>

The Deprivation of Liberty Safeguards (DoLS) is part of the Mental Capacity Act 2005. In order to ensure the Council is working toward compliance with the law in responding to the new test for Deprivation of Liberty, it has been necessary to take action. The financial implication is an additional budget pressure of £290k based on the DOH guesstimate for Merton which is 400 Dols request for this financial year. This will need to be contained within existing budgets or one off funding from reserves.

## **Placements Budget Overview**

### **Placements Overspend £2.549m**

The total gross placement budget for 2014-15 is £37.6m.

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:

<b>Activity Data – Care Package Numbers</b>	<b>No of Care Packages as at October 2013 (budget setting)</b>	<b>No of Care Packages as at Jun 2014</b>	<b>Increase/ (decrease) since Budget Setting</b>	<b>Total Yearly Commitment @ Jun 14 £000</b>
Service Area				
Mental Health	157	149	(8)	£1,610
Physical and Sensory	289	288	(1)	£3,967
Learning Disabilities	369	413	44	£12,554
Older People	1,631	1,699	68	£20,928
Substance Misuse	8	13	(5)	£298
No recourse to public funds	12	11	1	£178
Transport				312
Other Placement Expenditure				323
<b>TOTAL Gross placement expenditure</b>	<b>2,466</b>	<b>2,573</b>	<b>107</b>	<b>£40,170</b>

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 £641k. 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 £115k**

The main budget pressure in Commissioning is due to no budget allocation for the extension of Transition funding to Voluntary organisations. Management propose to contain this by reducing the second half transitional payments by £80,000 to affected Voluntary Organisations.

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 £774k**

The main cause of the variances is due to an overspend 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- £9k under-spend**

This underspend is due to the reduction in media fund spend and staff vacancies. Income will remain a challenge but at present is on track.

### **MAE - £157k 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 £60k**

The main variance is on supplies services budgets.

The newly transferred Housing Environmental Health Team is forecast to overspend by £14k due to additional agency costs.

## **Public Health**

Public Health is forecast to underspend by £408k.

<b>Public Health</b>	<b>2014/15 Current Budget</b>	<b>Full Year Forecast (Jun)</b>	<b>Forecast Variance (Jun)</b>	<b>Forecast Variance (May)</b>	<b>2013/14 Final Out-turn</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
PH - Directorate	1,013	1,053	40	4	631
PH- Contraception*	598	614	16	14	589
PH - STI Testing and Treatment (GUM)*	2,060	2,298	238	238	2,275
PH - SH Advice, Prevent and Promotion	360	280	(80)	(91)	301
PH - NHS Health check*	232	246	14	14	172
PH - Falls Prevention	66	57	(9)	0	55
PH - Obesity	348	349	1	0	357
PH – Live well (including smoking cessation)	355	339	(16)	(33)	346
PH - Substance Misuse (drugs and alcohol)	2,057	2,057	0	0	1,837
PH - School Nursing (including National Child Measurement programme)*	628	609	(19)	(27)	570
PH - Surveillance and Control of Infectious Diseases	65	0	(65)	(65)	0
PH - Community Services Contract Estates	192	283	91	90	188
PH - New Investments	1,152	533	(619)	(347)	0
<b>Total Public Health (controllable)</b>	<b>9,126</b>	<b>8,718</b>	<b>(408)</b>	<b>(204)</b>	<b>7321</b>

## D) Environment & Regeneration

<b>Environment &amp; Regeneration</b>	<b>2014/15 Current Budget £000</b>	<b>Full year Forecast (June) £000</b>	<b>Forecast Variance at year end (June) £000</b>	<b>Forecast Variance at year end (May) £000</b>	<b>2013/14 Final Out-turn £000</b>
Public Protection	(7,094)	(6,925)	169	199	303
Sustainable Communities (Excl. T&H)	2,509	2,552	43	33	-114
Traffic & Highways (T&H)	8,578	9,107	529	508	-122
Waste Services	14,159	14,985	825	717	-1,116
Safer Merton	1,043	1,005	(38)	0	-63
Other	(752)	(787)	(35)	24	537
<b>Total (Controllable)</b>	<b>18,443</b>	<b>19,936</b>	<b>1,493</b>	<b>1,481</b>	<b>-575</b>



Description	2014/15 Current Budget £000	Forecast Variance at year end (June) £000	Forecast Variance at year end (May) £000
Employee overspend in Parking Services	2,476	85	77
Underachievement of income in Parking Services	(12,184)	67	132
Other	(9,799)	17	(20)
<b>Total for Public Protection</b>	<b>(7,094)</b>	<b>169</b>	<b>199</b>
Employee overspend within B&DC	1,575	38	94
General Supplies & Services underspend within B&DC	232	(73)	(50)
Shortfall in Building & Development Control (B&DC) income	(1,859)	223	98
Employee related underspend within Traffic & Highways	1,821	(109)	(94)
Reduction in ability to Capitalise expenditure	(464)	464	464
Overspend on third party payments within Traffic & Highways	2,058	130	67
Underspend on Supplies and Service in Traffic & Highways	361	(57)	(12)
Underachievement of Customer & Client Receipts in Traffic & Highways	(1,453)	186	115
Overachievement of rental income in Property Management	(4,042)	(46)	(5)
Premises related underspend within Property Management	343	(30)	(54)
Employee underspend within Senior Mgmt & Support	755	(26)	(26)
Other	11,760	(128)	(56)
<b>Total for Sustainable Communities</b>	<b>11,087</b>	<b>572</b>	<b>541</b>
Employee overspend within Waste Services	7,109	341	165
General Supplies & Services underspend within Waste Services	1,111	(194)	(233)
Reduced SLWP related costs	6,270	335	209
Transport related underspend within Waste Services	2,005	(234)	(127)
Shortfall in Waste Services income – principally Commercial Waste	(2,777)	582	643
Transport Services	(752)	(35)	24
Other	441	(5)	60
<b>Total for Street Scene &amp; Waste</b>	<b>13,407</b>	<b>790</b>	<b>741</b>
Employee underspend Safer Merton	840	(38)	0
Other	203	0	0
<b>Total for Safer Merton</b>	<b>1,043</b>	<b>(38)</b>	<b>0</b>
<b>Total Excluding Overheads</b>	<b>18,443</b>	<b>1,493</b>	<b>1,481</b>

### **Overview**

The department is currently forecasting an overspend of £1,493k at year end. The main areas of variance are Waste Services, Traffic & Highways, Parking Services, Transport and Building & Development Control.

## **Pressures**

### **Public Protection**

#### **Parking Services**

The section is currently forecasting an overspend of £177k. Within this is a £85k 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 £67k is due to an overall underachievement of income.

### **Sustainable Communities**

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

The section is currently forecasting an overspend of £155k mainly due a shortfall in Customer & Client receipts of £223k. This is partially offset by an underspend of £73k in supplies and services. There is also a forecasted salary overspend of 38k 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 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 £109k and an underspend in supplies and services of £57k.

### **Street Scene & Waste**

#### **Waste Services**

The section is currently forecasting an overspend of £825k, which is mainly due to a forecast shortfall income from Commercial Waste, clinical waste and bulky waste collection, which is forecasting an income shortfall of around £582k. 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. An action plan to balance the budget and achieve the saving is required.

In addition, the section is currently projecting an employee related overspend of about £341k. This includes 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.

