

Merton Council

Cabinet Agenda

Membership

Councillors:

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

Date: Monday 15 February 2016

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 or telephone [020 8545 3361](tel:02085453361).

All Press contacts: press@merton.gov.uk, 020 8545 3181

Cabinet Agenda

15 February 2016

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6	Reference from the Overview and Scrutiny Commission – pre decision scrutiny of the Business Plan 2016-20	81 - 86
7	Reference from Sustainable Communities Overview and Scrutiny Panel – Results of wheeled bins pilot	87 - 88
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9	Exclusion of the public To RESOLVE that the public are excluded from the meeting during consideration of the following report(s) on the grounds that it is (they are) exempt from disclosure for the reasons stated in the report(s).	
10	Merton Adult Education: Commissioning	113 - 120

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.

Agenda Item 3

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.

CABINET

18 JANUARY 2016

(7.15 pm - 8.00 pm)

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

Paul Evans (Assistant Director of Corporate Governance),
Caroline Holland (Director of Corporate Service), Chris Lee
(Director of Environment and Regeneration), Amy Potter
(Consultant in Public Health – Prevention and Health
Intelligence), Daniel Short (Interim Head of ASC Redesign),
Yvette Stanley (Director of Children, Schools and Families),
and Chris Pedlow (Senior Democratic Services
Officer).

ALSO PRESENT Councillors Suzanne Grocott and Peter Southgate

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

An apology was received from Councillor Maxi Martin.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

No declarations of pecuniary interest were received.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

The minutes of the meeting held on 7 December 2015 were agreed as a correct record.

4 SECONDARY SCHOOL EXPANSION INCLUDING NEW SCHOOL (Agenda Item 4)

The Cabinet Member for Education presented the report, which reminded the Cabinet that at their meeting held on 8 July 2015 they agreed to facilitate the expansion of a further 12 forms of secondary entry. This would be achieved through the possible expansions of three schools by two-forms of entry each and through the pursuing of the opening of the Harris Wimbledon School in partnership with the Education Funding Agency, to create a further 6 forms of entry.

The report proposes that work should commence to expand Harris Academy Merton by 2 forms of entry as possible, to enable the school to provide an additional 210 year 7 places in September 2016, and 240 in September 2017 and beyond.

Members noted that in respect of the proposed new Harris Wimbledon School that the decision over the location at present but the Council was working with the Education Funding Agency on this. It was hoped that a joint announcement on this matter would occur in February 2016.

RESOLVED

The Cabinet

- 1). agrees that work to expand Harris Academy Merton by 2 forms of entry should proceed as soon as possible, with the school providing 210 year 7 places in September 2016, and 240 in September 2017 and beyond
- 2). notes that officers are working proactively with the Education Funding Agency to identify a suitable site for the new Harris Wimbledon School, and it is hoped sufficient progress will be made to enable an announcement in February 2016.

5 FINANCIAL MONITORING NOVEMBER 2015 (Agenda Item 5)

The Cabinet Member for Finance presented the report which provided the regular monthly financial monitoring update for November 2015, in respect of the 2015/2016 financial year. It was noted that the net overspend expected at the year-end was £3million, 0.56% of the gross budget, which had decreased by approximately £200k since the previous month's report.

RESOLVED

That Cabinet notes

- 1) the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £3.0million, 0.56% of the gross budget.
- 2). the adjustments to the Capital Programme detailed in appendix 5b and approve the £750,200 Primary School Expansion Overspend Provision in 2015/16. Approval from this provision will be authorised by the Directors of Children, Schools and Families and Corporate Services. Any unspent balance once the final accounts are settled will be clawed back

6 BUSINESS PLAN 2016-20 (Agenda Item 6)

The Cabinet Member for Finance presented the report which provided a further update on the Business Plan 2016-20. The updates related mainly to the medium term strategy as it had been adjusted based on the findings from the Government's

Corporate Spending Review, but it was emphasised that the final settlement details have yet to be confirmed. We were working on the assumption that it was likely to be a 25% reduction in the settlement, but it looks more like a 40% reduction, that equates to £10mil over next 4 years. It was noted that there was also still some uncertainty over the level of payment the Council would receive from the new homes bonus.

The Cabinet confirmed that they were still committed to retaining the Council Tax freeze. It was noted that the Government announced that they were to amend the rules over the level where a referendum was required for increases of Council Tax to 4% and that there was an option of a 2% increase in Council Tax solely for Adult Social Care. The exact details on how both of those changes would work had yet to be clarified.

RESOLVED

That Cabinet

- 1). Notes the financial information arising from the Provisional Settlement 2016/17 and that the financial implications will be incorporated into the draft MTFS 2016-20 and draft capital programme 2016-20.
- 2). agrees the Council Tax Base for 2016/17 set out in paragraph 8 and Appendix 2
- 3). notes the latest update of the draft MTFS for 2016 – 20

7 LONDON COUNCILS GRANT SCHEME (Agenda Item 7)

The Cabinet Member for Community Safety, Engagement and Equalities presented the report which sought Cabinet's approval of Merton's contribution to the London Council's Grant Scheme. It was noted that the proposed figure of £202,931 was a slight reduction on last year's £217,275 and this amount had been determined by the London Councils' Leaders' Committee. It was noted that the proposed contribution could be met from within existing resources.

RESOLVED

That Cabinet

- 1). approves the council's contribution to the London Councils Grants Scheme 2016/17 as per the subscription set by London Councils Leaders' Committee on 8 December 2015;
 - 2). agrees to allocate the balance in the 2016/17 subscriptions budget to the Merton Partnership Voluntary Sector Grant Scheme.
- 8 PUBLIC CONSULTATION ON THE COUNCIL'S DRAFT ESTATES LOCAL PLAN - STAGE 2/ DELIVERY OF ESTATES REGENERATION PROJECT (Agenda Item 8)

The Cabinet Members for Environmental Sustainability and Regeneration and Community and Culture presented the report which sought Cabinet's approval for the 6 week public consultation on the draft Estates Local Plan. In detailing the report it was emphasised that the consultation was separate to anything that had been carried out by Circle Housing Merton Priority (CHMP) and that no decision had been taken prior to the result of the consultation having been collated. It was emphasised that the Council was still committed and proud of the 10 commitments and would ensure that they were fulfilled with CHMP.

Mr Holt the Chair, Ravensbury Residents Association, addressed the Cabinet on the report asking a number of questions for clarification on the consultation process. In response to those questions it was noted that due to commercially sensitive information it would not be possible to have an 'open book policy' on the estate development. However the Council would see from its own position, if there was any further information that it could make public.

RESOLVED:

That Cabinet:

1. notes the results of Circle Housing Merton Priority (CHMP) Board and the decision of Circle Housing Board to proceed.
2. approves six weeks of public consultation on the Draft Estates Local Plan (including proposals to include opportunities of development around St Marks Academy set out in Appendix A of this report) and Sustainability Appraisal and associated revisions to the Policies Map from February 2016 – March 2016, noting that the consultation will provide residents input into setting the parameters which the council would require any submitted regeneration proposals for the three estates to adhere to.
3. approves the associated update to the project plan (Merton's Local Development Scheme) to reflect preparation of the proposed draft Estates Regeneration Local Plan and the revised timetable for preparation of this Plan as set out in this report.
4. delegate approval to Director of Environment and Regeneration in consultation with relevant Cabinet members to approve changes to the consultation documents and the start of consultation and the timetable option to proceed with following this current consultation stage.
5. delegate conclusion of negotiation with CHMP on financial viability matters to the Director of Corporate Services and Director of Environment and Regeneration in consultation with relevant Cabinet members; with any subsequent amendments to the Stock Transfer Agreement to be brought back to Cabinet & Full Council.
6. delegate approval to the Director of Community & Housing in consultation with the relevant Cabinet Member, to finalise a revised delivery timetable for the

implementation of the decent homes programme on the High Path, Eastfields and Ravensbury Estates.

9 EXCLUSION OF THE PUBLIC (Agenda Item 9)

RESOLVED

That the public were excluded from the meeting during consideration of the following reports on the grounds that they were exempt from disclosure for the reasons stated in the reports.

10 AWARD OF CONTRACT FOR PROVISION OF CLEANING SERVICES TO LBM - CORPORATE SERVICES CONTRACT (Agenda Item 10)

The Cabinet Member for Finance presented the report which sought approval for the awarding of a new corporate cleaning services contract for a 3 year period from 1st April 2016 to 31st March 2019 with an option to extend for a further period of 1 year. It was noted that the new contract would included the new London living wage rate within it.

RESOLVED:

That Cabinet award the corporate cleaning services contract to Tenderer A for a 3 year period from 1st April 2016 to 31st March 2019 with an option to extend for a further period of 1 year, subject to satisfactory performance at a cost of £1,592,070 for 3 years, or a £2,122,760 for 4 years.

11 PROCUREMENT FOR INTEGRATED HEALTH IMPROVEMENT, STOP SMOKING AND WEIGHT MANAGEMENT PROGRAMME (Agenda Item 11)

The Cabinet Member for Adult and Social Care presented the report which sought approval for the awarding a contract for the provision of an integrated health improvement service, with multiple components, including a stop smoking and harm reduction service for young people and adults.

The Cabinet Member proposed a slight amendment to the published recommendation to insert a 'with the option of a break clause in year 2 of the contract So that it would read' *The contract will commence on 01 April 2016 and be for a period of three years with the option of a break clause in year 2, and then with the option to extend for a further period of up to 24 months, subject to satisfactory performance, availability of budget and continued need at the discretion of the Council and the CCG. The maximum possible contract period would be no more than five years.* This was endorsed by the other Cabinet Members.

It was noted that once the Cabinet made its decision the report would be put before the Merton Clinical Commissioning Group for their endorse of the preferred tenderer as it was a join tender process.

RESOLVED

That Cabinet approves the award of a contract to Organisation A for the provision of an integrated evidence-based public health and clinical health service, on behalf of both the Council and Merton Clinical Commissioning Group, incorporating:

- i. a multicomponent tier two weight management service for adults;
- ii. a multidisciplinary tier three weight management service for adults;
- iii. a multicomponent tier two weight management service for children and young people;
- iv. a stop smoking and harm reduction service for young people and adults;
- v. a targeted behaviour change service, incorporating a network of health champions;
- vi. a programme of training to front line workers to support the prevention agenda.

The contract will commence on 01 April 2016 and be for a period of three years with the option of a break clause in year 2, and then with the option to extend for a further period of up to 24 months, subject to satisfactory performance, availability of budget and continued need at the discretion of the Council and the CCG. The maximum possible contract period would be no more than five years.

Cabinet

Date: 15 February 2016

Subject: Financial Report 2015/16 – December 2015

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 net overspend at year end of £2.6million, 0.5% of the gross budget.
 - B. That Cabinet approve the virement of £223k from the corporate contingency to Children, Schools and Families for the third and fourth quarter costs of additional social worker capacity.
 - C. That Cabinet note the adjustment to the Capital Programme contained in Appendix 5b
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the financial monitoring report for the ninth month period 31st December 2015. This financial monitoring report provides:-

- The income and expenditure at Period 9 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2015/16;
- Progress on the delivery of the 2015/16 revenue savings
- An update on the delivery of 2014/15 savings
- An update on the debt position at period 9.

2. 2015/16 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At the end of period to 31st December 2015 the year end forecast is net £2.6m overspend, 0.5% of the gross budget.

	Current Budget 2015/16 £000s	Full Year Forecast (Dec) £000s	Forecast Variance at year end (Dec) £000s	Forecast Variance at year end-previous month (Nov) £000s	Outturn variance 2014/15 £000s
Department					
3A. Corporate Services	15,258	15,649	391	346	(691)
3B. Children, Schools and Families	52,947	53,591	644	1,135	2,663
3C. Community and Housing	61,884	62,930	1,045	1,000	2,774
3D. Public Health	1,154	1,048	(106)	68	(0)
3E. Environment & Regeneration	24,148	27,225	3,077	2,865	1,703
Overheads	0	0	0	0	0
NET SERVICE EXPENDITURE	155,391	160,443	5,051	5,414	6,448
3E. Corporate Items					
Impact of Capital on revenue budget	14,117	14,092	(25)	(25)	205
Central budgets	(15,418)	(17,816)	(2,421)	(2,358)	(2,817)
Levies	926	926	0	0	0
TOTAL CORPORATE PROVISIONS	(376)	(2,799)	(2,446)	(2,383)	(2,612)
TOTAL GENERAL FUND	155,016	157,644	2,605	3,031	3,836
FUNDING					
Revenue Support Grant	(30,425)	(30,425)	0	0	0
Business Rates	(33,686)	(33,686)	0	0	0
Other Grants	(9,434)	(9,434)	0	0	(154)
Council Tax and Collection Fund	(81,471)	(81,471)	0	0	0
FUNDING	(155,016)	(155,016)	0	0	(154)

The forecast overspend has decreased by £0.4m since last month. The delay to the award for tackling traffic congestion of net £3.2m remains one of the significant reasons for the forecast overspends, together with pressures in CSF caused by transport costs and additional burdens from central government, and pressures in C&H caused by delays in achieving 2014/15 and 2015/16 savings.

Spending needs to be reviewed across all departments as if the outturn remains at this level, General Fund balances will reduce to £12.5m, just above the minimum level. Further savings may need to be found if this continues to ensure a minimum level of General Fund balances are maintained.

	Current Budget 2015/16	Full Year Forecast (Dec)	Forecast Variance at year end (Dec)	Forecast Variance at year end (Nov)
Expenditure	£000	£000	£000	£000
Employees	98,131	98,799	668	1,089
Premises Related Expenditure	8,907	8,533	(374)	(335)
Transport Related Expenditure	14,665	14,770	104	(114)
Supplies and Services	175,782	173,824	(1,957)	(1,503)
Third Party Payments	89,613	94,877	5,264	4,853
Transfer Payments	104,045	99,160	(4,885)	(2,661)
Support Services	31,902	31,901	(1)	(1)
Depreciation and Impairment Losses	16,505	16,505	(0)	(0)
Corporate Provisions	(376)	(2,799)	(2,446)	(2,383)
GROSS EXPENDITURE	539,175	535,570	(3,627)	(1,055)
Income				
Government Grants	(267,330)	(262,050)	5,279	3,159
Other Grants, Reimbursements and Contribs	(22,707)	(24,955)	(2,248)	(2,294)
Customer and Client Receipts	(61,371)	(58,728)	2,643	3,059
Interest	(44)	(20)	24	24
Recharges	(32,547)	(32,547)	1	1
Balances	(160)	375	535	138
GROSS INCOME	(384,160)	(377,926)	6,234	4,087
NET EXPENDITURE	155,016	157,644	2,605	3,031

Chart 1 below shows the forecast year end variance for departmental expenditure with a comparison against prior years.