## (E) Corporate Items

The details comparing actual expenditure up to 30 June 2014 against budget are contained in Appendix 2. The main areas of variance as at 30 June 2014 are:-

Corporate Items	Current Budget 2014/15 £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s
Cost of borrowing	14,103	13,976	-127	0
Investment Income	-522	-522	0	0
Use for Capital Programme	0	127	127	0
<b>Impact of Capital on revenue budget</b>	<b>13,581</b>	<b>13,581</b>	<b>0</b>	<b>0</b>
<b>Pension Fund</b>	<b>13,434</b>	<b>13,434</b>	<b>0</b>	<b>0</b>
<b>Pay and Price Inflation</b>	<b>1,624</b>	<b>1,624</b>	<b>0</b>	<b>0</b>
<b>Contingencies and provisions</b>	<b>4,469</b>	<b>3,316</b>	<b>-1,153</b>	<b>-1,160</b>
<b>Income Items</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Appropriations/Transfers</b>	<b>-2,409</b>	<b>-2,409</b>	<b>0</b>	<b>0</b>
<b>Central Items</b>	<b>17,118</b>	<b>15,965</b>	<b>-1,153</b>	<b>-1,160</b>
<b>Levies</b>	<b>931</b>	<b>931</b>	<b>0</b>	<b>0</b>
<b>Depreciation and Impairment</b>	<b>-15,227</b>	<b>-15,227</b>	<b>0</b>	<b>0</b>
<b>TOTAL CORPORATE PROVISIONS</b>	<b>16,403</b>	<b>15,250</b>	<b>-1,153</b>	<b>-1,160</b>

Corporate Items	Current Budget 2014/15 £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	2013/14 Year end Variance £000s
Cost of borrowing	14,103	13,976	-127	0	-166
Investment Income	-522	-522	0	0	-346
Use for Capital Programme	0	127	127	0	512
<b>Impact of Capital on revenue budget</b>	<b>13,581</b>	<b>13,581</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Pension Fund</b>	<b>13,434</b>	<b>13,434</b>	<b>0</b>	<b>0</b>	<b>21</b>
<b>Pay and Price Inflation</b>	<b>1,624</b>	<b>1,624</b>	<b>0</b>	<b>0</b>	<b>-314</b>
<b>Contingencies and provisions</b>	<b>4,469</b>	<b>3,316</b>	<b>-1,153</b>	<b>-1,160</b>	<b>845</b>
<b>Income Items</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-177</b>
<b>Appropriations/Transfers</b>	<b>-2,409</b>	<b>-2,409</b>	<b>0</b>	<b>0</b>	<b>2,051</b>
<b>Central Items</b>	<b>17,118</b>	<b>15,965</b>	<b>-1,153</b>	<b>-1,160</b>	<b>2,426</b>
<b>Levies</b>	<b>931</b>	<b>931</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Depreciation and Impairment</b>	<b>-15,227</b>	<b>-15,227</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>TOTAL CORPORATE PROVISIONS</b>	<b>16,403</b>	<b>15,250</b>	<b>-1,153</b>	<b>-1,160</b>	<b>2,429</b>

There is one main change in June from the position reported in May which is an underspend on capital financing costs of £0.127m. This has arisen due to the impact of the 2013/14 outturn position on minimum revenue provision forecasts for 2014/15.

The net reduction of £0.127m will be used for future investment in the capital programme.

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

## 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 May 2014 the approved capital programme was just under £53 million.

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

Department	Spend To June 2012 £000's	Spend To June 2013 £000's	Spend To June 2014 £000's	Variance 2012 to 2014 £000's	Variance 2013 to 2014 £000's
Children Schools and Families	4,194	1,358	2,805	(1,389)	1,447
Corporate Services	466	353	(122)	(588)	(475)
Community and Housing	118	759	(127)	(245)	(886)
Environment and Regeneration	2,078	1,759	798	(1,280)	(961)
<b>Total Capital</b>	6,856	4,229	3,354	(3,502)	(875)

Outturn £000s	40,487	31,564	
Budget £000s			52,508
Projected Spend October 2013 £000s			47,911
Percentage Spend to Budget			6.39%
Percentage Spend to Outturn/Projection	16.93%	13.40%	7.00%

4.1.2 June is one quarter of the way through the financial year however departments have only spent 6.39% of their budget or 7.00% of their forecast, in the last two years spend was in the region of 15% of the final outturn by this point. To achieve a projected spend of £45.6m officers will need to spend just over £4.9m per month for each of the remaining 9 months. The table below shows that in June 2014 they managed to spend just under £2.4 million.

Department	Spend To May 2014	Spend To June 2014	Variance
Children Schools and Families	935	2,805	1,870
Corporate Services	(198)	(122)	76
Community and Housing	(132)	(127)	5
Environment and Regeneration	310	798	488
<b>Total Capital</b>	915	3,354	2,439

## 4.2 Capital Programme 2014/15

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

### Merton Summary Capital Report - June 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Community and Housing	2,735,460	(10,269)	302,740	(430,080)	2,734,499	(961)
Corporate Services	7,269,500	(121,749)	1,157,197	(1,278,946)	4,883,040	(2,386,460)
Children Schools and Families	27,434,730	2,805,028	4,372,328	(1,567,300)	27,362,178	(72,552)
Environment and Regeneration	15,066,720	681,089	2,964,440	(2,166,280)	12,931,615	(2,135,105)
<b>Total Capital</b>	<b>52,506,410</b>	<b>3,354,099</b>	<b>8,796,705</b>	<b>(5,442,606)</b>	<b>47,911,332</b>	<b>(4,595,078)</b>

*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 projected under spend is due to three corporate schemes – Acquisitions (£1,042k), Capital Bidding Fund (£1,000k) and Capital Transformation (£306k) which are held to fund transformation activity throughout the organisation.
  3. Children, Schools and Families – variance on expenditure to date is based on a consistent monthly spend rather than a formal monthly forecast. Over £21 million of the spend has already been contracted for major primary school expansions and the variance to date is due to some invoicing delays from the contractor.
  4. Environment and Regeneration the majority of the under spend is due to two schemes within Regeneration Partnerships - £1,443k Mitcham Major Schemes Budget, this scheme is funded by Transport for London, officers are currently seeking approval from TFL to re-profiling all the budget into 2015/16 - £810k Town Centre Improvement Budget, this scheme is funded by Merton and is currently projected to underspend by £400k.
- 4.2.2 The June and July monitoring reports will both be presented to Cabinet in September 2014. For clarity all budget adjustments will be progressed on the July Monitoring Report.

## 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	1,610	(40)	(2.4)%
Children Schools and Families	860	740	(120)	(14.0)%
Community and Housing	2,465	838	(1,627)	(66.0)%
Environment and Regeneration	3,338	2,863	(475)	(14.2)%
<b>Total</b>	<b>8,313</b>	<b>6,051</b>	<b>(2,262)</b>	<b>(27.2)%</b>

5.1 The savings projected to be achieved are showing a significant shortfall against the target of approx. £2.3m. 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. MISCELLANEOUS DEBT

6.1 The debt position is reported in Appendix 8.

## 7. CASH FLOW – Appendix 10

7.1 The Council's forecast cash balance for 31 March 2014 as at 30 June 2014 is estimated at £58.7m. The cash flow forecast includes all estimated income and expenditure for the council as well as some income and expenditure from any shared service which the council is lead borough. The council operates separate cash flow for the pension fund. Investment balance at 30 June 2014 was £110m. This is made up of investments in counterparties listed below. Investments at 30 June 2014

Counterparty	Average Rate	Investment (£'000)
Banks	0.83%	72,430
Building Societies	0.73%	20,000
Local Authorities	0.81%	7,000
Money Market Funds	0.33%	13,620
<b>Total</b>	<b>0.74%</b>	<b>113,050</b>

### Long Term Borrowing at 30 June 2014

Counterparty	Average Rate	Loans (£'000)
PWLB	5.08%	52,010
Market Loans	6.07%	63,000
Stock Loan	11.25%	1,966
<b>Total</b>	<b>5.72%</b>	<b>116,976</b>

The council's daily lending list is currently restricted to UK banks, Sterling denominated UK rated money market funds and other local authorities. The lending list will continue to be reviewed and expanded as required.

Long term borrowing remains at £116.9m, financing of the capital program is expected to be met through internal borrowing as interest rates on investments remain low. There is no forecast short or long term borrowing for 2014/15.

## **8. CONSULTATION UNDERTAKEN OR PROPOSED**

8.1 All relevant bodies have been consulted.

## **9. TIMETABLE**

9.1 In accordance with current financial reporting timetables.

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

10.1 All relevant implications have been addressed in the report. Appendices 6 and 7 provide the Budgetary Control Monitoring Timetable for 2014/15 and the Business Planning Timetable for 2015-19.

## **11. LEGAL AND STATUTORY IMPLICATIONS**

11.1 All relevant implications have been addressed in the report.

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

12.1 Not applicable

## **13. CRIME AND DISORDER IMPLICATIONS**

13.1 Not applicable

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

14.1 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.

## **15. 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 5 – Current Capital Programme 2014/15 – June Monitoring Information

Appendix 6 – Progress on Savings

Appendix 7- Customer/ Client Receipts

Appendix 8- Miscellaneous Debt

Appendix 9- Movement on reserves

Appendix 10 – Cashflow 2014/15

Appendix 11 – C&H Virements

## **16. BACKGROUND PAPERS**

16.1 Budgetary Control files held in the Corporate Services department.

## **17. REPORT AUTHOR**

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



	Original Budget 2014/15 £000s	Current Budget 2014/15 £000s	Year to Date Budget (June) £000s	Year to Date Actual (June) £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s
<b>Department</b>	-						
3A. Corporate Services	11,285	12,339	32,710	7,615	11,683	(656)	(443)
3B. Children, Schools and Families	48,040	48,151	46,966	41,529	49,534	1,383	763
<b>3C. Community and Housing</b>	-						
Adult Social Care	55,894	56,093	14,281	13,661	58,036	1,943	2,196
Libraries & Adult Education	3,232	3,232	1,185	1,074	3,380	148	169
Housing General Fund	2,207	2,256	479	665	2,196	(60)	(65)
3D. Public Health	0	0	(28)	(2,476)	(408)	(408)	0
3E. Environment & Regeneration	22,853	24,068	3,176	263	25,560	1,493	1,481
<b>NET SERVICE EXPENDITURE</b>	<b>143,511</b>	<b>146,138</b>	<b>98,768</b>	<b>62,331</b>	<b>149,981</b>	<b>3,843</b>	<b>4,101</b>
<b>3E. Corporate Items</b>							
Impact of Capital on revenue budget	13,581	13,581	1,543	836	13,581	0	0
Other Central items	4,518	1,891	-281	-505	738	(1,153)	(1,160)
Levies	931	931	300	300	931	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>19,030</b>	<b>16,403</b>	<b>1,561</b>	<b>631</b>	<b>15,250</b>	<b>-1,153</b>	<b>-1,160</b>
<b>TOTAL GENERAL FUND</b>	<b>162,541</b>	<b>162,541</b>	<b>100,329</b>	<b>62,962</b>	<b>165,231</b>	<b>2,690</b>	<b>2,941</b>
<b>- Funding</b>	-						
- Business Rates	-33253	-33253	2231	2231	-33253	0	0
- RSG	-39738	-39738	-24832	-24832	-39738	0	0
- Council Tax Freeze Grant 2014/15	-858	-858	-256	-256	-858	0	0
Section 31 Grant	-1118	-1118	-240	-240	-1199	-81	0
- New Homes Bonus	-3199	-3199	-882	-882	-3199	0	0
- PFI Grant	-4797	-4797	-1199	-1199	-4797	0	0
<b>Grants</b>	<b>-82,963</b>	<b>-82,963</b>	<b>-25,178</b>	<b>-25,178</b>	<b>-83,044</b>	<b>-81</b>	<b>0</b>
Collection Fund - Council Tax Surplus(-)/Deficit	-4608	-4608	0	0	-4608	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	372	372	0	0	372	0	0
<b>Council Tax</b>							
- General	-75049	-75049	0	0	-75049	0	0
- WPC	-293	-293	0	0	-293	0	0
<b>Council Tax and Collection Fund</b>	<b>-79578</b>	<b>-79578</b>	<b>0</b>	<b>0</b>	<b>-79578</b>	<b>0</b>	<b>0</b>
<b>FUNDING</b>	<b>-162,541</b>	<b>-162,541</b>	<b>-25,178</b>	<b>-25,178</b>	<b>-162,622</b>	<b>-81</b>	<b>0</b>
<b>NET</b>	<b>0</b>	<b>0</b>	<b>75,151</b>	<b>37,784</b>	<b>2,609</b>	<b>2,609</b>	<b>2,941</b>

	Current Budget 2014/15	Year to Date Budget (June)	Year to Date Actual (June)	Full Year Forecast (June)	Forecast Variance at year end (June)	Forecast Variance at year end (May)
<b>Expenditure</b>	£000	£000	£000	£000	£000	£000
Employees	92,065	22,703	21,968	92,892	827	625
Premises Related Expenditure	9,561	3,867	1,858	9,333	(228)	(308)
Transport Related Expenditure	13,282	3,264	2,995	13,954	671	607
Supplies and Services	166,170	41,796	33,642	166,198	28	(1,493)
Third Party Payments	84,723	20,693	18,243	88,414	3,692	1,760
Transfer Payments	108,464	27,005	2,477	108,158	(306)	(250)
Support Services	32,311	6	0	32,311	(0)	(14)
Depreciation and Impairment Losses	15,226	0	0	15,224	(2)	(4)
Corporate Provisions	16,403	1,561	631	15,250	(1,153)	(1,160)
<b>GROSS EXPENDITURE</b>	<b>538,205</b>	<b>120,896</b>	<b>81,814</b>	<b>541,734</b>	<b>3,529</b>	<b>(236)</b>
<b>Income</b>						
Government Grants	(262,779)	(3,050)	(4,222)	(262,762)	18	253
Other Grants, Reimbursements and Contribs	(23,518)	(4,509)	(1,927)	(23,501)	18	(577)
Customer and Client Receipts	(56,328)	(13,122)	(12,553)	(55,904)	424	1,640
Interest	(44)	0	0	(19)	25	0
Recharges	(32,872)	0	(6)	(32,872)	0	0
Balances	(121)	115	(143)	(1,446)	(1,324)	1,861
<b>GROSS INCOME</b>	<b>(375,663)</b>	<b>(20,566)</b>	<b>(18,851)</b>	<b>(376,503)</b>	<b>(839)</b>	<b>3,178</b>
<b>NET EXPENDITURE</b>	<b>162,541</b>	<b>100,330</b>	<b>62,962</b>	<b>165,231</b>	<b>2,690</b>	<b>2,941</b>

**APPENDIX 2**

3E. Corporate Items	Council 2014/15 £000s	Original Budget 2014/15 £000s	Current Budget 2014/15 £000s	Year to Date Budget (June) £000s	Year to Date Actual (June) £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s
Cost of Borrowing	14,103	14,103	14,103	1,673	931	13,976	-127	0
Investment Inc.	-522	-522	-522	-131	-95	-522	0	0
Use for Capital Programme	0	0	0	0	0	127	127	0
<b>Impact of Capital on revenue budget</b>	<b>13,581</b>	<b>13,581</b>	<b>13,581</b>	<b>1,543</b>	<b>836</b>	<b>13,581</b>	<b>0</b>	<b>0</b>
<b>Pension Fund</b>	<b>13,434</b>	<b>13,434</b>	<b>13,434</b>	<b>0</b>	<b>0</b>	<b>13,434</b>	<b>0</b>	<b>0</b>
Corporate Provision for Pay Award	807	807	807	202	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
<b>Pay and Price Inflation</b>	<b>1,645</b>	<b>1,645</b>	<b>1,624</b>	<b>202</b>	<b>0</b>	<b>1,624</b>	<b>0</b>	<b>0</b>
Contingency	1,500	1,500	1,500	0	0	347	-1,153	-1,160
Single Status/Equal Pay	100	100	100	25	11	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
<b>Contingencies and provisions</b>	<b>4,666</b>	<b>4,666</b>	<b>4,469</b>	<b>25</b>	<b>11</b>	<b>3,316</b>	<b>-1,153</b>	<b>-1,160</b>
Local Services Support Grant					-8	0	0	0
<b>Income items</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-8</b>	<b>0</b>	<b>0</b>	<b>0</b>
Appropriations: CS Reserves	0	0	-858	-485	-485	-858	0	0
Appropriations: E&R Reserves	0	0	-1,208	0	0	-1,208	0	0
Appropriations: CSF Reserves	0	0	-89	-23	-23	-89	0	0
Appropriations: C&H Reserves	0	0	-254	0	0	-254	0	0
<b>Appropriations/Transfers</b>	<b>0</b>	<b>0</b>	<b>-2,409</b>	<b>-508</b>	<b>-508</b>	<b>-2,409</b>	<b>0</b>	<b>0</b>
<b>Depreciation and Impairment</b>	<b>-15,227</b>	<b>-15,227</b>	<b>-15,227</b>	<b>0</b>	<b>0</b>	<b>-15,227</b>	<b>0</b>	<b>0</b>
<b>Central Items</b>	<b>18,099</b>	<b>18,099</b>	<b>15,472</b>	<b>1,261</b>	<b>331</b>	<b>14,319</b>	<b>-1,153</b>	<b>-1,160</b>
<b>Levies</b>	<b>931</b>	<b>931</b>	<b>931</b>	<b>300</b>	<b>300</b>	<b>931</b>	<b>0</b>	<b>0</b>
<b>TOTAL CORPORATE PROVISIONS</b>	<b>19,030</b>	<b>19,030</b>	<b>16,403</b>	<b>1,561</b>	<b>631</b>	<b>15,250</b>	<b>-1,153</b>	<b>-1,160</b>

### 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 Members took strike action on 10 July. There is no further news at present.