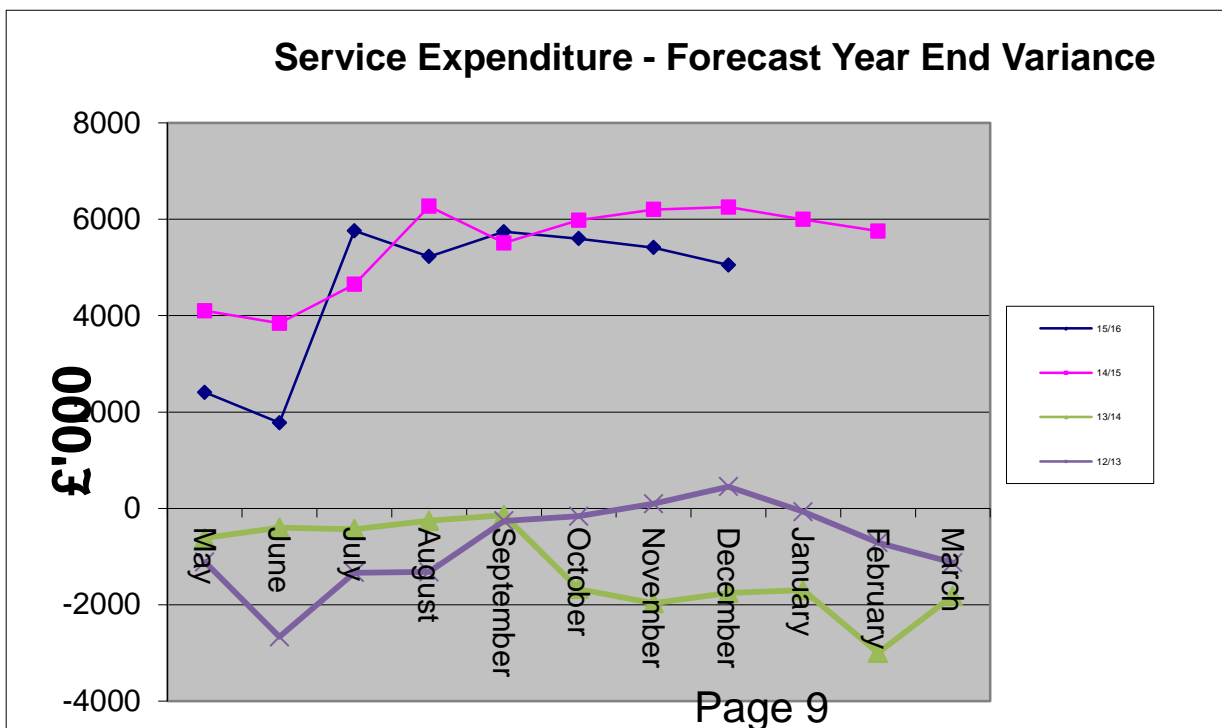
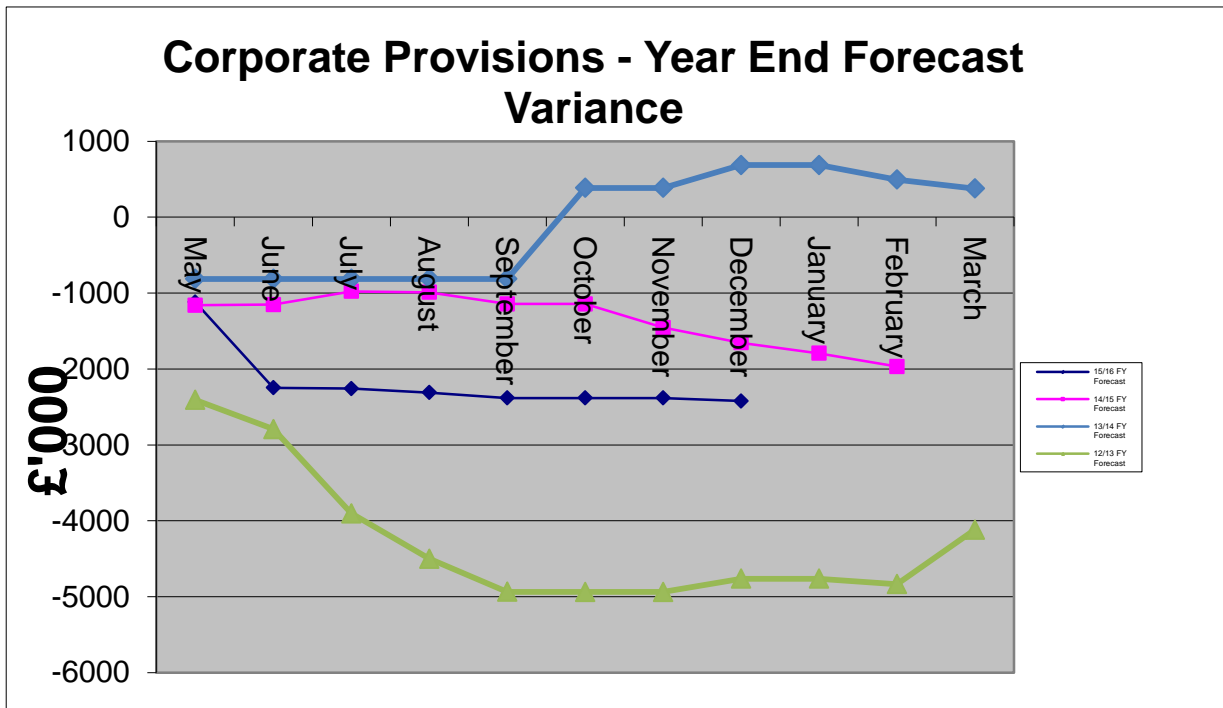


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against 2014/15, 2013/14 and 2012/13.



3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

	2015/16	Full year	Forecast	Forecast	2014/15
	Current	Forecast	variance	variance	
	Budget	December	at year	at year	
	£000	£000	Dec	Nov	Outturn
			£000	£000	Variance
					£000
Business Improvement	5,120	4,939	-181	-227	-259
Infrastructure & Transactions	9,838	9,544	-294	-232	-347
Resources	7,562	7,330	-232	-277	-255
Human Resources	2,367	2,223	-144	-84	-26
Corporate Governance	3,055	2,812	-243	-295	-433
Customer Services	2,632	2,282	-350	-297	-273
Corporate Items including redundancy costs	1,296	3,130	1,834	1,759	1,320
Total (controllable)	31,869	32,260	391	346	-273

Overview

At period 9 (31st December 2015) the Corporate Services department are forecasting an overspend of £391k at year end, an increase of £45k from last month.

Business Improvement – underspend £181k

The reasons for the forecast underspend are the same as previously reported, an overachievement of street naming income of approx. £125k and vacant posts in the new systems and development team structure due to a delay in successful recruitment.

The underspend has reduced from last month as approx. £90k costs have been included for the Confirm system upgrade. This is required pending the Environmental Asset Management System (EAMs) re-procurement.

The support and maintenance budget is overspending and is being offset by the underspends on vacant posts. This will be a budget pressure next year.

Infrastructure and Transactions – underspend £294k

The forecast underspend relates to the revenue generated from the Corporate Print Strategy and an overachievement of income in the Post service following the introduction of Docqticket system and the renegotiation of the postal and print contracts.

The increase in underspend since last month of approx. £60k is mainly due to a reduction in the utilities forecast due to a warm winter.

Resources – underspend £232k

There is a forecast underspend of £100k due to vacant posts. In addition some future years savings are being captured early.

Corporate Governance – forecast underspend £243k

There is a forecast underspend of approx. £140k following the transfer of the Benefits Investigation team to the DWP under the Single Fraud Investigation Service. There will be an underspend in the current year due to DCLG funding but the cost of this service will increase next year. There is a forecast underspend of £35k for vacant posts and £50k for future year saving captured early.

The SLLP budgets are being reviewed with the partnering boroughs as there is a potential shortfall on demand which could result in a deficit in the hard charging model at year end. The model is designed to break even but variables such as demand for the service and underachievement of income can result in a deficit. This will be reported to the SLLP Board and split across the four boroughs.

Customer Services – forecast underspend £350k

The main movement from last month is a £50k increase in the forecast of court costs income.

There is a forecast underspend of approx. £130k due to vacant posts within the division.

The Merton bailiffs' service is forecasting an overachievement of fee income of £190k but this is partly offset by a shortfall on the shared bailiffs' income target of £130k.

Corporate items - forecast overspend £1,758k

Based on year to date payments, there is a forecast overspend of £1.1m for one-off redundancy payments and pension strain.

There is also a £800k shortfall in subsidy for temporary accommodation as the cost of temporary accommodation is significantly higher than the subsidy available which is capped. The cost of temporary accommodation is disclosed in Housing Services within C&H whereas the shortfall is within corporate items in Corporate Services together with Housing Benefits subsidy grant.

Budget managers and Finance staff will work closely to monitor and focus on pressures to ensure any mitigating action to reduce this overspend is taken.

Environment & Regeneration

Environment & Regeneration	2015/16 Current Budget £000	Full year Forecast (Dec) £000	Forecast Variance at year end (Dec) £000	Forecast Variance at year end (Nov) £000	2014/15 Outturn Variance £000
Public Protection	(9,398)	(6,112)	3,286	3,029	(53)
Sustainable Communities	12,824	12,564	(260)	(181)	203
Waste Services	15,431	15,180	(251)	(300)	1,440
Other	(877)	(575)	302	317	(291)
Total (Controllable)	17,980	21,057	3,077	2,865	1,299

Description	2015/16 Current Budget £000	Forecast Variance at year end (Dec) £000	Forecast Variance at year end (Nov) £000	2014/15 Variance at year end £000
Employee underspend within Parking Services	3,177	(115)	(123)	99
Delay in implementation of measures to tackle traffic congestion	(3,510)	3,510	3,510	0
Overachievement of income in Parking Services	(11,976)	(381)	(410)	110
General Supplies & Services overspend in Parking Services	503	281	158	(8)
Employee overspend within Regulatory Services	2,068	231	149	99
Employee overspend within Safer Merton	360	(95)	(97)	(91)
Underspend on third party payments within Safer Merton	251	(95)	(109)	(78)
Other	(271)	(50)	(49)	(78)
Total for Public Protection	(9,398)	3,286	3,029	(53)
General Supplies & Services underspend within Building & Development Control (B&DC)	243	(55)	(51)	(64)
Employee overspend within B&DC	1,710	79	69	200
Overachievement of Grants & Contributions within B&DC	(88)	(53)	(34)	(16)
Shortfall in B&DC income	(1,893)	139	198	(46)
Employee overspend within Future Merton	2,786	116	19	105
General 3 rd party payments underspend within Future Merton	3,202	(119)	(70)	(106)
Overachievement of Customer & Client Receipts within Future Merton	(1,637)	(57)	(7)	(39)
Premises related underspend within Property Management	283	(76)	(76)	32
Overachievement of rental income within Property Management	(4,059)	(199)	(199)	(181)
Employee related overspend within Greenspaces	2,370	112	57	142
Underachievement of Customer & Client Receipts within Greenspaces	(1,979)	302	277	79
General Supplies & Services underspend within Greenspaces	588	(67)	(74)	(10)
Overachievement of Grants & Contributions within Greenspaces	(191)	(75)	(29)	(160)
General Supplies & Services underspend within Leisure & Culture	365	(46)	(40)	(11)
Employee underspend within Senior Mgmt & Support	886	(144)	(144)	(51)
Other	10,238	(117)	(77)	329
Total for Sustainable Communities	12,824	(260)	(181)	203
Employee overspend within Waste Services	7,552	229	197	316
Transport related underspend within Waste Services	1,903	(317)	(333)	(155)
General Supplies & Services underspend within Waste Services	948	(107)	(53)	(169)
Overachievement of Customer & Client Receipts within Waste Services	(2,357)	(90)	(86)	527
Overspend within Transport Services	(877)	302	317	(291)
Other	7,385	34	(25)	12
Total for Street Scene & Waste	14,554	51	17	1,149
Total Excluding Overheads	17,980	3,077	2,865	1,299

Overview

The department is currently forecasting an overspend of £3,077 at year end. The main area of variance is Parking Services, but there are variances within several sections of the department. Were it not for the delay in traffic congestion works the department would be projecting an underspend.

Pressures

Public Protection

Parking & CCTV Services

The section is currently forecasting an overspend of £3,256k mainly due an unsuccessful legal challenge to the award of the contract for the provision and maintenance of ANPR cameras, resulting in a delay to the contract award. The expected contract start date is now June 2016, whereas the budgeted expectation was for a November 2015 start. It is expected that improved compliance and traffic flow at the locations concerned will be seen within a couple of months of implementation.

The section is also forecasting to incur £200k in legal fees this year associated with the legal challenge from the unsuccessful tenderer.

In addition, the section is experiencing a continued reduction in existing PCN related income (£149k) due to increased compliance, and the continued funding of CPZ related expenditure (£230k). This is being offset by over-recoveries in most areas of on-street/ permit / bay suspension revenue (£666k), and off-street parking income (143k). In addition, this outturn position includes allowance for a c£60k loss of income as a result of providing free parking during the Christmas period.

There is also a forecast £115k employee related underspend, which will partly mitigate these budget pressures.

Sustainable Communities

Building & Development Control

The section is currently forecasting an employee overspend of £79k, and an underachievement of income of £139k. This is partially offset by an underspend of £55k in supplies and services.

Property Management

The section is currently forecasting an underspend of £265k. This is as a result of exceeding their commercial rental income expectations by £199k due to a current high occupancy rate (c98%). There is also an NNDR related underspend of £70k whereby the authority is not currently liable for the fee.

Future Merton

The employee overspend is mainly as a result of an additional resources recruited to work on specific projects, such as the Phase C procurement (£67k). The underspend on third party payments mainly relates to the annual payment to TfL for controlling the traffic light signals within the borough (£27k), the winter gritting contract (£22k), and other miscellaneous actions taken in order to contribute towards the department's mitigating actions.

Greenspaces

The section is currently forecasting an overspend of £234k, which is mainly as a result of an underachievement of internment income (£129k), sports income (£80k), and income relating to rents (£35k).

This forecast also includes a loss of £56k (£81k loss overall as £25k marketing costs borne by the OCPB reserve) in relation to the inaugural Classics in the Park event.

The forecast employee overspend of £112k is as a result of overtime payments (Parks), Wimbledon fortnight, and staffing of the firework displays.

These pressures are being partially off-set by expected underspends within Premises (£51k), Supplies & Services (£67k), and Grants & Contributions (£75k).

Senior Management & Support

An underspend of £146k is being forecast due to not filling vacant posts in order to contribute towards the department's mitigating actions.

Street Scene & Waste

Waste Services

The section is currently forecasting an underspend of £251k, which is mainly due to an underspend on waste transport (£317k), supplies and services (£107k), and customer and client receipts (£90k). This reflects an improvement in commercial waste business.

However, the section is also forecasting an overspend relating to the ongoing operational and disposal costs associated with the management of the HRRC and transfer station (£162k). Although the site is now under new management, this overspend is due to the part year effect of the current arrangements. However, it is expected that this pressure will not reoccur next year.

In agreement with the Environment Director, the bulk leafing programme has been reintroduced to ensure the level of service performance is maintained. The additional cost of this service has been capped at £10k and will be covered by additional agency staff.

Waste services continue to work with SLWP to manage operational costs associated to the HRRC. In addition to this the waste transfer station is under review to assess its long term viability.

Waste Operations are progressing with the procurement of two additional vehicles to provide greater service resilience and to mitigate the need for overtime to cover mechanical breakdowns.

Transport Services

The section is currently forecasting an overspend of £302k which is mainly as a result of a lower than expected user requirement of the Workshop, external income, additional agency requirements due to staffing issues in the first part of the year, and a delay in the external use of the tachograph centre.

Focus has been put on securing additional work for the Tachograph Centre, and a number of external customers are now signing up to use our services.

Management Action

The E&R Director has required the department to look for further actions and options to mitigate the forecast overspend as far as possible.

Children Schools and Families

Children, Schools and Families	2015/16 Current Budget £000	Full year Forecast (Dec) £000	Forecast Variance at year end (Dec) £000	Forecast Variance at year end (Nov) £000	2014/15 Variance at year end £000
Commissioning, Strategy and Performance	8,630	9,943	1,143	1,126	1,287
Education	17,299	17,395	96	197	953
Social Care and Youth Inclusion	12,117	12,202	255	359	580
Public Health contribution	0	(328)	(328)	(328)	(415)
PFI	7,974	7,774	(200)	(219)	6
Redundancy costs	2,091	1,769	(322)	0	39
Total (controllable)	48,111	48,755	644	1,135	2,450

Overview

At the end of December Children Schools and Families had a forecast overspend of £644k on local authority funded services. Although the department received growth for placements and transport, this was not sufficient to cover the total shortfall caused by the increased birth rate and additional burdens from central government. The overspend has also been netted down by one off Public Health money of £328k making the underlying overspend £972k, (£1.463m last month) a reduction of £491k.