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 1.9% in June 2014, which is up from 1.5% in May 2014. The main contributions to the rise in the rate were from the clothing, food & non-alcoholic drinks and air transport sectors.

CPIH, the new measure of consumer price inflation including owner occupiers' housing costs, grew by 1.8% in the year to June 2014, up from 1.6% in May 2014. Owner occupiers' housing costs increased by 0.1% between May 2014 and June 2014.

RPI annual inflation stands at 2.6% in May 2014, up from 2.4% in April 2014.

### Outlook for inflation:

On 10 July 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.

In the May 2014 Inflation Report, it was noted that “the UK economy has performed strongly over the past year. Output is estimated to have grown by over 3% in the year to 2014 Q1. Inflation has fallen back close to the 2% target. And the unemployment rate has declined to its lowest level for over five years. Nevertheless, spare capacity remains and the MPC’s current aim is to keep inflation close to the target, while supporting the economic expansion such that spare capacity is absorbed.”

At its June meeting, the MPC reported that inflation expectations had remained subdued. In the 2014 Q2 Bank/GfK NOP survey, inflation expectations had fallen over the quarter by around 0.3 percentage points at the one-year, two-year and five-year horizons. It also noted that the Labour Force Survey (LFS) unemployment rate had edged down to 6.8% in the three months to March, and was only marginally higher than expected. Average hours had ticked up on the month, and employment had continued to grow robustly. However, “according to official data, wage growth remained subdued and had been surprisingly weak in the latest release.... The twelve-month growth rate of private sector average weekly earnings (AWE) instead fell back to 1.6%. Within that, regular pay growth was 1.1%. The underlying path of AWE was uncertain as it was possible that some people had postponed bonuses and pay this year too.....Overall, unit labour cost growth had remained weak. The Committee continued to expect some recovery in pay growth. A key issue remained whether that would be accompanied a rise in productivity growth, with few implications for inflationary pressure. “

For February to April 2014, the unemployment rate was 6.6% of the economically active population (those in work plus those seeking and available to work), down from 7.2% for November 2013 to January 2014 and down from 7.8% a year earlier.

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 (July 2014)			
	Lowest %	Highest %	Average %
2014 (Quarter 4)			
CPI	1.0	2.1	1.7
RPI	1.2	4.0	2.6
LFS Unemployment Rate	5.8	6.7	6.2
2015 (Quarter 4)			
CPI	1.6	3.1	2.0
RPI	2.3	4.5	3.3
LFS Unemployment Rate	4.4	6.3	5.8

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 10 July 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.

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, although the rhetoric from the MPC appears to be indicating that rates will start to move up. The Bank of England has indicated that it is in no rush to raise rates but the economy has "edged closer" to the point where interest rates would need to rise.

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 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.

Bank Base Rates forecasts, based on June 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%						

### Community & Housing Summary Capital Report - June 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care	140,980	(13,585)	2,480	(16,065)	140,019	(961)
Housing	2,594,480	3,316	300,260	(414,015)	2,594,480	0
<b>Community and Housing Total</b>	<b>2,735,460</b>	<b>(10,269)</b>	<b>302,740</b>	<b>(430,080)</b>	<b>2,734,499</b>	<b>(961)</b>

### Corporate Services Summary Capital Report - June 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Business Improvement	1,877,350	(5,225)	319,509	(324,734)	1,864,840	(12,510)
Corporate Governance	0	0	0	0	0	0
Corporate Items	2,042,340	0	499,998	(499,998)	0	(2,042,340)
Infrastructure & Transactions						
Facilities Management Total	1,595,920	(152,900)	158,415	(311,315)	1,595,920	0
IT Total	1,113,780	36,376	215,026	(178,650)	1,113,780	0
Resources	333,450	0	0	0	308,500	(24,950)
IT Transformation Unallocated	306,660	0	(35,751)	35,751	0	(306,660)
<b>Corporate Services Total</b>	<b>7,269,500</b>	<b>(121,749)</b>	<b>1,157,197</b>	<b>(1,278,946)</b>	<b>4,883,040</b>	<b>(2,386,460)</b>

### Children, Schools & Families Summary Capital Report - June 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	1,350,568	(276,240)	1,626,808	2,051,770	0
Primary Expansion Contingency	0	0	(569,000)	569,000	0	0
Joseph Hood Permanent Expansn	219,830	(16,543)	193,760	(210,303)	219,830	0
Holy Trinity Expansion	39,740	(5,202)	39,740	(44,942)	39,740	0
St Mary's expansion*	2,590,210	318,382	343,708	(25,326)	2,598,004	7,794
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	86,814	515,518	(428,704)	3,492,485	(5)
Merton Abbey Temp Accomodation	3,452,300	270,849	530,977	(260,128)	3,452,305	5
Pelham School Expansion	3,200,000	188,829	824,518	(635,689)	3,200,000	0
Dundonald expansion	981,790	156,254	577,448	(421,194)	981,793	3
Poplar Permanent Expansion	3,450,260	453,833	560,868	(107,035)	3,450,263	3
Liberty expansion	2,620	0	2,620	(2,620)	2,620	0
Singlegate expansion	4,291,090	65,747	558,598	(492,851)	4,291,090	0
Wimbledon Park expansion	429,380	5,843	369,380	(363,537)	429,380	0
<b>Primary Expansion</b>	<b>24,229,300</b>	<b>2,830,111</b>	<b>3,699,715</b>	<b>(869,604)</b>	<b>24,237,100</b>	<b>7,800</b>



## Children, Schools &amp; Families Summary Capital Report - June 2014 Monitoring Continued ...

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Devolved Formula Capital	439,640	91,257	439,640	(348,383)	365,028	(74,612)
Early Years	0	(59,158)	0	(59,158)	0	0
Free School Meals	437,090	0	0	0	437,090	0
Garden PCP	12,310	0	12,310	(12,310)	12,310	0
Schools Access Initiative Inc	0	(4,000)	0	(4,000)	850	850
SS Peter & Paul PCP	0	0	0	0	0	0
St Ann's Primary Phase	0	3,309	2,460	849	0	0
Cricket Green Site	50,050	0	50	(50)	50,050	0
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	213	(213)	479,750	(850)
Secondary School Autism Unit	40,000	0	0	0	0	(40,000)
Lonesome - Main Heating	0	(1,194)	0	(1,194)	7,370	7,370
The Sherwood-Boiler&Perim Fnc	0	(1,868)	0	(1,868)	9,350	9,350
West Wim-Boiler&Perim Fnc	0	0	0	0	7,090	7,090
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)	11,080	10,450
Schs Cap Maint & Accessibility	686,170	0	76,170	(76,170)	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	0	0	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	0	68,980	(68,980)	68,980	0
Youth&Comm centres reprovision	17,390	(795)	(2,610)	1,815	17,390	0
<b>Total Other</b>	<b>3,205,430</b>	<b>(25,083)</b>	<b>672,613</b>	<b>(697,696)</b>	<b>3,125,078</b>	<b>(80,352)</b>
<b>Children Schools and Families</b>	<b>27,434,730</b>	<b>2,805,028</b>	<b>4,372,328</b>	<b>(1,567,300)</b>	<b>27,362,178</b>	<b>(72,552)</b>

### 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	60,550	249,999	(189,449)	1,000,000	0
Greenspaces	853,160	176,410	282,849	(106,439)	853,160	0
Highways General Planned Works	717,680	71,210	208,006	(136,796)	692,850	(24,830)
Highways Planned Road Works	1,500,000	46,300	375,000	(328,700)	1,500,000	0
Leisure Centres	1,609,290	212,449	317,884	(105,435)	1,609,290	0
Other E&R	114,340	(2,893)	87,180	(90,073)	114,340	0
On and Off Street Parking	42,910	4,000	42,910	(38,910)	42,910	0
Plans and Projects	70,000	0	0	0	70,000	0
Regeneration Partnerships	4,798,400	(1,055)	619,580	(620,635)	2,805,025	(1,993,375)
Street Lighting	410,000	5,523	75,000	(69,477)	410,000	0
Street Scene	357,160	1,385	120,907	(119,522)	315,000	(42,160)
Transport for London	2,346,010	67,432	319,010	(251,578)	2,346,010	0
Traffic and Parking Management	178,500	29,575	43,500	(13,925)	173,230	(5,270)
Transport and Plant	668,870	(7,203)	167,218	(174,421)	599,400	(69,470)
Safer Merton - CCTV & ASB	145,000	0	9,999	(9,999)	145,000	0
Environmental Health	40,000	6,328	9,999	113,400	40,000	0
Waste Operations	215,400	11,078	35,399	(24,321)	215,400	0
<b>Environment and Regeneration</b>	<b>15,066,720</b>	<b>681,089</b>	<b>2,964,440</b>	<b>(2,166,280)</b>	<b>12,931,615</b>	<b>(2,135,105)</b>