It is important to note that the majority of the underspend used to offset cost pressures in this financial year are due to management actions that are not sustainable on an on-going basis or one-off windfalls which is not guaranteed to reoccur in future years. This would mean that the demographic and new burdens cost pressures will continue into the new financial year.

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	Dec £000	Nov £000	2014/15 £000
Fostering and residential placements (ART)	5,192	831	714	1,052
Supported lodgings/housing	629	579	578	427
Un-accompanied asylum seeking children (UASC)	60	240	280	193
Procurement & School organisation	547	(237)	(263)	(128)
Legal cost	527	(104)	(90)	(123)
Other small over and underspends	1,675	(166)	(93)	(134)
Subtotal Commissioning, Strategy and Performance	8,630	1,143	1,126	1,287
SEN Transport	3,878	467	344	1,168
Staffing underspends across Early Years services	2,134	(232)	(120)	(192)
Other small over and underspends	11,287	(139)	(93)	(47)
Subtotal Education	17,299	96	197	953
No Recourse to Public Funds (NRPF)	20	457	460	441
Independent review and service quality	530	151	151	210
Social Work staffing	3,394	32	59	315
Serious case review	77	(77)	(77)	(76)
Youth Offending Team	616	(57)	(59)	0
CAMHS	303	(56)	(56)	(207)
Adoption & 14+ teams	1,498	(186)	(135)	0

Other small over and underspends	5,679	(9)	16	(103)
Subtotal Children's Social Care and Youth Inclusion	12,117	255	359	580
Public Health contribution	0	(328)	(328)	(415)
Subtotal PFI	7,974	(200)	(219)	6
Subtotal Redundancy cost	2,091	(322)	0	39
Grand total Children, Schools and Families	48,111	644	1,135	2,450

Commissioning, Strategy and Performance Division

While the numbers of Looked After Children (LAC) remain relatively stable, the complexity of a significant proportion of cases is causing the net overspend of £831k. This includes on-going pressures on in-house fostering of £334k, residential placements of £458k, secure accommodation costs of £26k and mother and baby placements of £56k which is offset by underspends in independent agency fostering of £43k.

The budget for semi-independent and supported lodgings/housing placements is estimated to overspend by £579k. This budget is used to finance placements for young people aged 16/17 who require semi-independent provision and for Care Leavers through to independence or, in some cases, through to the age of 21. There has been an increase in forecast expenditure due to increase in caseload as some young people have now reached 18 and funding for their placement has transferred from the LAC placement into this budget. Because of their specific needs, some young people have also needed to move placements and this has resulted in increased expenditure on those placements.

The UASC payments are expected to overspend by £240k this year due to both an increase in cases and an increase in the number of claimants turning 18 which is when central government contribution towards these cases ceases. The number of UASC who have entered and who have been distributed across London has increased from 233 in 2011/12 to 462 in 2014/15 and 2015/16 figures will see further growth.

Procurement and school organisation budgets are expected to underspend by £237k as a result of lower spend forecast on re-venueisation budgets. This budget relates to construction projects that cannot be classified as capital. The majority of this is required for temporary classrooms due to rising pupil demand when it is not viable to provide permanent buildings. This year demand for reception year places is slightly lower than forecast so there has been no need for temporary classrooms.

The direct charging budgets for the shared legal service is forecast to underspend by £104k.

There are various other small over and underspends forecast across the division netting to a £166k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £1,143k.

Education Division

SEN and FE transport cost are expected to overspend by £467k, £123k more than the forecast last month. This forecast is calculated on current year weekly costs modelled using previous year trend information. The overspend relates to cost on external home to school transport as additional budget was received to balance the internal transport cost. The overspend is due to an increase in complexity of caseload and cost of taxis. The DCSF is leading a council wide review of the current arrangements for procuring taxis and will be making recommendations once there is better understanding of the reason for the rising costs. We are reviewing demand management, cost efficiency of supply and safeguarding of students with E&R who provide the in-house service and commission the taxi service.

As part of management action, where possible, recruitment to vacancies in Early Years have been delayed in preparation for 2016/17 savings and to reduce the overall in-year departmental overspend. This is estimated to result in an overall underspend of £232k.

There are various other small over and underspends forecast across the division netting to a £139k underspend. These combine with the item described above to arrive at the total reported divisional overspend of £96k.

Government provided grant funding for two years to implement the changes introduced as part of the introduction of the Children and Families Act. This includes the conversion of SEN statements to EHC Plans which is planned to be phased in over four years. In order to fund the continued engagement of EHC Plan coordinators in 2016/17, planned SEN reform grant spend will be reviewed with the aim to reduce cost as where possible to enable an estimated £50k underspend to be carried forward in the form of an earmarked grant reserve.

Children's Social Care and Youth Inclusion Division

The NRPF budgets are forecast to overspend by £457k for the current financial year. This increase in cost is in response to case law regarding housing families with no recourse to public funds (Zambrano & Clue cases). This is an issue across London.

The independent review and service quality team is expected to overspend by £151k. This is due to the use of agency staff to cover permanent IRO vacancies as well as one post above establishment to ensure appropriate caseloads to support the quality assurance function.

The Central Social Work, MASH and Permanency team's staffing costs is expected to overspend by £32k. As highlighted in the budget reports to Cabinet and Council, additional capacity is being kept under regular review and funded quarterly from the corporate contingency. This amount equates to six additional social workers. The funding for the first two quarters has been included in the budgets and the forecast for the year adjusted for the last two quarters of the year. On top of the additional staff, the team also has to cover vacancies with agency staff due to difficulty in recruiting permanent members of staff. This cost could fluctuate during the course of the year depending on our ability to recruit permanent members of staff to our vacancies

The serious case review budget is expected to underspend by £77k because there has been limited need to commission reviews during the current financial year.

The Youth Offending Team (YOT) is expected to underspend by £57k. This is due to a combination of holding staff vacancies and providing a reduced wraparound service as part of management action to reduce the overall departmental overspend. This planned underspend was reduced due to an in-year reduction in grant.

The Children and Adolescent Mental Health Service (CAMHS) is expecting to underspend by £56k due to vacancies.

The adoption and 14+ teams are expected to underspend by £186k relating to temporarily holding staff vacancies as a result of management action to reduce the overall departmental overspend.

There are various other small over and underspends forecast across the division netting to a £9k underspend. These combine with the item described above to arrive at the total reported divisional overspend of £255k.

Merton applied for extra Transforming Families grant to fast track working with a hundred families. This money is expected to be received in the current financial year and will require to be carried forward as part of earmarked grant reserves to 2016/17 to fund the costs of supporting these families.

Dedicated Schools Grant

DSG funded services is forecast to underspend by £457k. These budgets are not within the council's general fund and cannot be offset against the local authority funded budgets. Any underspend 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 analyses.

The main reasons for the forecast relates to an estimated underspend of 238k in Independent Residential School provision.

Early Years funding is also forecast to underspend by £178k. The majority of this relates to the EY Pupil Premium which the EFA intends to claw back. It has not been confirmed when this will happen though.

There are various other smaller over and underspends forecast across the DSG netting to a £41k underspend which, combined with the items above, equates to the net underspend of £457k.

Management Action

Staffing

Agency cost continues to be a cost pressure for the department. The continued recruitment drive including recruitment of NQSWs and retention payments which we started with last year will all have a positive impact on the current financial year and we will continue to take action to bring down anticipated overspends on agency/staffing costs, but neighbouring authorities' inspections could impact on this.

Placements

Our edge of care panel continues to ensure that entry to care threshold is maintained. The impact of increased numbers of UASC is in particular affecting our LAC and care leaver numbers and we remain in the lowest rate of care range in London.

Work continues to ensure we lever in appropriate health contribution to children with complex needs and our ART service is driving down placement costs including through regional partnership commissioning.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements. This is already resulting in a reduction in more expensive agency foster placements.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. There is now an established agreed cost framework for semi-independent providers and this has resulted in more appropriately priced placements for Care Leavers and older LAC.

Transport

We are modelling the potential impact of personal budgets from transport for 2015/16 to assist in delivering cost reduction solutions to individual children's transport needs. 21 personal budgets were approved this financial year providing an on-going cost reduction of £96k.

We are monitoring tight eligibility thresholds and defending appeals and we have extended our independence travel training which has delivered savings of £93k to date.

New burdens

There are a considerable number of duties placed on the Local Authority which have not been fully funded or not funded at all. This leaves a net departmental underspend of £632k, although £328k of this relates to Public Health contribution. The table below highlights the estimated overspends relating to these duties:

Description	Budget £000	Dec overspend forecast £000	Nov overspend forecast £000
Supported lodgings/housing	629	579	578
Un-accompanied asylum seeking children (UASC)	60	240	280
No Recourse to Public Funds (NRPF)	20	457	460
Total	709	1,276	1,318

These estimates only include services for these children and families including housing cost, they do not include staffing cost. Staff cost related to these clients are estimated to be about £270k and are included in the overall £644k departmental overspend forecast.

Young people aged between 18 and 21 now have the right to stay in their foster, residential or other placements beyond 18. This means their fostering placement has to remain open to them and the in-house foster carer or Independent Fostering Agency will have to continue to be paid.

Young People on remand are classed as being LAC and also have access to care leavers' services across a range of budgets. These are in excess of the figures in the table above but included within the overall projections for the department. As the system does not separately identify costs relating to remand cases, it is not possible to identify this separately.

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

The majority of families presenting as NRPF needs are housing. Meetings are on-going to discuss options to reduce cost and strengthen processes and procedures. The work being undertaken by Housing Needs to stimulate supply will assist in reducing these costs. Discussions are on-going regarding the most economic way of procuring housing for families with no recourse to public funds.

Additional social worker capacity

As highlighted in the budget reports to Cabinet and Council, additional capacity is being kept under regular reviewed and funded quarterly from the corporate contingency. CMT / Cabinet are asked to approve the virement of the quarter three and four requirements (£129,450 for third quarter and £93,500 for second quarter) for the year from corporate contingency.

Community and Housing

Overview

At the end of December 2015 Community and Housing is forecast to overspend by £1,045m as shown in the summary table 1 below, an increase of £45k on previous month. The Department received funding/growth of £3.9m for protecting and modernising social care and increased integration under the Better Care Fund and to manage the new duties arising from the Care Act 2014.

The cost pressures are:

- the new requirements imposed through the Care Act;
- upward price increases from providers nationally in the social care market;
- demographic changes to the population which mean we have more people with higher and complex levels of need eligible for services;
- lack of domiciliary and bed-based capacity in the national and local social care market which has had a significant negative impact on the ability to avoid Delayed Transfer of Care (DToc) charges, which will be further compounded by Winter pressures;
- increasing cost trends resulting from the complexity of support for young people in transition from CSF to Adult Social Care; and
- Other new burdens such as the Cheshire West judgement on Deprivation of Liberty (DoLs) Safeguards, significantly increasing the volume of assessments under the DoLs procedure.

This has magnified and compounded the volatility of the 3rd party Placements budget. Due to similar pressures in 2014-15 and delayed implementation, the planned savings target for 2014 -15 was not met. The Department is in parallel trying to recoup the shortfall in savings via the 2015-16 and 2016-17 savings plans.

Table 1 Community and Housing	2015/16 Current Budget £000	2015/16 Full Year Forecast (Dec) £000	2015/16 Forecast Variance (Dec) £000	2015/16 Forecast Variance (Nov) £000	2014/15 Variance at year end £000
Access & Assessment	41,132	43,193	2,061	1,980	2,352
Commissioning	4,674	4,562	(112)	(88)	(221)
Direct Provision	5,918	6,380	462	408	1,188
Directorate	997	1015	18	(63)	(223)
Care Act Implementation Expd	1,265	365	(900)	(800)	0
Directorate – Care Act Imp Income	(1,265)	(1,265)	0	0	0
**Contribution from Public Health	0	(328)	(328)	(328)	(500)
Adult Social Care	52,721	53,922	1,201	1,109	2,596
Libraries and Heritage	2,431	2,355	(76)	(55)	4

Merton Adult Education	(180)	50	230	225	254
Housing General Fund	1,903	1,593	(310)	(278)	(106)
Total (controllable)	56,875	57,920	1,045	1,001	2,748

The Adult Social Care forecast overspend has been netted down by £328k of one- off Public Health money giving an underlying overspend of £1.373m.

Additionally, a corporate settlement of £262k budget transfer has been approved to reduce the transport forecast over-spend.

Access and Assessment – £2,061k over-spend

Access and Assessment	Forecast Variance (Dec) £000	Forecast Variance (Nov) £000
Gross Placements overspend	3,413	3,250
Other A&A under-spends	(1,023)	(941)
Sub-total Net over-spend	2,390	2,309
Over achievement of Client Contribution	(329)	(329)
Total Access & Assessment	2,061	1,980

Description	2015/16 Budget £000	Forecast Variance (Dec) £000	Forecast Variance (Nov) £000	2014/15 Variance at year end £000
Libraries	2,431	(76)	(55)	4
Merton Adult Education	(180)	230	225	254
<u>Housing</u>				
Temporary Accommodation	1,396	829	829	624
Temporary Accommodation – Housing Benefits	(1,140)	(860)	(860)	(540)
Temporary Accommodation – Client Contribution	(140)	(102)	(102)	
Homelessness Prevention	320	(5)	3	(127)
Housing Advice and Options	500	(10)	(11)	(7)
Housing Needs	283	(93)	(52)	(43)
Housing Strategy	139	0	(9)	(18)
Housing Supply & Development	266	(29)	(32)	(3)
Housing Environmental Health	228	(39)	(43)	(59)
Merton Action single Homeless	51	(1)	(1)	0
Reserves Funding Adjustment	0	0	0	67
Sub-total Housing	1,903	(310)	(278)	(106)
Total Community & Housing	56,889	1,045	1,001	2,748

Description	2015/16 Budget £000	Forecast Variance (Dec) £000	Forecast Variance (Nov) £000	2014/15 Variance at year end £000
Access & Assessment				
Gross Placements	38,178	3,413	3,250	3,689
Placements - Other	368	(39)	(39)	0
Transport	180	47	47	0
Client & CCG Contribution Income	(11,875)	(329)	(329)	(612)
Concessionary Fares & Taxi-card	9,203	(164)	(160)	(45)
Care-first	136	(126)	(126)	(117)
Other Access & Assessment	9,369	(741)	(663)	(563)
Better Care Fund – NHS Social Care		0		
Transfer Income	(4,427)		0	0
Sub-total Access & Assessment	41,132	2,061	1,980	2,352
Commissioning				
Brokerage, Contracts, Performance & Planning & Commissioning	1,118	(166)	(153)	(237)
Voluntary Organisations - grants	760	78	82	138
Voluntary Organisations – Contracts	196	(19)	(23)	(24)
Voluntary Organisations – Dementia contract	230	8	8	11
Pollards Hill Contract (excluding transport)	82	(14)	(14)	0
Transport** (Pollards Hill & Woodlands)	133	0	0	32
LD – LDDF Grant	127	0	0	0
Supporting People Grant	2,128	1	12	(141)
Better Care Fund – NHS Social Care	(100)	0	0	0
Sub-total Commissioning	4,674	(112)	(88)	(221)
Direct Provision				
Transport **	619	9	9	604
Day Centres	1,828	(58)	(55)	(58)
Supported Living	873	563	537	109
Residential (Excluding transport)	806	201	180	222
Mascot	368	23	7	5
Other Direct Provision	256	(9)	(7)	10
Miles - Reablement	1,568	(242)	(238)	371
Helping People at home revenue grant	0	(25)	(25)	(75)
Better Care Fund – NHS Social Care	(400)	0	0	0
Transfer Income				
Sub-total Direct Provision	5,918	462	408	1,188
Directorate				
Staffing Costs	934	18	(63)	(223)
Adult Social Care Redesign – Projects	244	0	0	0
Better Care Fund – NHS Social Care	(181)	0	0	0
Transfer Income				
Care Act Implementation	1,265	(900)	(800)	0
Care Act Implementation-Grant	(865)	0	0	0
Better Care Fund – NHS Social Care Transfer	(400)	0	0	0
Subtotal Directorate	997	(882)	(863)	(223)
Contribution from Public Health (Ageing-Well grants)	0	(328)	(328)	(500)
Sub-total Adult Social Care	52,721	1,201	1,109	2,595

Budget Pressures

Access and Assessment (£2,061m Forecast Overspend)

Access and Assessment is forecast to overspend by £2,061m in 2015-16. This is the net effect of forecast overspending on the third party placements budget of £3,413m less forecast under spending on other budgets of £1.352m.