**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	Comments
CSF2012-01	<b>CSF Children Social Care &amp; Youth Inclusion</b> Reduction of the overall detached youth service budgets following service review.	25	25	0	G	
CSF2012-02	<b>CSF School Standards and Quality</b> Increased income generation and management efficiencies	70	70	0	G	
CSF2012-03	<b>CSF Early Years</b> Service restructuring and realignment to deliver efficiencies	100	100	0	G	
CSF2012-05	<b>CSF Commissioning Function and Commissioning Budgets</b> Reduction in commissioning budgets for Early Intervention and Prevention service	50	50	0	G	
CSF2012-06	<b>CSF Commissioning Function and Commissioning Budgets</b> Reduce expenditure on LAC and SEN placements	200	150	50	A	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.
CSF2012-07	<b>CSF Policy, Planning and Performance</b> Staffing reduction equivalent to 1 fte	50	50	0	G	
CSF2012-08	<b>CSF SEN Transport</b> Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport	140	70	70	A	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.
CSF2012-09	<b>CSF Children Social Care &amp; Youth Inclusion</b> Participation/Advocacy commissioning	50	50	0	G	
CSF2012-10	<b>CSF Children Social Care &amp; Youth Inclusion</b> Duke of Edinburgh reprovide via schools funding	25	25	0	G	
CSF2012-11	<b>CSF Commissioning Function and Commissioning Budgets</b> Reduction of one post in commissioning and partnerships	50	50	0	G	
CSF2012-12	<b>CSF Children Social Care &amp; Youth Inclusion</b> Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE)	100	100	0	G	
<b>Total Children, Schools &amp; Families Department Savings for 2013-14</b>		<b>860</b>	<b>740</b>	<b>120</b>		

**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	Comments
-----	-----------------------	-------------------------------	-------------------------------	-----------	-----	----------

H:\TECHACCY\RCCB\REVENUE\BUDCONTL\BC2014-15\Period 3 June 2014.15\Cabinet\[Appendix 6 - P3 Progress on savings 14.15 Cabinet.xlsx]E&R

## DEPARTMENT: COMMUNITY &amp; HOUSING SAVINGS PROGRESS

Ref	Description of Saving	Type of Saving (see key)	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Comments
ASC7	Service Description Adult Social Care 0% inflation uplift to third party suppliers		550	450	100	A	It is anticipated that there will be some challenges but this has not yet happened. Each challenge will be dealt with on a case by case basis. However at this point we expect to achieve this target.
ASC13/ASC34	Service Description Adult Social Care Brokerage Efficiencies		300	26	274	R	It is anticipated that this project will not meet its target.
ASC16	Service Description Adult Social Care Transitions		50	15	35	R	It is anticipated that this project will not meet its target.
ASC19	Service Description Adult Social Care Monitoring of high value/high cost placements (domiciliary)		50	15	35	R	It is anticipated that this project will not meet its target.
ASC8	Service Description Adult Social Care Optimising the use of block and spot contracts		300	50	250	R	It is anticipated that this project will not meet its target.
ASC45	Service Description Adult Social Care Reablement (outcome- care packages)		50	50	0	G	It is anticipated this project will meet its target.
ASC46	Service Description Adult Social Care Review Service packages		60	5	55	R	There maybe challenges in meeting this project's target. Project leads will however look to develop a
ASC54	Service Description Adult Social Care Reduction in Mental Health Placement		50	0	50	R	There maybe challenges in meeting this project's target. Project leads will however look to develop a comprehensive plan to achieve as much savings as possible.
CH12	Service Description Adult Social Care Remove day care costs from residential customers		250	0	250	R	It is anticipated that this project will not meet its target.
CH14	Service Description Adult Social Care All Saints Respite extension		36	0	36	R	It is anticipated that this project will not meet its target.
CH15	Service Description Adult Social Care Assistive Technology		70	0	70	R	Although referrals to MASCOT has increased it is likely this project will not meet its target.
CH6	Service Description Adult Social Care Voluntary Organisation- SLA reduction		150	150	0	G	This project should achieve its target
ASC51	Service Description Adult Social Care Voluntary Sector Grants- reduction in infrastructure		98	98	0	G	This project should achieve its target
ASC52	Service Description Adult Social Care Delete 1 management post & reduce management & staffing costs		53	53	0	G	This project should achieve its target
ASC53	Service Description Adult Social Care Meals on wheels contract		50	0	50	R	There maybe a challenge in meeting this project's target. Project lead will however look to develop a comprehensive plan to achieve as much savings as possible.
ASC4	Service Description Adult Social Care TCES Retail Model (simple equipment)		23	23	0	G	This project should achieve its target
ASC44	Service Description Adult Social Care Remodelling of reablement service		282	282	0	G	This project should achieve its target
ASC47	Service Description Adult Social Care Additional Reablement Funding (CCG)		500	500	0	G	This project should achieve its target
ASC48	Service Description Adult Social Care Staff Vacancy Factor		105	105	0	G	This project should achieve its target
CH2	Service Description Adult Social Care Promoting independence		500	500	0	G	This project should achieve its target
CH4	Service Description Adult Social Care Reduce management costs & reduction in staffing costs		148	148	0	G	This project should achieve its target
CH13	Service Description Adult Social Care Reduction in staffing in Access & Assessment		50	50	0	G	This project should achieve its target
ASC6/ASC49/CH8	Service Description Adult Social Care Transport		246	0	246	R	It is anticipated that this project will not meet its target. There are a number of external corporate factors impacting on this target.
ASC50/CH7	Service Description Adult Social Care Staffing savings in Direct Provision		216	216	0	G	This project should achieve its target.
ASC23	Service Description Adult Social Care Partnerships :The health and social care system . Reablement		-2,000	-2,000	0	G	This project should achieve its target.
	Service Description Merton Adult Education Increase income from commercial courses and cafe, reduction in staff. Admin & marketing cost.		176	0	176	R	Budget holder meeting next week to establish an action plan to meet savings as team is already forecasting an overspend.
	Service Description Libraries Media fund		10	10	0	G	This project should achieve its target.
	Service Description Housing Homelessness Prevention Grant		92	92	0	G	This project should achieve its target.
	Total Community & Housing Department Savings for 2014/15		2,465	838	1,627		

In addition to the above 2014/15 savings shortfall there is a £1.115m underachievement of 2013/14 savings to be dealt with.

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Comments	R /A Included in Forecast Over/Under
	<b><u>Business Improvement</u></b>						N
CS1	Rationalisation of management costs	50	50	0	A	Awaiting outcome of restructure	
CS3	Generate income through training	5	5	0	G		
CS4	Expiry of salary protection	10	10	0	G		
	<b><u>IT Service Delivery</u></b>						
CS5	Review and challenge of the procurement of Support & Maintenance & Licence Contracts	29	29	0	G		
CS6	Consolidation of ITSD Revenue Budgets	34	34	0	G		
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		
CS9	Fallout of pay protection	16	16	0	G		
CS11	Deletion of One Van	5	5	0	G		
CS13	Cancellation of all Escrow Agreements (Carefirst, Hometrack Data, Ash, Open Revenues, Proactis, Fibonacci)	4	4	0	G		
CS14	Cancellation of ttMobile contract	35	35	0	G		