The main pressures are:

Price pressures. Nationally the market in social care has shown that providers are successfully demanding increases in fees. This is due to pressures such as clarification over the definition of minimum wage and increasing challenges in hiring staff. Merton has in recent years held fees low compared with other boroughs, for example by not offering an increase for inflation for five years. However, providers can now obtain better prices from neighbouring boroughs and/or the NHS. This means that to secure supply and sustain a viable market Merton is having to negotiate new higher fees.

The impact of the negotiations agreed to date is £581k (£387k for Residential and Nursing placements and £194k for Domiciliary care providers).

New Demographic pressures: Our best estimate of demographic growth pressures affecting 2015-16 are:

£432k in 2015-16 on older people's budgets due to an ageing of the population based on POPPI (Projecting Older People Population Information System) data. Further risk is being done to assess impact.

£78k in 2015-16 on Working age adults budgets (excluding Learning disabilities) based on PANSI (Projecting Adult Needs and Service Information System) data.

NHS pressures. These pressures are from delayed hospital discharge as a result of a lack of capacity in the social care market to support the discharge of a greater volume people at a greater level of dependency, including :

- The number of people needing "double ups" (i.e. two carers at any one time to manage personal care for a customer) increased from 12.1% to 15.3% of domiciliary care customers in 2014/15.
- The average home care hours per week received per person supported in 2014-15 rose from 15.8 to 17.4 hours.
- £95k of DToC fines has been estimated and included in the forecast for impact of delay in transferring clients from hospital. NHS England and Merton CCG are scrutinising the reasons for the delay which will impact on the performance targets agreed in the Better Care Fund agreement and places this at risk.

New responsibilities arising from the Cheshire West judgement and the Care Act 2014.

Although the Government has provided some funding to cover the implications of the Care Act (£865k) and the Cheshire West judgement around Deprivation of Liberty Assessments (DOLS) (£80k), risks are that the costs of the Care Act responsibilities, most notably to sustain a viable care and support market may exceed this funding, and is already clear that the costs of implementing

the Cheshire West judgement are well in excess of £80k as DOLS activity has increased by more than 1000% e.g. there were 40 DOLS cases in 2013-14, 526 in 2014-15 and at the end of November 2015 trends suggest there will be more than 670-700 in 2015-16. The actual cost of implementing this judgement in 2015/16 is estimated at £290k.

Ordinary Residents. Three new Ordinary Residence cases costing £193k were passed to Merton by neighbouring boroughs.

Commissioning (£112k Forecast Underspend):

There are staff various vacancies across the commissioning team resulting in an overall underspend of £112k.

Supporting People Grant is not forecasting a breakeven budget position.

Direct Provision (£462k Forecast Overspend)

The overspend is mainly as a result of the demand for residential and supported living placements.

Direct Provision Residential Care/Supported Living Services (£764k forecast overspend)

There is pressure on the staffing costs of £143k due to the on-going unfunded impact of the Single Status National Agreement.

The original staffing budget for Supported Living was set for a 22 bedded residential unit. The service changed from a residential service to a supported living service where customers live within their own homes with staff supporting them. This not only empowers the customer, but is cheaper at around £470 per week compared to £1,294 per week. Therefore, the service is now supporting 40 customers at various sites, two of these sites provide 24 hour staffing cover.

Glebelands Extra Care Supported Living was transferred to Direct Provision in 2009 with inadequate budget to cover the existing staff team. Since 2011, the client support hours have increased from 169 to 321 per week.

The forecast variance for Direct Provision excludes projected income that is recouped from the Access and Assessment placement budgets to cover the SLA. This is to being reviewed by finance and the budget will be realigned in 2016/17.

Directorate – (£882k Forecast underspend)

The consultancy cost for the ASC staffing restructure has been included in the Directorate forecast spend.

Libraries- (£76k forecast underspend)

The underspend is mainly attributable to some staff vacancies and reduction in running costs whilst temporary services are in place at Colliers Wood

Merton Adult Education – (£230k forecast over-spend)

The over spend is caused by £153k in year reductions in SFA funding and the inability to realise savings target of £176K and a reduction in spend on other cost centres.

This forecast has taken into account funding the new MAE Commissioning Team roles.

Housing- (£310k forecast underspend).

There are various staff vacancies across the housing teams resulting in the under-spend.

The accounting for Housing benefits relating to Temporary accommodation is to be reviewed to clarify amount received as entitlement v subsidy.

Adult Social Care - Delivery of Savings

The savings programme developed for 2014/15 contained a number of savings (£2.265m) which were not delivered in 2014-15. Similarly the 2015/16 savings have not been delivered and urgent action is required for both years to bring the budget back into balance. If savings had been delivered the budget would be under spending.

Actions to mitigate the pressures above and to recoup the savings shortfall from 2014-15 include:

Ones already in place:

- Regular budget monitoring with finance staff and ensuring that forecasts are timely and accurate
- Resources panels twice a week
- Clear programme of reviews
- Continued success from brokerage team to place people in difficult circumstances and negotiate costs down
- Re-ablement flexing role to take more people out of hospital temporarily when we can't place them in agencies
- Successful negotiations with providers to mitigate many requests for increased fees
- Market management/shaping work: Recognising the challenges posed by the market costs we are undertaking a number of individual negotiations with providers looking at what models of delivery we can design that will enable the services to be delivered in partnership with providers for the lowest costs. In addition, there are some areas where we feel we can negotiate even keener prices and we are actively pursuing those as well. So far in these negotiations we have achieved agreed rate increases, on average of just 38% of what was demanded by providers. The estimated cost impact is £581k versus £1,522k demanded by providers.

Further measures:

- New reports on all individual customers to be introduced to show fluctuations in support costs and activity including new ways of procuring access to care home placements, creating a more flexible market for domiciliary care based on personal assistants and investigating how we can use varied tools and techniques to forecast demand even more accurately and reduce void costs.

Placements Activity Data

The table below details the current number of clients, care packages, and placement commitment has increased by £164k from the previous month, whilst the numbers of clients has reduced by 16.

Activity Data	Care Packages No's) Dec	Care Packages (No's) Nov	Clients (No's) Dec	Clients (No's) Nov	Total Yearly Commitment @ December £000
<u>Service Area</u>					
Mental Health	129	130	110	111	1,655
Physical and Sensory	332	333	231	234	4,649
Learning Disabilities	421	429	343	342	13,305
Older People	1,771	1,767	1,211	1,225	21,565
Substance Misuse	13	12	12	11	197
No recourse to public funds	15	13	9	9	220
TOTAL Gross placement expenditure	2,681	2,684	1,916	1,932	41,591

The impact of the rate increase negotiations agreed to date is £581k of which £387k is to Residential and Nursing providers and £194k for Domiciliary care providers.

Learning Disability Commitment also includes transition costs of £572k as of December 2015 of the £675k expenditure predicted.

Details of the estimated costs are:-

At age 18 when the young person comes to ASC - Placements data includes £212k of estimated £250k predicted as at December 2015.

At age 19 when they leave school - £ 77k of the estimated £125k predicted are now in placements.

At age 21/22 (or possible older with the recent Children and Families Act) when they leave college - £283k of estimated spend of £300k are now on in placements.

- **Public Health**

- Public Health is forecasting an under-spend by £106k as at December 2015. This improved situation is due revision of salary forecast for new director, health checks and not taking up an option to extend a contract.

Public Health	2015/16 Budget £000	Period 9 (Dec) Forecast £000	Forecast Variance (Dec) £000	Forecast Variance (Nov) £000	2014/15 Final Out-turn Variance £000
PH - Directorate	1,246	1,000	(246)	(203)	(305)
PH- Contraception	713	707	(6)	(3)	(26)
PH - STI Testing and Treatment (GUM)	2,060	2,194	134	134	110
PH - SH Advice, Prevent and Promotion	217	223	6	3	(97)
PH - NHS Health check	316	282	(34)	(29)	17
PH - Falls Prevention	66	66	0	0	(1)
PH – Non Recurrent Project	1,154	1,107	(47)	(47)	0
PH – Obesity	595	450	(145)	(19)	(28)
PH – Live well (including smoking Cessation)	345	331	(14)	(14)	(35)
PH – Substance Misuse (Drugs and Alcohol)	2,098	1,790	(308)	(308)	(422)
PH – School Nursing (including National Child Measurement programme)	849	833	(16)	(16)	(4)
PH Surveillance and Control of Infectious Diseases	10	0	(10)	(10)	(9)
PH – Determinants	160	109	(52)	(52)	0
PH – Community Services Contract Estates	285	285	0	0	0
PH – New Investments	104	88	(16)	(16)	(275)
PH – Health Visiting Service***	1,476	1,461	(15)	(15)	0
Total Public Health (controllable)	11,694	10,925	(769)	(595)	(1,075)
Public Health Main – Grant Income	(9,236)	(8,573)	663	663	0
Public Health Health Visiting – Grant Income ***	(1,476)	(1,476)	0	0	0
Total Public Health Net Expenditure	982	876	(106)	68	(1,075)

(E) Corporate Items

The details comparing actual expenditure up to 31 December 2015 against budget are contained in Appendix 2. The main areas of variance as at 31 December 2015 are:-

Corporate Items	Current Budget 2015/16 £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s	2014/15 Year end Variance £000s
Cost of borrowing	14,117	14,092	(25)	(25)	205
Use for Capital Programme	0	0	0	0	0
Impact of Capital on revenue budget	14,117	14,092	(25)	(25)	205
Investment Income	(559)	(864)	(305)	(282)	(385)
Pension Fund	5,042	5,042	0	0	(300)
Pay and Price Inflation	575	575	0	0	(883)
Contingencies and provisions	4,251	2,761	(1,490)	(1,450)	64
Income Items	(174)	(800)	(626)	(626)	(914)
Appropriations/Transfers	(8,048)	(8,048)	0	0	(399)
Central Items	1,087	(1,334)	(2,421)	(2,358)	(2,817)
Levies	926	926	0	0	0
Depreciation and Impairment	(16,506)	(16,506)	0	0	0
TOTAL CORPORATE PROVISIONS	(376)	(2,822)	(2,446)	(2,383)	(2,612)

There have been two small revisions to the forecast variance since November:-

- The estimated surplus on investment income has increased by £23k to £305k;
- The contribution from the contingency to fund the cost of social workers in Children, Schools and Families has been finalised and the forecast underspend on contingencies and provisions has increased by £40k as a result.

Reserves

The movement on reserves at period 9 and use of reserves for the remainder of the financial year to follow.

4. CAPITAL PROGRAMME 2015-19

4.1 Capital Expenditure

4.1.1 The table below compares capital expenditure to December 2015 over the last four years:

Depts.	Spend To December 2012	Spend To December 2013	Spend To December 2014	Spend To December 2015	Variance 2012 to 2015	Variance 2013 to 2015	Variance 2014 to 2015
C&H	509	935	458	713	204	(222)	255
CS	1,619	3,071	1,041	1,345	(274)	(1,727)	304
CSF	21,071	7,383	14,568	11,159	(9,912)	3,776	(3,408)
E&R	6,518	6,471	3,415	5,553	(965)	(918)	2,138
Total Capital	29,717	17,861	19,482	18,770	(10,947)	909	(712)

Outturn £000s	40,487	31,564	36869	
Budget £000s				37,184
Projected Spend December 15 £000s				34,381
Percentage Spend to Budget				50.48%
Percentage Spend to Outturn/Projection	73.40%	56.59%	52.84%	54.59%
Monthly Spend to Achieve Projected Outturn £				5,204

4.1.2 December is three quarters of the way into the financial year, departments have only spent 50.5% of their budget or 54.6% of their forecast outturn. The Authority is marginally ahead of the spend achieved in 2013/14 but remains behind that achieved in 2012/13 and 2014/15. To achieve a projected spend of 34.4m officers will need to spend just over £5.2 million per month for the rest of the financial year. The table below shows that in December 2015 departments have managed to spend just under £3.2 million.

Department	Spend To November 2015 £000s	Spend To December 2015 £000s	Increase £000s
C&H	529	713	184
CS	690	1,345	655
CSF	9,975	11,159	1,185
E&R	4,393	5,553	1,160
Total Capital	15,587	18,770	3,183

4.2 The Table below shows the movement in the 2015/19 corporate capital programme since the November 2015 financial monitoring report:

Depts	Original Budget 15/16	Adjustments	Revised Budget 15/16	Original Budget 16/17	Adjustments	Revised Budget 16/17	Original Budget 17/18	Variance	Revised Budget 17/18	Original Budget 18/19	Variance	Revised Budget 18/19
C&H	1,707	(95)	1,611	2,388	95	2,483	815	0	815	340	0	340
CS	8,718	(1,887)	6,831	5,105	1,747	6,852	2,881	0	2,881	2,757	0	2,757
CSF	15,322	(703)	14,620	30,264	496	30,759	20,979	0	20,979	20,104	0	20,104
E&R	14,243	(120)	14,123	20,824	120	20,944	19,255	0	19,255	6,626	0	6,626
TOTAL	39,989	(2,805)	37,184	58,579	2,458	61,038	43,929	0	43,929	29,827	0	29,826

4.3 The table below summarises the position in respect of the Capital Programme as at December 2015 the detail is shown in Appendix 5a

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Community and Housing	1,610,890	713,080	1,008,961	(295,881)	1,610,274	(616)
Corporate Services	6,831,120	1,344,638	4,759,465	(3,373,027)	4,219,081	(2,612,039)
Children Schools and Families	14,619,190	11,159,240	11,010,994	148,246	14,942,251	323,061
Environment and Regeneration	14,122,510	5,553,099	8,433,035	(2,879,937)	13,609,148	(513,362)
Total Capital	37,183,710	18,770,057	25,212,455	(6,400,599)	34,380,754	(2,802,956)

- a) Community and Housing - A multi-year review of Disabled Facilities Grant projected spend profile has been undertaken by officers the resultant re-profiling is in future years and has been contained in the Business Plan Report elsewhere on this agenda.
- b) Corporate Services – The majority of the projected variance is caused by five major corporate schemes
 - a. the Acquisition Fund £1,033k - this budget is held corporately and currently has a £464,000 commitment against it for the purchase of a freehold interest of a property on which we have restrictive covenants,
 - b. Bidding Fund £1,357k- this is a centrally held fund to provide match funding to secure external funding there is currently no commitments against this budget
 - c. Transformation Budget £88k – this budget is held corporately and vired as transformation projects are identified.
 - d. Disaster Recovery is showing a projected underspend of £182k – It is envisaged that some of this budget will be utilised to undertake the first testing which will be complete by the end of the financial year. Unused budget will be relinquished as part of account closure processes.