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Comments	R /A Included in Forecast Over/Under
CS19	Energy ReFit Savings (Subject to agreed investment) - Phase 1	100	100	0	G		
CS24	Project Manager - Accommodation (Vacant Post)	46	46	0	G		
CS26	Savings realised from the renegotiation of Corporate Cleaning Contract	39	39	0	G		
CS28	M&E Term Contract (Amalgamation) of Intruder Alarms	10	10	0	G		
CS29	Energy Procurement	200	200	0	G		
CS32	<u>Corporate Governance</u> Integrate the FOI and Complaints functions	40	20	20	R	Alternate savings being identified	Y
CS35	<u>Customer Services</u> Close Cash Office	30	30	0	G		
CS36	Re tendering of Cash Collection Contract	20	20	0	G		
CS37	Increase Registrars Income	20	20	0	G		
CS38	Review of Welfare Benefits and New Welfare Support program	30	30	0	G		
CS39	Impact of Customer Service Review	30	30	0	G		

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Comments	R /A Included in Forecast Over/Unde
CS40	Rationalisation of Divisional Budgets	20	20	0	G		
	<b><u>Resources</u></b>						
CS41	Resources - Change in Audit Arrangements	185	185	0	G		
CS42	Resources -Fall Out of Pay Protection Arrangement	45	45	0	G		
CS43	Resources -Delete Business Planning Post	50	50	0	G		
CS44	Resources -Review of Insurance Provision	200	200	0	G		
CS45	Resources -Improved Cash Management	200	200	0	G		
	<b><u>I&amp;T</u></b>						
CS37	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		N
	<b><u>Human Resources</u></b>						
CS46	Co-locate all recruitment jobs	60	60	0	G		
CS47	CRB Income generation via sales to PVI	30	10	20	R		Y
	<b><u>Corporate Governance</u></b>						
CS54	Delete Deputy Head of Service or one Democratic Services Officer post	18	18	0	G		



## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Comments	R /A Included in Forecast Over/Unde
CS56	Reduction in overtime payments to staff in Mayor's Office	1	1	0	G		
	<b><u>Customer Services</u></b>						
	Delete Communications Admin Assistant post (vacant)	23	23	0	G		
	Delete Advertising, Film and Sponsorship Officer post (vacant)	40	40	0	G		
	<b>Total Corporate Services Department Savings for 2014/15</b>	<b>1,650</b>	<b>1,610</b>	<b>40</b>			

**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
<b>LEISURE &amp; CULTURE</b>								
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		N
ER05	Increase income through installation of multi use games area at Canons Leisure Centre.	15	15	0	G	James McGinlay		N
EN33	Recharging for staff time & reduction of 0.2fte.	33	33	0	G	James McGinlay		N
EN35	Increased Income through various charging increases.	11	11	0	G	James McGinlay		N
EN36	Increased Income through sale of advice & guidance.	15	15	0	G	James McGinlay		N
EN38	Reduction of Core Arts Grants to Polka Theatre.	4	4	0	G	James McGinlay		N
<b>BUILDING &amp; DEVELOPMENT CONTROL</b>								
EN06	Staff reduction of 2fte.	73	73	0	G	James McGinlay		N
<b>TRAFFIC &amp; HIGHWAYS</b>								
EN23	Reduction in Grounds Maintenance Budget.	50	50	0	G	James McGinlay		N
EN24	Deletion of Major Project Engineer Post.	30	30	0	G	James McGinlay		N
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		N
EN27	Reduction in the Lining Budget.	10	10	0	G	James McGinlay		N
EN28	Reduction in Energy budget.	70	70	0	G	James McGinlay		N
<b>FUTURE MERTON</b>								
EN41	Review of staffing levels by 1.5fte within the section following transformation review.	40	40	0	G	James McGinlay		N
EN43	Community grant scheme reduction.	60	60	0	G	James McGinlay		N
<b>GREENSPACES</b>								
EN45	Further commercialisation and development of sports and allied parks services	96	96	0	G	James McGinlay		N
<b>ENVIRONMENTAL HEALTH, TRADING STANDARDS &amp; LICENCING</b>								
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
<b>WASTE SERVICES</b>								
ER17	Ceasing compensation payments to Sutton as part of SLWP agreement.	10	10	0	G	Cormac Stokes		N N N 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
EN13	Alter management structure as a result of recommendations in consultants report.	56	56	0	G	Cormac Stokes		N
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		N
EN18	Reduction in cost of waste processing per tonne (phase B) contract gate fee	135	135	0	G	Cormac Stokes		N
EN19	Reduction/Re-negotiation of Phase A Contracts.	295	295	0	G	Cormac Stokes		N
EN20	Reduction of tonnage to landfill based on current projections for disposal	60	60	0	G	Cormac Stokes		N
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		N
<b>PARKING SERVICES</b>								
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
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		N
<b>Total Environment and Regeneration Savings 2014/15</b>		<b>3338</b>	<b>2863</b>	<b>475</b>				

Customer & Client Receipts - £000's			2014/15						
Department	Division/Service	Total Budget	Year to Date Actual (P3)	Year to Date Budget (P3)	Year to Date Over (under) Spend	Latest Forecast	Forecast Variance	Internal Receipts Forecast	External Receipts Forecast
<b>Childrens Schools &amp; Families</b>	Schools Buy Back	-2,836	-90	-518	428	-2,841	-4		-2,841
	PDC	-252	-49	-63	14	-252	-1	-78	-174
	Early Years & Childrens Centres	-1,265	-363	-321	-41	-1,265	0		-1,265
	Other	-168	-42	-42	0	-183	-15		-183
	<b>CSF Total</b>	<b>-4,521</b>	<b>-544</b>	<b>-945</b>	<b>401</b>	<b>-4,541</b>	<b>-20</b>		<b>-78</b>
<b>Corporate Services</b>	Business Improvement	-84	-12	-1	-11	-94	-10	-79	-15
	Corporate Governance	-530	15	-132	148	-376	154	0	-375
	Customer Services	-2,184	-486	-546	60	-1,926	259	-140	-1,786
	CS Resources	-753	-324	-188	-136	-757	-4	0	-757
	Human Resources	-569	-157	-47	-110	-526	43	-142	-384
	Infrastructure & Transactions	-2,063	-419	-380	-39	-2,186	-123	-1,552	-634
<b>CS Total</b>	<b>-6,183</b>	<b>-1,383</b>	<b>-1,295</b>	<b>-88</b>	<b>-5,864</b>	<b>319</b>		<b>-1,914</b>	<b>-3,951</b>
<b>Environment &amp; Regeneration</b>	Street Scene & Waste	-11,258	-2,700	-2,815	114	-10,892	365	-8,299	-2,593
	Public Protection & Development	-12,528	-2,926	-3,132	206	-12,478	50	90	-12,568
	Sustainable Communities	-10,430	-3,236	-2,690	-546	-10,136	294	-1,092	-9,044
	Safer Merton	-6	0	-1	1	-6	0	0	-6
	<b>E&amp;R Total</b>	<b>-34,221</b>	<b>-8,862</b>	<b>-8,638</b>	<b>-224</b>	<b>-33,512</b>	<b>710</b>		<b>-9,301</b>
<b>Community &amp; Housing</b>	Adult Social Care - Client Contribution & Other Cont	-17,484	-2,129	-2,593	464	-19,184	-1,700	-39	-19,145
	MAE & Libraries	-1,171	-181	-218	37	-1,022	149	-14	-1,008
	Housing	-152	0	0	0	-152	0	0	-152
	<b>C&amp;H Total</b>	<b>-18,807</b>	<b>-2,310</b>	<b>-2,811</b>	<b>501</b>	<b>-20,358</b>	<b>-1,551</b>		<b>-53</b>
<b>Grand Total</b>		<b>-63,732</b>	<b>-13,099</b>	<b>-13,689</b>	<b>590</b>	<b>-64,276</b>	<b>-544</b>	<b>-11,346</b>	<b>-52,929</b>

## Appendix 8

### Subject: Miscellaneous Debt Update June 2014

#### 1. LATEST ARREARS POSITION – MERTON'S AGED DEBTORS REPORT

1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 June, is shown in column F of Table 1 below.

**Table 1** – Debtors aged balance – June 2014 – not including debt that is less than 39 days old

Department a	39 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	June 14 arrears f	Mar 14 Arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	347,297	135,642	298,713	102,860	884,512	719,101	↑
Corporate Services	520,869	27,754	193,933	115,671	858,227	378,135	↑
Housing Benefits	505,052	296,628	540,855	1,343,025	2,685,560	3,075,051	↓
Children, Schools & Families	81,918	263,888	10,978	11,100	367,884	339,885	↑
Community & Housing	1,230,092	887,211	1,194,755	1,277,337	4,589,395	4,528,492	↑
Chief Executive's CHAS 2013	101,813	12,013	500		500	500	
	101,813	12,013			113,826	88,590	↑
<b>Total</b>	<b>2,787,041</b>	<b>1,623,136</b>	<b>2,239,734</b>	<b>2,849,993</b>	<b>9,499,904</b>	<b>9,129,754</b>	<b>↑</b>
<i>Jun-13</i>	<i>2,748,031</i>	<i>1,770,105</i>	<i>2,046,941</i>	<i>2,034,887</i>	<i>8,599,964</i>		
<b>Variance June 13 to June 14</b>	<b>39,010</b>	<b>-146,969</b>	<b>192,793</b>	<b>815,106</b>	<b>899,940</b>		<b>↑</b>

1.2 Since the position was last reported in March 2014, the net level of arrears, i.e. invoices over 39 days old, has increased by £370,150.

1.3 The net level of level of arrears has increased by £899,940 when compared to the position at the end of June 2013.

- 1.4 The above table shows the separate debt owed to CHAS 2013 Ltd.
- 1.5 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 June 2010 to June 2014 – not including debt that is less than 39 days old**

Department	June 2010	June 2011	June 2012	June 2013	Jun 2014
	£	£	£	£	£
Env & Regeneration	345,964	367,217	315,756	811,346	884,512
Corporate Services	161,574	268,063	527,423	623,983	858,227
Housing Benefits	2,023,895	2,312,383	2,993,179	3,173,011	2,685,560
Children, Schools & Families	330,674	180,184	536,458	133,712	367,884
Community & Housing	1,905,884	3,178,216	3,326,862	4,183,231	4,589,395
Chief Executive's	13,904	3,900	0	3,000	500
CHAS 2013	0	0	0	0	113,826
<b>Total</b>	<b>4,781,895</b>	<b>6,309,963</b>	<b>7,699,678</b>	<b>8,928,283</b>	<b>9,499,904</b>

- 1.5 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. It should be noted that the amount of housing benefit paid out has increased over this period. In 2008/09 £61.3 million was paid out and just over £100 million was paid in 2013/14. The level of Community and Housing debt over 39 days has increased by over £2.6 million in the four year period.

- 1.6 The action being taken to recover the largest debts is outlined below.

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

- 2.1 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.

### 3 DEBT OVER ONE YEAR OLD

3.1 Debt over 1 year old has increased by £1,806,695 since the end of April 2012.

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

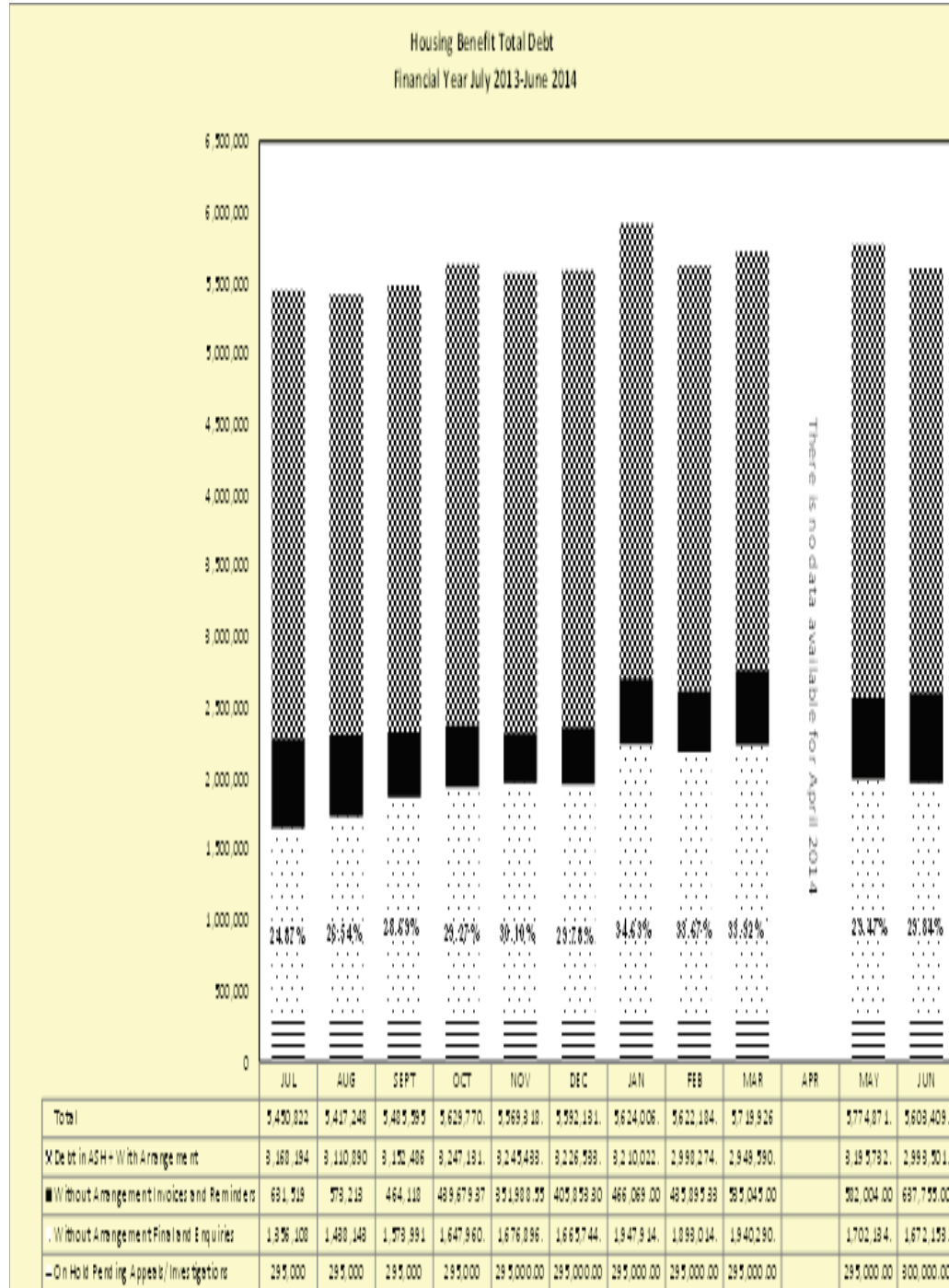
Department	April 2012	June 2014	Variance	% Variance
Env & Regeneration	£65,104	£401,573	£336,469	<b>83.79</b>
Corporate Services	£45,461	£309,604	£264,143	<b>85.32</b>
Housing Benefits	£1,695,646	£1,883,880	£188,234	<b>9.99</b>
Childrens, Schools & Families	£54,992	£22,079	-£32,913	<b>-149.07</b>
Community & Housing	£1,421,831	£2,472,093	£1,050,262	<b>42.48</b>
Chief Executives	£0	£500	£500	<b>0.00</b>
CHAS 2013	£0	£0	£0	
<b>Total</b>	<b>£3,283,034</b>	<b>£5,089,729</b>	<b>£1,806,695</b>	<b>35.50</b>

3.2 The majority of debt over 1 year old is for Community and Housing debts and Housing Benefit overpayments.

3.3 The debt for Community and Housing over a year old has increased by £1,050,262 since April 2012. There is an upward trend in outstanding debt.

- 3.4 The total debt figure for Community and Housing, including debt that is less than 39 days old, is £5.3 million, a reduction of £1.3 million since last reported in March 2014. Of this debt £0.75 million is under 39 days and therefore no formal recovery action has taken place other than issuing an invoice and reminder. Of the remaining £4.5 million debt which is older than 39 days £1.6 million is secured debt either with repayment arrangements or legal action including Charging Orders. We are actively working on securing the remaining £2.9 million debt by similar means.
- 3.5 Proactive recovery action and monitoring of the largest debts is undertaken. This includes identifying cases where we will consider legal action to secure the debt. We have recently received payment on two debts of £42,000 and £30,000 where we had secured the debts against Charging Orders..
- 3.6 The total amount of housing benefit debt is £5.6 million, which has reduced by just over £100,000 since it was last reported at the end of March 2014. Of this debt £1.67 million is being recovered from on going benefit by reducing current housing benefit payments, this equates to approximately £85,000 per month being reduced from payments to off-set these overpayments. Just under £3.0 million is on a payment arrangement or recovery from on going benefit.
- 3.7 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 2013/14 £3.1 million of overpayments were identified and over £1.95 million either recovered or off set against housing benefit. This compares to £3.4 million overpayments identified and £1.85 million recovered or off set against housing benefit in 2012/13.
- 3.8 The graph below shows breakdown of all housing benefit overpayments by recovery action.
- 3.9 There has been an increase of over £0.3 million in Environmental Services debt over a year old. The majority of this debt is within Estates and some miscellaneous debt which is being reviewed.