Projected unspent budget on Customer Contact Programme, Document Management System and Replacement Social Care System have all now been re-profiled into 2016/17.

A virement of £80k from Transformation Budgets is to upgrade the current mobile telephone equipment within CS&F to smart phones to promote the Flexible Working programme by giving staff the ability to download emails securely through the 'Good' for enterprise software which will enable them to work remotely from the office and improve operational effectiveness and efficiency

- c) Children, Schools and Families – The spend to date is very close overall compared to the profiled budget. Primary Expansions – On 18 January 2016 Cabinet agreed a maximum addition of £750,200 to enable officers to agree the worst case collective overspend on three major primary school expansion projects. The maximum exposure has now reduced to £550k, with two further final accounts to agree. Finally there have been no request for loans for the purchase of equipment. Secondary Expansions – £79k has been re-profiled into 2016/17 to reflect the projected spending pattern. Other - there have been no request for loans for the purchase of equipment

A final re-profile of the Department's Capital Programme for 2015/16 is detailed in Appendix 5b. Future year re-profiles are detailed in the Business Planning Report elsewhere on the Agenda.

- d) Environment and Regeneration – Spend to date compared to the profiled budget highlights a £2.9 million underspend. It is expected that this underspend will reduce to £513k by the year end – this projection assumes that the majority of the budget will be spent including Regeneration Partnerships (spend of £2.7million required for which £1.3 million of commitments exist), TfL (spend of £1.8 million required for which £0.6 million of commitments exist) and Transport and Plant (spend of £0.65 million required for which a £53k commitment exists). There are five major causes of the variance from budget at year end:

- a. is the first is the Heritage Lottery fund scheme for Canons Parks (of £104k) which is currently being consulted on. This budget will be re-profiled as the results of this consultation are progressed and the re-profile approved by the Lottery Fund.
- b. Street Scene Enhancements work is underway to develop two schemes with this budget, however, this budget will not be spent by year end.
- c. Street Lighting where there is a £100k slippage on one of the projects
- d. Transport and Plant is showing an underspend against budget of £152k
- e. Within Traffic and Parking Management - Anti Theft Pay & Display Machine are showing an underspend of £100k this is offset by a projected overspend of £100k on Tackling Traffic Congestion

Following re-profiles are included in the Business Planning Report elsewhere on this agenda::

- Industrial Estate Development: £450,000 move from 2016-17 to 2017-18
- Transport Enhancements: £5,000,000 move from 2017-18 to 2018-19
- Morden TfL: Remove £120,000 in 2016-17 as this will be revenue

- 4.3 Appendix 5b details the adjustments being made to the Capital Programme this month. A brief description of the adjustment is provided in this Appendix.

4.4 Appendix 5c details the change in funding the programme 2015-17. The table below shows the movement in the Capital programme for 2015/16 since its approval in March 2015:

Depts.	Original Budget 15/16	Net Slippage 2014/15	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 15/16
Community and Housing	2,161	1,436	189	0		(2,174)	1,612
Corporate Services	7,428	2,408	(171)	0	175	(3,009)	6,831
Children Schools and Families	17,105	1,014	(56)	(7)	750	(4,187)	14,619
Environment and Regeneration	15,240	2,345	(2,720)	249	296	(1,287)	14,123
Total	41,933	7,203	(2,758)	242	1,221	(10,657)	37,184

5. DELIVERY OF SAVINGS

Department	Target Savings 2015/16	Projected Savings 2015/16	Period 9 Forecast Shortfall	Period 9 Forecast Shortfall	Period 8 Forecast Shortfall	Period 8 Forecast Shortfall
	£000's	£000's	£000's	%	£000's	%
Corporate Services	1,170	1,099	(71)	(6.1)%	(71)	(6.1)%
Children Schools and Families	781	781	0	0.0%	0	0.0%
Community and Housing	2,154	2,016	(138)	(6.4)%	(139)	(6.5)%
Environment and Regeneration	4,192	764	(3,428)	(81.8)%	(3,428)	(81.8)%
Total	8,297	4,660	(3,637)	(43.8)%	(3,638)	(43.8)%

Appendix 7 details the progress on savings for 2015/16 by department.

£3.2m of the E&R savings shortfall relates to the unsuccessful legal challenge to the award of the contract for the provision and maintenance of ANPR camera. This will be met next year. In relation to the remaining shortfalls – these are reviewed regularly by DMT and where it is deemed that the savings cannot be achieved alternative savings have been/ will be proposed to Cabinet.

Mitigating actions continue to be applied wherever possible in order to minimise the in-year pressures.

Adult Social Care have initiated various management actions to recoup the savings shortfall. This includes new innovative commissioning approaches and reviewing the current commissioning strategy. Also working on a number of other innovative ideas to help meet a growing need in a different way to the current process.

2014/15 Savings not fully achieved

Department	Savings 2014/15	Savings Achieved 2014/15	14/15 Shortfall	15/16 Shortfall expected
	£000's	£000's	£000's	£000's
Corporate Services	975	917	(58)	0
Children Schools and Families	140	100	(40)	0
Community and Housing	2,829	300	(2,529)	(1,188)
Environment and Regeneration	784	280	(504)	(115)
Total	4,728	1,597	(3,131)	(1,303)

Appendix 8 reports the 2014/15 savings not achieved and projects the full year affect of these savings in 2015/16. Further work is being performed to ensure the 2014/15 savings shortfall is being addressed in the current year and for Community and Housing in 2016/17 as well.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1 The emphasis placed on the delivery of revenue savings within the financial monitoring report and the risk of part non-delivery of savings is contained on the key strategic risk register and will be kept under review.

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

Appendix 1-	Detailed monthly position table
Appendix 2 –	Detailed Corporate Items table
Appendix 3 –	Pay and Price Inflation as at September 2015
Appendix 4 –	Treasury Management: Outlook
Appendix 5a –	Current Capital Programme 2015/16
Appendix 5b –	Current Capital Programme 2015/16 – Adjustments December 2015
Appendix 5c –	Funding Current Capital Programme 2015/16 & 2016/17
Appendix 6 -	Departmental charts
Appendix 7 -	Progress on 2015/16 savings
Appendix 8-	2014/15 savings achieved and expected in 2015/16
Appendix 9 –	Debt position
Appendix 10 -	Customer/client receipts

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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**Summary Position as at 31st
December 2015**

APPENDIX 1

	Original Budget 2015/16	Current Budget 2015/16	Year to Date Budget (Dec)	Year to Date Actual (Dec)	Full Year Forecast (Dec)	Forecast Variance at year end (Dec)	Forecast Variance at year end- previous month (Nov)	Outturn Variance 2014/15
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000
Department	-							
3A. Corporate Services	14,025	15,258	27,067	19,352	15,649	391	346	(691)
3B. Children, Schools and Families	50,894	52,947	141,628	137,047	53,591	644	1,135	2,663
3C. Community and Housing	-							0
Adult Social Care	56,080	56,448	41,989	39,737	57,649	1,201	1,109	2,593
Libraries & Adult Education	3,169	3,282	2,772	2,423	3,436	154	170	281
Housing General Fund	2,151	2,154	1,443	419	1,844	(310)	(279)	(100)
3D. Public Health	320	1,154	597	(3,773)	1,048	(106)	68	(0)
3E. Environment & Regeneration	23,986	24,148	6,127	5,104	27,225	3,077	2,865	1,703
Overheads	0	0	0	0	0	0	0	0
NET SERVICE EXPENDITURE	150,624	155,391	221,622	200,308	160,443	5,051	5,414	6,448
3E. Corporate Items								
Impact of Capital on revenue budget	14,117	14,117	4,464	4,224	14,092	(25)	(25)	205
Other Central items	-10,651	-15,418	-7,440	1,645	-17,839	-2,421	-2,358	(2,817)
Levies	926	926	762	762	926	0	0	0
TOTAL CORPORATE PROVISIONS	4,392	-376	-2,214	6,631	-2,822	-2,446	-2,383	-2,612
TOTAL GENERAL FUND	155,016	155,016	219,408	206,939	157,621	2,605	3,031	3,836
- Funding								
- Business Rates	(33,686)	(33,686)	(5,959)	(5,959)	(33,686)	0	0	0
- RSG	(30,425)	(30,425)	(24,892)	(24,892)	(30,425)	0	0	0
- Council Tax Freeze Grant 2014/15	(861)	(861)	(694)	(694)	(861)	0	0	6
- Section 31 Grant	(1,134)	(1,134)	(862)	(862)	(1,134)	0	0	(160)
- New Homes Bonus	(2,642)	(2,642)	(3,063)	(3,063)	(2,642)	0	0	0
- PFI Grant	(4,797)	(4,797)	(3,598)	(3,598)	(4,797)	0	0	0
Grants	(73,545)	(73,545)	(39,067)	(39,067)	(73,545)	0	0	(154)
Collection Fund - Council Tax Surplus(-)/Deficit	(4,813)	(4,813)	0	0	(4,813)	0	0	0
Collection Fund - Business Rates Surplus(-) /Deficit	393	393	0	0	393	0	0	0
Council Tax								
- General	(76,758)	(76,758)	0	0	(76,758)	0	0	0
- WPCC	(293)	(293)	0	0	(293)	0	0	0
Council Tax and Collection Fund	(81,471)	(81,471)	0	0	(81,471)	0	0	0
FUNDING	(155,016)	(155,016)	(39,067)	(39,067)	(155,016)	0	0	(154)
NET	0	(0)	180,341	167,872	2,605	2,605	3,031	3,682

	Original Budget 2015/16	Current Budget 2015/16	Year to Date Budget (Dec)	Year to Date Actual (Dec)	Full Year Forecast (Dec)	Forecast Variance at year end (Dec)	Full Year forecast at year end (Nov)	Forecast Variance at year end (Nov)
Expenditure	£000	£000	£000	£000	£000	£000	£000	£000
Employees	91,854	98,131	73,391	72,767	98,799	668	98,890	1,089
Premises Related Expenditure	7,987	8,907	6,971	5,405	8,533	(374)	8,448	(335)
Transport Related Expenditure	13,539	14,665	10,937	10,243	14,770	104	14,567	(114)
Supplies and Services	35,943	175,782	123,331	117,362	173,824	(1,957)	174,169	(1,503)
Third Party Payments	76,781	89,613	63,813	61,924	94,877	5,264	94,387	4,853
Transfer Payments	103,934	104,045	77,771	72,557	99,160	(4,885)	101,385	(2,661)
Support Services	30,076	31,902	0	1	31,901	(1)	31,901	(1)
Depreciation and Impairment Losses	16,505	16,505	10	0	16,505	(0)	16,505	(0)
Corporate Provisions	0	(376)	(2,214)	6,631	(2,822)	(2,446)	(2,473)	(2,383)
GROSS EXPENDITURE	376,619	539,175	354,010	346,889	535,547	(3,628)	537,779	(1,055)
Income								
Government Grants	(112,994)	(267,330)	(79,751)	(82,237)	(262,050)	5,279	(264,160)	3,159
Other Grants, Reimbursements and Contribs	(24,550)	(22,707)	(9,414)	(13,622)	(24,955)	(2,248)	(24,745)	(2,294)
Customer and Client Receipts	(57,487)	(61,371)	(42,051)	(44,009)	(58,728)	2,643	(58,328)	3,059
Interest	(30,988)	(44)	0	0	(20)	24	(20)	24
Recharges	(0)	(32,547)	(3,226)	0	(32,547)	1	(32,547)	1
Balances	(81,288)	(160)	(160)	(82)	375	535	68	138
GROSS INCOME	(307,308)	(384,160)	(134,601)	(139,950)	(377,926)	6,234	(379,732)	4,087
NET EXPENDITURE	69,310	155,016	219,409	206,939	157,621	2,605	158,047	3,031

3E. Corporate Items	Council 2015/16 £000s	Original Budget 2015/16 £000s	Current Budget 2015/16 £000s	Year to Date Budget (Dec.) £000s	Year to Date Actual (Dec.) £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s
Cost of Borrowing	14,117	14,117	14,117	4,464	4,224	14,092	(25)	(25)
Use for Capital Programme							0	0
Impact of Capital on revenue budget	14,117	14,117	14,117	4,464	4,224	14,092	(25)	(25)
Investment Income	(559)	(559)	(559)	(233)	(758)	(864)	(305)	(282)
Pension Fund	5,042	5,042	5,042	840	4,702	5,042	0	0
Corporate Provision for Pay Award	189	189	0	0	0	0	0	0
Provision for inflation in excess of 1.5%	543	543	475	0	0	475	0	0
Utilities Inflation Provision	100	100	100	0	13	100	0	0
Pay and Price Inflation	832	832	575	0	13	575	0	0
Contingency	1,500	1,500	1,040	0	0	0	(1,040)	(1,000)
Single Status/Equal Pay	100	100	100	0	22	50	(50)	(50)
Bad Debt Provision	500	500	500	0	0	500	0	0
Loss of income arising from P3/P4	400	400	400	0	0	0	(400)	(400)
Revenuisation and miscellaneous	3,525	3,525	2,211	0	0	2,211	0	0
Contingencies and provisions	6,025	6,025	4,251	0	22	2,761	(1,490)	(1,450)
Local Services Support Grant	0	0	0	0	3	0	0	0
Other	(174)	(174)	(174)	0	0	(800)	(626)	(626)
Income items	(174)	(174)	(174)	0	3	(800)	(626)	(626)
Appropriations: CS Reserves	(3,003)	(3,003)	(4,053)	(4,053)	(110)	(4,053)	0	0
Appropriations: E&R Reserves	(1,631)	(1,631)	(1,781)	(1,781)	(13)	(1,781)	0	0
Appropriations: CSF Reserves	(618)	(618)	(1,166)	(1,166)	(1,166)	(1,166)	0	0
Appropriations: C&H Reserves	(545)	(545)	(700)	(700)	(700)	(700)	0	0
Appropriations: Public Health Reserves	(320)	(320)	(1,154)	(1,154)	(1,154)	(1,154)	0	0
Appropriations: Corporate Reserves	806	806	806	806	806	806	0	0
Appropriations/Transfers	(5,311)	(5,311)	(8,048)	(8,048)	(2,338)	(8,048)	0	0
Depreciation and Impairment	(16,506)	(16,506)	(16,506)	0	0	(16,506)	0	0
Central Items	3,466	3,466	(1,301)	(2,976)	5,869	(3,747)	(2,446)	(2,383)
Levies	926	926	926	762	762	926	0	0
TOTAL CORPORATE PROVISIONS	4,392	4,392	(376)	(2,214)	6,631	(2,822)	(2,446)	(2,383)

Pay and Price Inflation as at December 2015

In 2015/16, the budget includes 1% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.543m 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 significant call on this budget and it will only be released when it is certain that it will not be required.

Pay:

The pay award for 2015/16 was agreed as part of a two year settlement which ends on 31 March 2016

Prices:

The Consumer Prices Index (CPI) rose by 0.2% in the year to December 2015, compared with a 0.1% rise in the year to November 2015. Although this is the first month since January 2015 for which the rate has exceeded 0.1%, this continues the trend since early 2015 of the rate being very close to zero. Movements in transport costs, particularly air fares and to a lesser extent motor fuels, were the main contributors to the rise in the rate. Downward pressures from prices for alcohol and tobacco along with food and non-alcoholic beverages partially offset the rise. CPIH grew by 0.5% in the year to December 2015, up from 0.4% in November 2015.

RPI annual inflation stood at 1.2% in December 2015, up from 1.1% in November 2015.

Outlook for inflation:

On 14 January 2016, the Bank of England's Monetary Policy Committee (MPC) voted by a majority of 8-1 to maintain the Bank Base Rate at 0.5%. The Committee voted unanimously to continue with its programme of asset purchases totalling £375 billion, financed by the issuance of central bank reserves.

In the minutes of the MPC published on 14 January 2016, it was noted that "twelve-month CPI inflation rose to 0.1% in November and is likely to rise modestly further in the coming months as some of the large falls in energy and food prices a year earlier drop out of the annual comparison. But the 40% decline in dollar oil prices means that the increase in inflation is now expected to be slightly more gradual in the near term than forecast in the Committee's November Inflation Report projections. Although a large part of the current deviation of CPI inflation from the 2% target reflects unusually large drags from energy and food prices, core inflation also remains relatively subdued – a consequence of the past appreciation of sterling, weak global inflation and restrained domestic cost growth."

The quarterly inflation report for November 2015 set out the MPC's most recent detailed assessment of the economic outlook. In the minutes on 14 January 2016 the MPC commented that "at that time, the Committee's central view was that, if Bank Rate were to follow the gently rising path implied by the prevailing market yields, CPI inflation would slightly exceed the 2% target in two years' time and then rise further above it, reflecting modest excess demand. The MPC judged that the risks to this projection lay a little to the downside in the first two years, reflecting global factors. Since then, the data regarding international activity have evolved broadly as expected ..., Domestically, the most recent data suggest that, after faster growth over the previous two years, output growth was steady during 2015 at rates a little below pre-crisis norms. Although indicators of private domestic spending

appear healthy, business surveys imply that the near-term outlook for aggregate activity is slightly weaker than in the MPC's November central projection... Despite continued reductions in the rate of unemployment, pay growth remains restrained and appears to have dipped slightly in the most recent data. Overall, while domestic cost growth over the past year has been below that necessary for inflation to return sustainably to the 2% target, its pace can be expected to increase over time."

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 (January 2016)			
	Lowest %	Highest %	Average %
2015 (Quarter 4)			
CPI	0.0	0.5	0.1
RPI	0.8	1.3	1.0
LFS Unemployment Rate	5.0	5.5	5.2
2016 (Quarter 4)			
CPI	0.7	2.3	1.3
RPI	1.8	3.9	2.4
LFS Unemployment Rate	4.7	5.9	5.1

Clearly where the level of inflation during the year exceeds the amount provided for in the budget, this will put pressure on services to stay within budget and will require effective monitoring and control.

Independent medium-term projections for the calendar years 2015 to 2019 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (November 2015)					
	2015	2016	2017	2018	2019
	%	%	%	%	%
CPI	0.1	1.3	1.9	2.1	2.0
RPI	1.0	2.1	3.0	3.3	3.3
LFS Unemployment Rate	5.5	5.3	5.2	5.1	5.0

Treasury Management: Outlook

The Bank Base Rate has been kept at its low of 0.5% since March 2009. At its meeting ending on 14 January 2016, the MPC voted by a majority of 8-1 to maintain Bank Rate at 0.5%. The Committee voted unanimously to maintain the stock of purchased assets financed by the issuance of central bank reserves at £375 billion.

In the November Inflation Report it was noted that “CPI inflation has remained close to zero. GDP growth has slowed over the past year to around its past average rate. A weaker global backdrop together with falls in the prices of risky assets are weighing on the outlook for UK growth, but they are counterbalanced by support from falls in market interest rates and commodity prices. Conditioned on a very gently rising path for Bank Rate, the MPC judges that four-quarter growth is likely to remain around current rates and the slack remaining in the economy is likely to be absorbed. Recent falls in oil and other commodity prices mean that inflation is likely to remain lower than previously expected until late 2017 but, on the conditioning path for Bank Rate, the MPC’s best collective judgement is that CPI inflation will return to the 2% target in around two years and rise above it thereafter.”

In the minutes of the MPC published on 14 January 2016 that “given the likely persistence of the headwinds weighing on the economy, when Bank Rate does begin to rise, it is expected to do so only gradually and to a level lower than in recent cycles. This guidance is an expectation, not a promise. The actual path that Bank Rate will follow over the next few years will depend on the economic circumstances.”

The MPC’s forecasts of Bank Base Rate in recent Quarterly Inflation Reports is summarised in the following table:-

	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	End Q.3 2017	End Q.4 2017	End Q.1 2018	End Q.2 2018	End Q.3 2018	End Q.3 2018
November '15		0.5	0.5	0.5	0.6	0.6	0.7	0.8	0.9	1.0	1.1	1.1	1.2	1.3
August 2015	0.5	0.5	0.6	0.7	0.9	1.0	1.2	1.3	1.4	1.5	1.6	1.7	1.7	
May 2015	0.5	0.5	0.6	0.7	0.8	0.9	1.0	1.1	1.2	1.3	1.3	1.4		
February 2015	0.5	0.5	0.6	0.6	0.7	0.8	0.9	1.0	1.0	1.1	1.1			
November '14	0.7	0.8	1.0	1.1	1.2	1.4	1.5	1.5	1.7	1.7				
August 2014	1.1	1.3	1.5	1.7	1.9	2.0	2.1	2.2	2.3					

Source: Bank of England Inflation Report August 2015

The MPC makes its decisions in the context of the monetary policy forward guidance announced alongside the publication of the August 2013 Inflation Report. This guidance was summarised and reported in the July 2013 monitoring report.

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

- The MPC sets policy to achieve the 2% inflation target, and, subject to that, to support the Government’s economic policies, including those for growth and employment.
- Despite the sharp fall in unemployment, there remains scope to absorb spare capacity further before raising Bank Rate.

- When Bank Rate does begin to rise, the appropriate path so as to eliminate slack over the next two to three years and keep inflation close to the target is expected to be gradual.
- The actual path of Bank Rate over the next few years will, however, depend on economic developments.
- Even when the economy has returned to normal levels of capacity and inflation is close to the target, the appropriate level of Bank Rate is likely to be materially below the 5% level set on average by the Committee prior to the financial crisis.
- The MPC intends to maintain the stock of purchased assets at least until the first rise in Bank Rate.
- Monetary policy may have a role to play in mitigating risks to financial stability, but only as a last line of defence if those risks cannot be contained by the substantial range of policy actions available to the Financial Policy Committee and other regulatory authorities.

Changes to the Bank Base Rate will depend on how quickly the economy recovers and will be set to achieve the inflation target of 2%.

The MPC sets monetary policy to meet the 2% target in the medium term and in a way that helps to sustain growth and employment.

Community & Housing Summary Capital Report - December 2015 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care						
The Gables Mitcham	576,280	287,325	576,280	(288,955)	576,280	0
Other	54,450	12,498	40,410	(27,912)	53,833	(617)
Libraries						
Library Self Service	270,000	0	290,000	(290,000)	270,000	0
Housing						
8 Wilton Road	60,160	47,362	60,161	(12,799)	60,161	1
Disabled Facilities	650,000	365,895	42,110	323,785	650,000	0
Community and Housing Total	1,610,890	713,080	1,008,961	(295,881)	1,610,274	(616)

Corporate Services Summary Capital Report - December 2015 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Business Improvement Total	813,380	197,051	1,931,574	(1,692,723)	813,378	(2)
Corporate Governance	880	0	880	(880)	0	(880)
Corporate Items	2,854,340	463,500	889,997	(426,497)	463,500	(2,390,840)
Facilities Management Total	1,713,280	385,104	1,341,927	(956,823)	1,683,079	(30,201)
IT Total	927,550	169,778	460,547	(290,769)	745,624	(181,926)
Resources	471,700	85,435	4,550	80,885	471,700	0
IT Transformation Unallocated	49,990	43,770	129,990	(86,220)	41,800	(8,190)
Corporate Services Total	6,831,120	1,344,638	4,759,465	(3,373,027)	4,219,081	(2,612,039)

Children, Schools & Families Summary Capital Report - December 2015 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Aragon expansion	0	(11,083)	0	(11,083)	0	0
Cranmer expansion	31,260	10,030	31,260	(21,230)	31,260	0
Joseph Hood Permanent Expansn	3,830	(2,965)	3,830	(6,795)	3,830	0
St Mary's expansion	157,080	46,975	157,080	(110,105)	157,080	0
All Saints/ South Wim YCC exp	3,550	3,547	3,550	(3)	3,550	0
Hillcross School Expansion	1,560,510	1,423,566	1,560,510	(136,944)	1,560,510	0
Merton Abbey Temp Accomodation	1,179,940	1,154,280	933,305	220,975	1,505,071	325,131
Pelham School Expansion	3,161,140	3,141,755	2,549,675	592,080	3,391,140	230,000
Dundonald expansion	2,300,000	1,573,092	1,406,035	167,057	2,400,000	100,000
Poplar Permanent Expansion	289,900	222,716	151,586	71,130	289,000	(900)
Singlegate expansion	970,000	574,587	752,866	(178,279)	1,100,000	130,000
Primary School Exp. Overspen Provision	750,200	0	0	0	0	(750,200)
Wimbledon Park expansion	70,530	(6,657)	70,530	(77,187)	70,350	(180)
Primary Expansion	10,477,940	8,129,843	7,620,227	509,616	10,511,791	33,851

Children, Schools & Families Summary Capital Report - December 2015 Monitoring Continued ...

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Devolved Formula Capital	361,710	271,314	427,878	(156,564)	568,830	207,120
Early Years	0	(59,158)	0	(59,158)	0	0
Free School Meals	193,080	168,415	165,580	2,835	193,080	0
Cricket Green Site	40,000	30,720	65,000	(34,280)	65,000	25,000
Primary school autism unit	1,145,240	960,704	1,042,565	(81,861)	1,145,240	0
Breaks-disabled children grant	0	(7,242)	0	(7,242)	0	0
Perseid	1,139,680	868,807	852,114	16,693	1,139,680	0
Schs Cap Maint & Accessibility	777,320	624,944	663,860	(38,916)	878,860	101,540
B631 - Solar PV Raynes Prk Pav	0	(1,000)	0	(1,000)	0	0
Raynes Park Sports Pavilion	4,770	0	4,770	(4,770)	4,770	0
Secondary School expansion	270,000	80,018	169,000	(88,982)	330,000	60,000
Schools Equipment Loans	104,450	0	0	0	0	(104,450)
ICT Harnessing Technolgy Grant	0	0	0	0	0	0
Admissions IT System	105,000	91,875	0	91,875	105,000	0
	4,141,250	3,029,397	3,390,767	(361,370)	4,430,460	289,210
Children Schools and Families	14,619,190	11,159,240	11,010,994	148,246	14,942,251	323,061

Environment & Regeneration Summary Capital Report - Decemeber 2015 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Footways Planned Works	1,060,000	905,864	434,180	471,684	1,060,000	0
Greenspaces	992,640	551,469	738,351	(186,882)	888,989	(103,651)
Highways General Planned Works	484,230	125,688	301,669	(175,981)	465,194	(19,036)
Highways Planned Road Works	1,500,000	1,476,853	872,150	604,703	1,500,000	0
Leisure Centres	1,022,170	93,922	564,613	(470,691)	1,022,170	0
Other E&R	93,260	32,287	93,260	(60,973)	93,260	0
On and Off Street Parking	20,140	10,236	20,140	(9,904)	20,140	0
Regeneration Partnerships	3,577,630	850,669	2,275,965	(1,425,296)	3,577,635	5
Street Lighting	600,000	63,797	400,000	(336,203)	500,000	(100,000)
Street Scene	190,690	45,687	49,730	(4,043)	65,000	(125,690)
Transport for London	2,878,200	1,133,288	1,973,450	(840,163)	2,878,200	0
Traffic and Parking Management	316,560	72,453	112,640	(40,187)	313,460	(3,100)
Transport and Plant	816,090	5,856	142,578	(136,722)	656,000	(160,090)
Safer Merton - CCTV & ASB	201,000	21,393	150,000	(128,607)	201,000	0
Waste Operations	369,900	163,637	304,309	(140,672)	368,100	(1,800)
Environment and Regeneration	14,122,510	5,553,099	8,433,035	(2,879,937)	13,609,148	(513,362)