**Graph 1 – Total Housing Benefit Debt by recovery action from June 2013 – (please note due to a resourcing issue we were unable to extract the April 2014 data)**





- 3.10 Since the last report at the end of March 2014 we have reviewed and targeted all housing benefit debt. We have tried to improve the procedures at the beginning of the process when a debt is first identified by ensuring that invoices are raised as soon as possible to give the best chance of recovery, we are targeting debtors who are now in work and we will be applying to recover the overpayments from their employers and we are looking at the oldest debts to consider if they are still collectable.
- 3.11 In addition to these approaches we are looking to work with an external company to provide a propensity rating on debts to help identify the most collectable debts, this will enable us to target resources in a better way.
- 3.12 The DWP have recently announced a new initiative to reduce fraud and error to start later in the year by using real time data provided by HMRC. They will provide all Council's with cases and data where they believe there are differences between the HMRC data for earnings and occupational pensions and our data. They will require all local authorities to investigate these cases and where appropriate correct housing benefit claims which will create overpayments. They have estimated that Merton will have 900 of these cases. This exercise is likely to further increase the level of housing benefit overpayments.

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

- 4.1 Provision has been made available for writing off bad and doubtful debts held with the ASH and Housing benefits systems. These provisions are £2.669m for ASH miscellaneous debt and £3.981m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £6.650m. Clearly, every attempt is made to collect debts before write-off is considered. The current level of provision is analysed in the table below.
- 4.2 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.

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

<b>Department</b>	<b>Total provision £000's</b>
Env & Regeneration	<b>335</b>
Corporate Services	<b>498</b>
Housing Benefits	<b>3,981</b>
Children, Schools & Families	<b>54</b>
Community & Housing	<b>1,782</b>
Chief Executive's	<b>0</b>
<b>Total</b>	<b>6,650</b>

#### **5. EXECUTIVE SUMMARY / CONCLUSION**

**5.1.1** Merton's total level of miscellaneous debt arrears i.e. invoices over 39 days old, as at 30 June 2014 is £9,499,912. The net level of arrears, when the matter was last reported in March 2014 was £9,129,761.

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

The total amount due to Merton as at 30 June 2014 is detailed in table 6 below.

**Table 6** – Total debt outstanding as at 30 June 2014 and compared with previous periods over the past 16 months

	<b>Feb-13</b>	<b>Jun-13</b>	<b>Oct-13</b>	<b>Dec-13</b>	<b>Mar-14</b>	<b>Jun-14</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Miscellaneous sundry debt Note 1	18,154,293	11,565,929	11,960,990	12,415,856	11,967,049	13,448,226
HB debt in Benefit system Note 2	2,427,121	2,282,190	2,532,921	2,469,412	2,507,443	2,681,440
Housing Rent Note 3	110,936,	108,058	103,451	103,371	102,056	102,001
Parking Services	2,342,502	2,208,764	2,553,803	2,545,573	2,545,575	2,497,703
Council Tax Note 4	3,402,427	5,056,682	4,263,977	3,906,022	3,540,430	5,011,408
Business Rates Note 5	1,114,885	3,032,636	2,404,348	1,998,789	1,843,931	3,397,378
<b>Total</b>	<b>27,441,228</b>	<b>24,254,259</b>	<b>23,819,490</b>	<b>23,439,023</b>	<b>22,506,484</b>	<b>27,138,156</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

- 6.1 The overall debt outstanding has increased by over £2.9 million compared to the same period in 2013.
- 6.2 The areas where there has been an increase since June 2013 are sundry debt (£1.9 million), housing benefit debt within the benefit system (£0.4 million) and business rates (£0.36 million). Action being taken against sundry debt and housing benefit debt has been detailed earlier in this report.

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

**Table 7 – Car Parking Aged Debtors – June 2014**

Age of Debt	Outstanding £	Number of PCNs
0-3 months	694,261	6,215
3-6 months	366,029	2,497
6-9 months	276,669	1,751
9-12 months	282,525	1,729
12-15 months	228,487	1,391
Older than 15 months	649,732	4,283
<b>Total June 2014</b>	<b>2,497,703</b>	<b>17,866</b>

**Total March 2014**                      **2,513,924**                      **17,936**

**Increase**                                      **(16,221)**                                      **(70)**

**APPENDIX AUTHOR** - David Keppler (020 8545 3727/[david.keppler@merton.gov.uk](mailto:david.keppler@merton.gov.uk))

**Movement on Reserves**

**APPENDIX 9**

Reserve	Balance at 31st March 2014	Net Transfer to/from Reserve	Balance at 30th June 2014	Forecast Transfer to/from Reserve	Expected Balance at 31st March 2015
	£000	Up to June 2014 £000	£000	£000	£000
Outstanding Council Programme Board Reserve	11,105	(679)	10,426	(1,121)	9,305
For use in future years' budgets	8,252		8,252	(2,500)	5,752
Revenue Reserve for Capital/Revenuisation	5,360		5,360	(2,684)	2,676
Energy renewable reserve	1,441		1,441	0	1,441
Repairs and Renewals Fund	1,424		1,424	0	1,424
Transforming families reserve	784		784	(784)	(0)
Pension Fund additional contribution	1,078		1,078	0	1,078
Local Land Charges	1,260	0	1,260	0	1,260
Apprenticeships	949		949	(572)	377
Community Care Reserve	1,733	(206)	1,527	0	1,527
Local Welfare Support Reserve	315		315	(30)	285
Performance Reward Grant	265	(265)	0	0	0
Economic Development Strategy	1,322		1,322	(585)	737
Used or eliminated reserves	0		0	0	0
Other	285	0	285	(25)	260
<b>Sub total earmarked reserves</b>	<b>35,574</b>	<b>(1,150)</b>	<b>34,424</b>	<b>(8,302)</b>	<b>26,122</b>
Adult social care contributions	670		670	(127)	543
Culture & Environment contributions	1,204	(53)	1,151	(189)	962
Culture & Environment Grants	747	(48)	699	(68)	631
Childrens & Education Grants	708		708	(619)	89
Adult social care Grants	0		0	0	0
Housing planning development Grants	299		299	(166)	133
Housing GF Grants	106	(0)	106	0	106
Public Health Grant Reserve	1,664		1,664	(1,664)	0
<b>Sub total IFRS earmarked reserves</b>	<b>5,398</b>	<b>(101)</b>	<b>5,297</b>	<b>(2,833)</b>	<b>2,465</b>
Insurance reserves	1,954	0	1,954		1,954
<b>Sub total fixed to contract reserve</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>
DSG Reserve	2,728	(143)	2,585	(1,270)	1,315
Schools Reserve	168	(23)	145	(38)	107
Schools PFI Fund	4,071		4,071	295	4,366
<b>Sub total Schools reserves</b>	<b>6,967</b>	<b>(166)</b>	<b>6,801</b>	<b>(1,013)</b>	<b>5,788</b>
<b>Grand Total</b>	<b>49,893</b>	<b>(1,417)</b>	<b>48,477</b>	<b>(12,148)</b>	<b>36,329</b>



## Appendix 11

### Adult Social Care Grant IFRS Reserves

<b>Virements</b>	£
Deprivation of Liberty	290,350
Transformation Projects	119,200
Learning Disability - JMC Centre – Building Works	200,000
<b>Total Virements</b>	<b>609,550</b>

<b>Virements for 2013-14 Public Health Grant Underspend</b>	£
<u>Collaboration with Directorates</u>	
Community & Housing Projects	580,000
Children Schools & Family Projects	500,000
Environmental & Regeneration Projects	165,000
Corporate Services Finance Support	30,000
<b>Sub-total Collaboration with Directorates</b>	<b>1,275,000</b>
Collaborative working with MCCG	381,000
Pollards Hill evidence based review	5,000
MVSC	3,000
<b>Sub-total Projects with External Providers</b>	<b>389,000</b>
<b>Total Public Health Virements</b>	<b>1,664,000</b>

This page is intentionally left blank