Virement, Re-profiling and New Funding - December

Appendix 5b

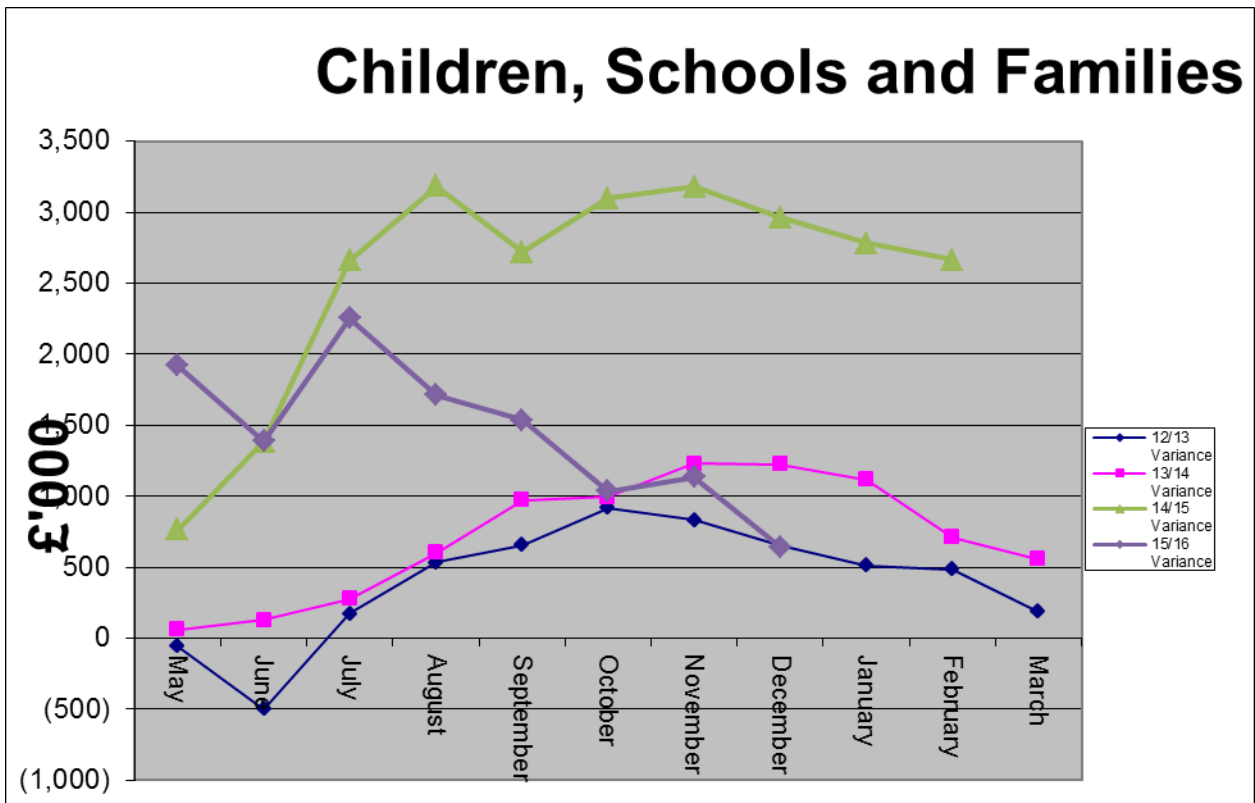
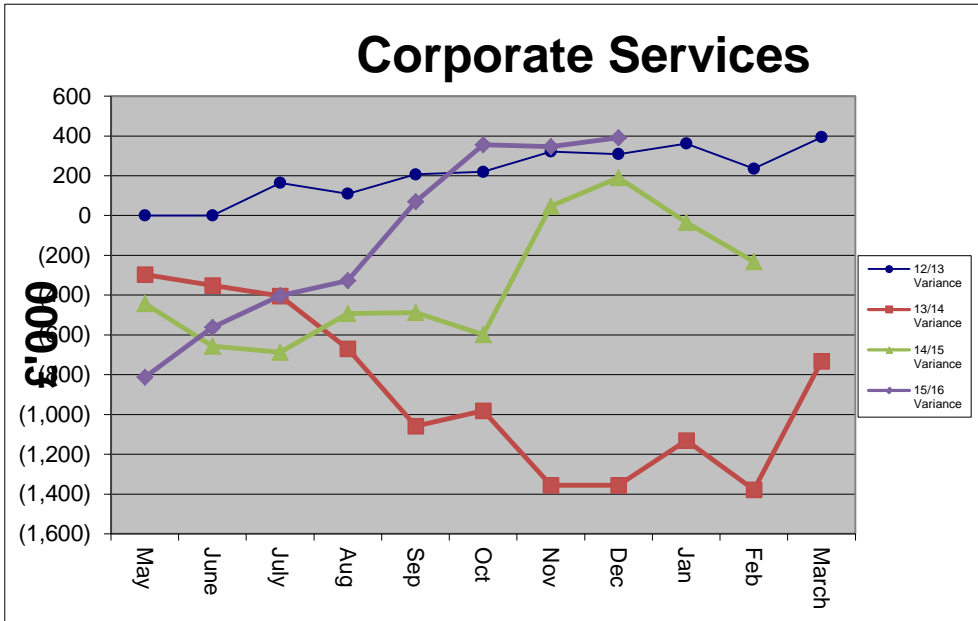
	2015/16 Budget	Virements	Adjusted & New Funding	Reprofiling	Revised 2015/16 Budget	2016/17 Budget	Reprofilin g	Revised 2016/17 Budget	Narrative
	£	£	£	£	£	£		£	
Corporate Services									
Environmental Asset Management	190,000		(140,000)	(50,000)	0	0	50,000	50,000	The £190k Budget has been reduced to £50k as part of refining capital/revenue split and re-profiled into 2016/17 in line with projected spend
Transformation Budgets	88,190	(80,000)			8,190	0		0	Virement to specific scheme to fund Smartphones
Smartphones	0	80,000			80,000	0		0	Virement from Transformation Budgets
Civic Centre- Upgrading lifts	392,040			(70,000)	322,040	46,270	70,000	116,270	Funding to be re-profiled to 2016/17 due to additional unforeseen safety works having to be completed, which has then required the original programme of works to be extended for a further three month period
Customer Contact	785,000			(570,000)	215,000	0	570,000	570,000	Payment milestones in accordance with contract included in forecast as well as capitalised project manager salaries
Electronic Document Records & Mgmt Sys	740,000			(398,000)	342,000	0	398,000	398,000	
Social Care Information System	745,340			(525,340)	220,000	0	525,340	525,340	
Data Labelling	170,230			(133,850)	36,380	0	133,850	133,850	
Community & Housing									
CareFirst report Development	14,000			(14,000)	0		14,000	14,000	Reprofile to 16/17 - Will be used after the SCIS system is in place.
Excel Add-Ins	3,000			(3,000)	0		3,000	3,000	Reprofile to 16/17 - Will be used after the SCIS system is in place.
Captive E-Learning CareFirst	8,350			(8,350)	0		8,350	8,350	Reprofile to 16/17 - Will be used after the SCIS system is in place.
Adult Social care Collections	10,000			(10,000)	0		10,000	10,000	Reprofile to 16/17 - Will be used after the SCIS system is in place.
Library Self Service	330,000			(60,000)	270,000	20,000	60,000	80,000	Re-profile to 16/17 as some phase 2 building works will be completed post April, including reducing counter sizes, moving security gates & self-service machines and installing new power and ICT network points.
Children, Schools and Families									
Dundonald Primary Expansion	#####			(100,000)	2,300,000	2,826,910	100,000	2,926,910	Re-profile to reflect anticipated spend
Singlegate Primary Expansion	1,100,000			(130,000)	970,000	974,000	130,000	1,104,000	Re-profile to reflect anticipated spend
Cricket Green	65,000			(25,000)	40,000	2,032,210	25,000	2,057,210	Re-profile to reflect anticipated spend
Schools Maintenance	878,860			(101,540)	777,320	650,000	101,540	751,540	Re-profile to reflect anticipated spend
Secondary School expansion	50,000			(20,000)	30,000	5,160,000	20,000	5,180,000	Re-profile to reflect anticipated spend
St Marks Secondary Expansion	119,000			(70,000)	49,000	2,861,000	70,000	2,931,000	Re-profile to reflect anticipated spend
Harris Merton Secondary Expansion	180,000			(64,000)	116,000	2,800,000	64,000	2,864,000	Re-profile to reflect anticipated spend
Harris Morden Secondary Expansion	60,000			15,000	75,000	2,920,000	(15,000)	2,905,000	Re-profile to reflect anticipated spend
Devolved Formula Capital	568,830		(207,120)		361,710	0		0	VA Schools Paid Direct Removed from Budget and Funding
Environment & Regeneration									
Living Wandle Ravensbury Park	76,200			(63,200)	13,000	0	63,200	63,200	Due to a delay caused by technical issues it will not be possible to complete this project in 2015/16. The physical works will now be undertaken in summer 2016.
Morden Leisure Centre	519,090			150,000	669,090	5,280,970	(150,000)	5,130,970	Reprofile 150k from 16/17 to 15/16 for expenditure on Morden Leisure Centre now expected to take place this year
Morden Shopping Parade	111,000			(108,000)	3,000	410,000	108,000	518,000	3k to be spent in 15/16, remaining budget to be re-profiled into 16/17 (this is GLA funding)
CCTV (match funding)	300,000			(99,000)	201,000	300,000	99,000	399,000	Upgrade to CCTV control room should be completed by end of 15/16 - remaining budget can be slipped to 16/17
Total	- 490,130	0	(347,120)	(2,458,280)	7,098,730	26,281,360	2,458,280	28,739,640	

Capital Programme Funding Summary 2015/16			
	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
November Monitoring - January Cabinet	18,929	21,060	39,989
Corporate Services			
Environmental Asset Management	(190)	0	(190)
Civic Centre- Upgrading lifts	(70)	0	(70)
Customer Contact	(570)	0	(570)
Electronic Document Records & Mgmt Sys	(398)	0	(398)
Social Care Information System	0	(525)	(525)
Data Labelling	(134)	0	(134)
Community and Housing			
CareFirst report Development		(14)	(14)
Excel Add-Ins		(3)	(3)
Captive E-Learning CareFirst		(8)	(8)
Adult Social care Collections		(10)	(10)
Library Self Service	(60)		(60)
Children, Schools and Families			
Dundonald expansion	(100)		(100)
Singlegate expansion	(130)		(130)
Secondary School expansion	(20)		(20)
Cricket Green	(25)		(25)
Schools Maintenance	(102)		(102)
St Marks Secondary Expansion	(70)		(70)
Harris Merton Secondary Expansion	(64)		(64)
Harris Morden Secondary Expansion	15		15
Devolved Formula Capital		(207)	(207)
Environment and Regeneration			
Living Wandle Ravensbury Park		(63)	(63)
Morden Leisure Centre	150		150
Morden Shopping Parade		(108)	(108)
CCTV (Match funding)	(99)		(99)
December Monitoring - February Cabinet	17,062	20,122	37,184

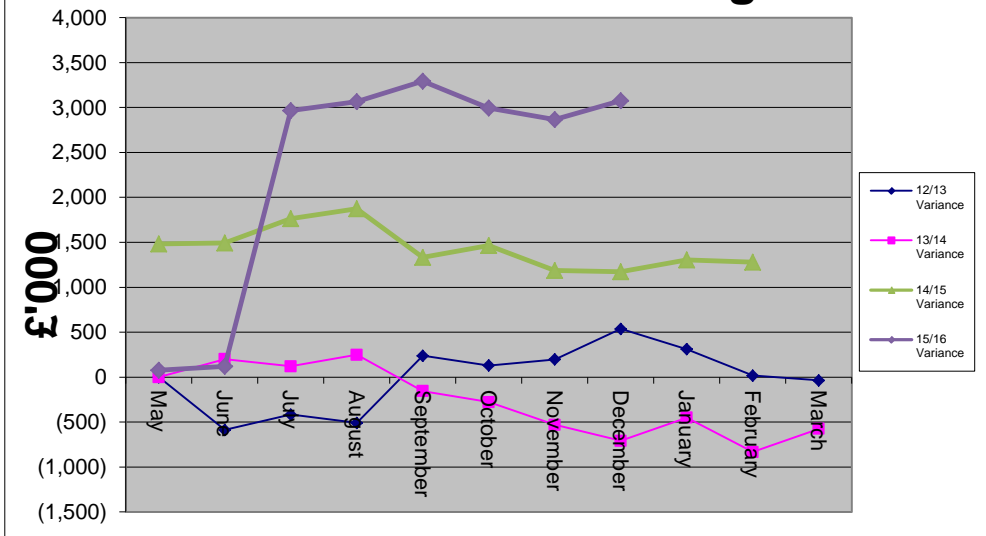
Capital Programme Funding Summary 2016/17			
	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
November Monitoring	42,766	15,813	58,579
Corporate Services			
Environmental Asset Management	50		50
Civic Centre- Upgrading lifts	70		70
Customer Contact	570		570
Electronic Document Records & Mgmt	398		398
Social Care Information System		525	525
Data Labelling	134		134
Community and Housing			
CareFirst report Development		14	14
Excel Add-Ins		3	3
Captive E-Learning CareFirst		8	8
Adult Social care Collections		10	10
Library Self Service	60		60
Children, Schools and Families			0
Dundonald expansion	100		100
Singlegate expansion	130		130
Secondary School expansion	20		20
Cricket Green	25		25
Schools Maintenance	102		102
St Marks Secondary Expansion	70		70
Harris Merton Secondary Expansion	64		64
Harris Morden Secondary Expansion	(15)		(15)
Environment and Regeneration			
Living Wandle Ravensbury Park		63	63
Morden Leisure Centre	(150)		(150)
Morden Shopping Parade		108	108
CCTV (match funding)	99		99
December Monitoring - February	44,493	16,544	61,037

APPENDIX 6

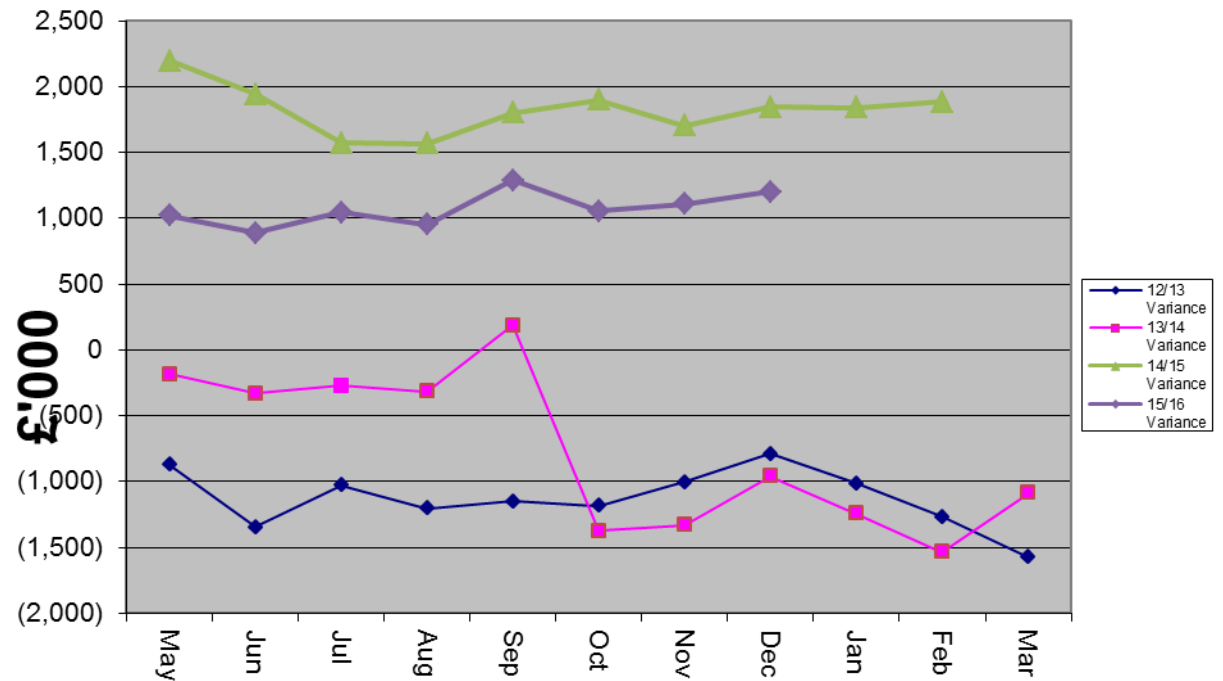
The following charts show the forecast year end variance by department with a comparison for 2012/13, 2013/14 and 2014/15:

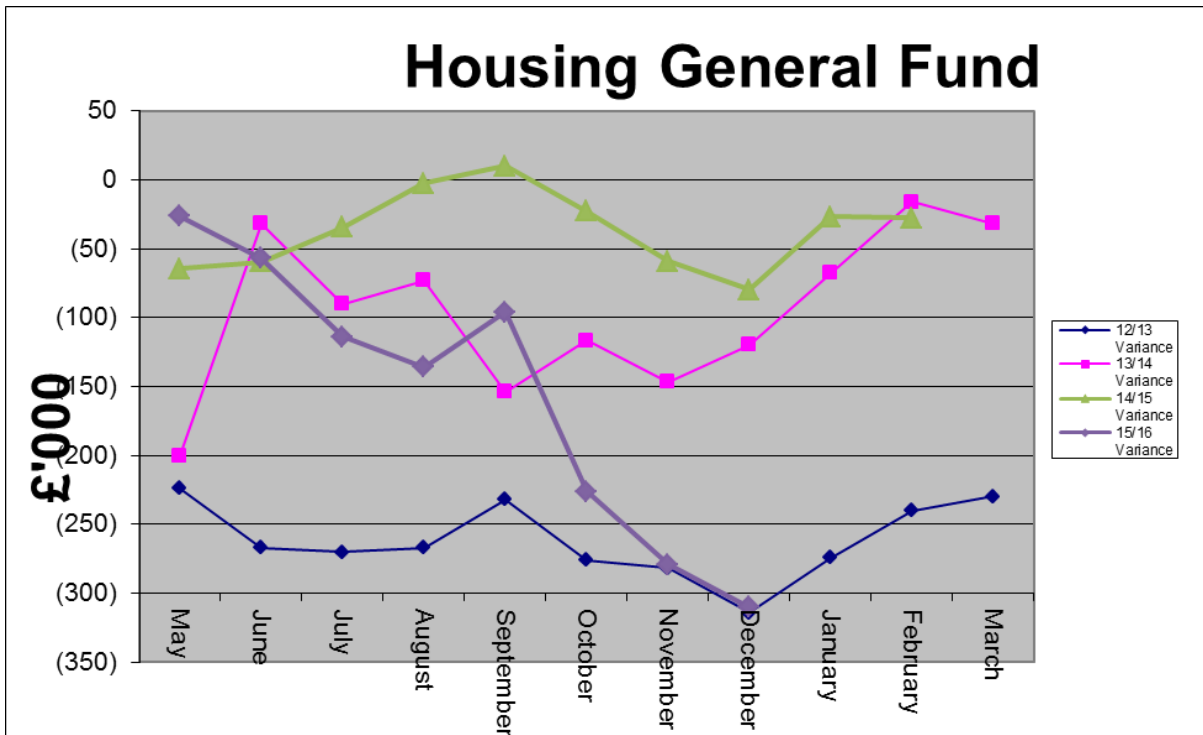
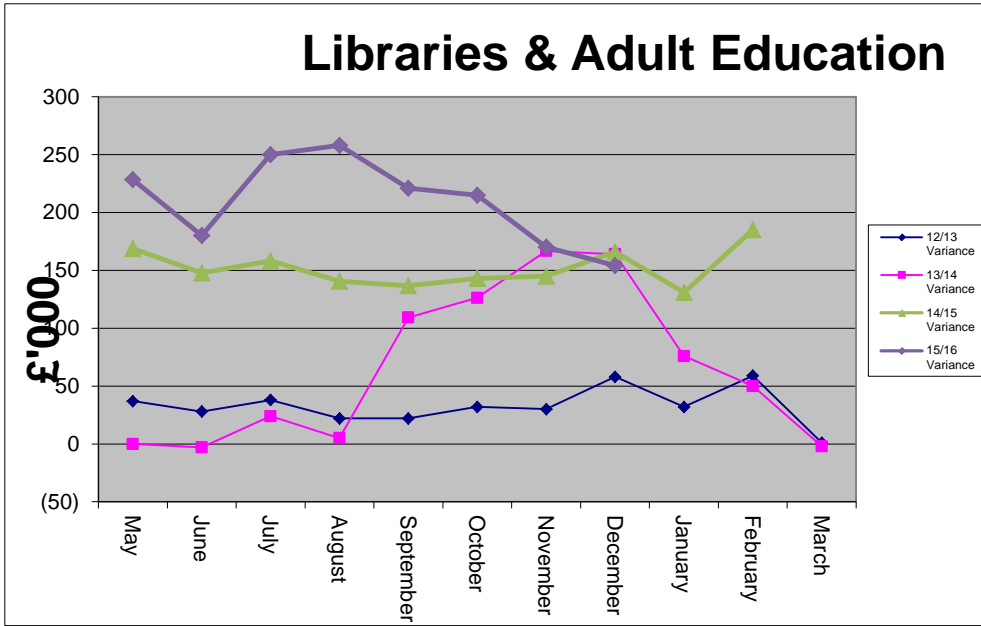


Environment and Regeneration



Adult Social Care





DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 15-16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Savings Expected £000	Shortfall	RAG	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
CSF2012-04	<u>CSF Commissioning Function and Commissioning Budgets</u> Reduce expenditure on LAC and SEN placements	100	100	0	A	A	Paul Ballatt	Base budgets were reduced for the savings target. Although we expect to achieve the savings target, increased cost due to higher and more complex caseload is causing the service area to overspend. Detailed analysis to back up the cost reduction in placement costs through negotiations with providers are reported to DMT every quarter.	Y
CSF2012-07	<u>CSF Children Social Care & Youth Inclusion</u> Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE)	220	220	0	G	G	Paul Angeli		
CSF2013-01	<u>CSF Early Years</u> Substantial reduction in EY budgets whilst retaining existing Children's Centres targeted work in areas of higher deprivation (up to 10% reduction overall to Children's Centre services). Reduction in funding and in kind contributions to voluntary sector organisations	160	160	0	G	G	Jane McSherry		
CSF2014-01	<u>School Standards and Quality</u> This is a re-profiling of the budgeted savings for 2015-17 agreed by Council on 5 March 2014. Instead of spreading the income generation and management efficiencies saving of £80k over two years, we propose bringing the total saving forward to 2015/16.	80	80	0	G	G	Jane McSherry		
CSF2014-02	<u>Commissioning, Strategy and Performance</u> This is a re-profiling of the budgeted saving agreed by Council for 2015-17 on 5 March 2014. Due to demographic pressures on the budget we reduced the post 16 LAC/CL accommodation saving for 2015/16 from £100k to £58k.	58	58	0	A	A	Paul Ballatt	Base budgets were reduced for the savings target. Although we expect to achieve the savings target, increased cost due to higher and more complex caseload is causing the service area to overspend. Detailed analysis to back up the cost reduction in placement costs through negotiations with providers are reported to DMT every quarter.	Y
CSF2014-03	<u>Commissioning, Strategy and Performance</u> This will be achieved through a combination of reducing our training for facilitators of parenting programmes and decommissioning a service where the commissioned outcomes are not being delivered.	63	63	0	G	G	Paul Ballatt		

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 15-16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Savings Expected £000	Shortfall	RAG	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
	<u>Youth Services</u>								
CSF2014-04	Reduced investment in commissioned and in-house youth services.	100	100	0	G	G	Jane McSherry		
	Total Children, Schools and Families Department Savings for 2015/16	781	781	0					

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2015/16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Expected Savings £000	Shortfall £000	RAG	16/17 RAG	Responsible Officer	Comments	Budget Manager Comments
	Adult Social Care								
ASC7	Below Inflation Uplift to third party suppliers	350	191	159	R	R	Rahat Ahmed-Man	The 2015-2016 budget allowed inflation growth of £550k i.e. if actual contract price increases were restricted to £200k or less this saving would be achieved. However, market pressures not envisaged when this target was set and beyond our control means this saving is no longer realistic. To date the commissioning team has only negotiated increased rates where absolutely necessary and overall has negotiated rate increases well below that asked for by providers. The financial impact of negotiations completed to date is estimated at £359k in 2015-16. This compares to requested increases of £1.083m, but means the £350k savings target will not be achieved and it looks likely that actual savings will be around £191k, but this could increase/reduce as and when new price increases are agreed and at some negotiations continue.	Expected shortfall - see tabs ASC market - details and ASC markets - summary for further details
CH1	Brokerage efficiency savings	31	100	(69)	G	G	Rahat Ahmed-Man	Based on actual savings in previous years which exceeded £100k the Brokerage Manager is confident that this is a feasible savings target from better sourcing/re negotiations in 2015-16. Projected savings have already gone above the £31k target by £25k and expect to exceed annual target by £69k to help recoup 2014-15 savings shortfalls.	Over-achieving target - currently £80k saved so £100k looks feasible in the year. Projected £69k over achievement used to recoup 2014/15 savings shortfall.

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2015/16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Expected Savings £000	Shortfall £000	RAG	16/17 RAG	Responsible Officer	Comments	Budget Manager Comments
ASC9	Remodelling and re-procuring the domiciliary care service, following the end of the 3 year contract starting in 2012.	250	(169)	419	R	R	Rahat Ahmed-Man	Like ASC7 above market pressures beyond our control have resulted in domiciliary care rates increasing rather than decreasing as envisaged when savings targets were originally set. To date the commissioning team has only negotiated increased rates where absolutely necessary and overall has negotiated rate increases well below that asked for by providers. The financial impact of negotiations completed to date is estimated at £169k in 2015-16. This compares to requested increases of £439k and means the £250k savings target will not be achieved.	Expected shortfall - see tabs ASC market - details and ASC markets - summary for further details. <u>Use £271k of £279 over recovery on reviews ASC10/ASXC18/CH2 to substitute for this. Balance of £8k used to recover 14/15 shortfall.</u>
CH10	Procurement Opportunities	250	362	(112)	G	G	Rahat Ahmed-Man	The Orchard Hill LD Supported Living Contract was relet from 16th February 2015. The new price assuming care hours do not exceed 1,350 in a year is £980k p.a. This compares to an annual cost under the old contract of £1.391m i.e. whole year savings forecast is £411k. The pro rata savings in 2015-16 are therefore £362k, so the £250k target <u>to be over-achieved in 2015-16 by £112k</u> and help compensate for the under achieved savings in 2014-15.	Over-achieving target. <u>Can use to recoup 14/15 savings shortfall</u>
ASC10A	Review of care packages with a view to an overall average reduction in line with promoting independence	100	250	(150)	G	G	Rahat Ahmed-Man	In 2015-16 reviews will focus on mid-range packages of £400-	Actual over recovery £276k at end period 9. Projected over-recovering in full year 15/16 = £279k. Use: (1) £271k to substitute for shortfalls at ASC9 in 2015-16 and (2) £8k to

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2015/16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Expected Savings £000	Shortfall £000	RAG	16/17 RAG	Responsible Officer	Comments	Budget Manager Comments
*ASC18	* Review of care packages	75	105	(30)	G	G	Rahat Ahmed-Man	£1500 p.w. (excl. Dir Payments as these were reviewed in 2014-15). The combined £206k savings target from the reviews in these three savings targets represents just 1% of the annual cost of these packages. Reviews between Apr - Nov 2015 have identified savings of £482k (so we have far exceeded this target). The £482k savings identified by reviews so far incl: £45K identified in 2014-15 but relating to 2015-16 + £42k identified in Apr-June + £39k identified in July + £34k identified in August + £231K identified in Sept and £65k identified in Oct and £26k in Nov. This is £276k above the target savings and will help to compensate for any savings shortfalls in 2014-15 and 2015-16. Further savings expected by year end total £3k making £485k in total.	recoup 14/15 shortfalls.
CH3	Domiciliary care service	31	130	(99)	G	G	Rahat Ahmed-Man		
CH3	Procurement Opportunities (Placement budget)	32	26	6	A	G	Rahat Ahmed-Man	Annual savings of £25k so far achieved from changes to night cover arrangements and overhead reduction programmes at Crescent Road and Woodland Way LD Supported Living Services i.e. £7k of saving still need to be identified.	Possible shortfall of up to £6k, but every chance the £6k can be achieved before the year end.
ASC2A	Outsource Reablement Service & realise benefits / efficiencies of the remodelled service	100	100	0	G	G	Sarah Wells	Required restructuring has taken place and the budget has been adjusted i.e. projected savings to be realised.	15/16 Target to be achieved
*CH1	* First Contact Service .Reduce in-house provision of a first contact screening and assessment service, and have this provided within the voluntary sector within the overall costs the sector currently operate within.	125	125	0	G	G	Rahat Ahmed-Man	Required restructuring has taken place i.e. projected savings will be realised. MAAT closed and its role is now fulfilled a new Information, Advice and Support Hub will be operated in partnership with the Vol. Sector.	15/16 Target to be achieved
*ASC18	*Supporting People	300	300	0	A	G	Rahat Ahmed-Man	£288k identified so far so there is only £12k to be achieved. Subsidy movements have continued to have an impact on the forecast spend but the movement is currently showing a much lower projected expenditure	15/16 Target to be achieved

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2015/16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Expected Savings £000	Shortfall £000	RAG	16/17 RAG	Responsible Officer	Comments	Budget Manager Comments
CH4	Staffing reductions within the Commissioning Team	71	71	0	A	G	Rahat Ahmed-Man	This savings will be delivered. Budget monitoring shows this is being achieved.	15/16 Target to be achieved
CH4	Staffing reductions across Direct Provision	99	99	0	G	G	Andy Ottaway-Searle	The required staff restructuring has already taken place so these savings will be fully achieved.	15/16 Target to be achieved
*CH3	* Day Care Sevices -Change the day services offer for learning and physically disabled customers who currently use in house day services, mainly High Path and All Saints.	200	200	0	G	G	Andy Ottaway-Searle	Staff reductions made to achieve the savings. This has led to a reduced day service offer, with the emphasis on a safe and secure service, with fewer activities on offer for customers. We are refining the offer to ensure each customer has as much choice as possible and continue to seek volunteers to help at centres.	15/16 Target to be achieved
	<u>Libraries</u>								
CH5	Reduction in Media Fund	12	12	0	G	G	Anthony Hopkins		
CH6	Increase income - Libraries	10	10	0	G	G	Anthony Hopkins		
	<u>Merton Adult Education</u>			0					
CH15	Increased income and some staff reductions	14	0	14	R	R	Yvonne Tomlin		
	<u>Housing</u>			0					
CH8	Homelessness Prevention Grant	35	35	0	G	G	Steve Langley		
Trf from F&P	Enviromental Health Salaries	69	69	0	G	G	Steve Langley		
	Total Community & Housing Department Savings for 2015/16	2,154	2,016	138					

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 15-16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Savings Expected £000	Shortfall	RAG	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	<u>Business Improvement</u>								
CS1	Rationalisation of management costs	50	50	0	G	G	Sophie Ellis		
CS3	Generate income through training	5	0	5	R	G	Sophie Ellis	Alternate saving identified	Y
CSD36	Business Systems Team Restructure Phase 1	10	10	0	G	G	Sophie Ellis		
	<u>IT Service Delivery</u>								
CS5	Review and challenge of the procurement of Support & Maintenance & Licence Contracts	60	60	0	G	G	Mark Humphries		
CS7	Reduction of costs through re-procurement of Mobile Telephones Contract against a number of revenue budgets spread across the Council	10	10	0	G	G	Mark Humphries		
CS8	Reduction of costs through re-procurement of Wide Area Network (WAN) Links contract. Savings achieved against a number of revenue budgets spread across the Council.	10	10	0	G	G	Mark Humphries		
CS15	Asset and Change Analyst Vacant Part Post (0.8)	24	24	0	G	G	Mark Humphries		
CS17	Delete one Transactional Services Assistant Post (Compulsory Redundancy)	30	30	0	G	G	Mark Humphries		
CS18	Delete Assistant Vendor Maintenance - Part Post 0.7 FTE (Compulsory Redundancy)	24	24	0	G	G	Mark Humphries		
CS20	Energy ReFit Savings (Subject to agreed investment) - Phase 2	100	100	0	G	G	Mark Humphries		
CS21	Increase income targets for building repairs and maintenance works	45	45	0	G	G	Mark Humphries		
CS22	Restructure of Archive Store	15	15	0	R	G	Mark Humphries	Alternate to be identified but being offset by underspends elsewhere within the division in current year	Y
CS23	Outsourcing Buildings Services and Security Service	35	35	0	G	G	Mark Humphries		
CS25	Delete one post from the Building Repair and Maintenance team (Compulsory Redundancy)	30	30	0	G	G	Mark Humphries		

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 15-16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Savings Expected £000	Shortfall	RAG	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CS27	Consolidation of Utilities budgets	50	50	0	G	G	Mark Humphries		
CS28	M&E Term Contract (Amalgamation) of Intruder Alarms	20	20	0	G	G	Mark Humphries		
CS31	Rationalise Health and Safety and Business Continuity Planning - if possible explore shared service	35	0	35	G	G	Mark Humphries		
CSD1	Increase FM's external fee income target associated with schools service level agreements and associated project works	31	0	31	R	A	Mark Humphries	Saving unlikely to be delivered in 2015/16 but alternate has been identified	Y
Corporate Governance									
CS30	Rationalise Benefits and Corporate Investigation team - possible shared resources	30	30	0	G	G	Paul Evans		
CS33	Rationalise Internal Audit teams - possible shared service	40	40	0	G	G	Paul Evans		
CS34	Services and suppliers savings within Corporate Governance	86	86	0	G	G	Paul Evans		
Customer Services									
CS36	Re tendering of Cash Collection Contract	10	10	0	G	G	Sean Cunniffe	Achieved from commencement of 2015/16	
CS39	Impact of Customer Service Review	30	30	0	G	G	David Keppler	Achieved from commencement of 2015/16	
CSD12	Rationalisation of Divisional Budgets	15	15	0	G	G	David Keppler	Achieved from commencement of 2015/16	
CSD13	Reduce Customer Access Point Assistant by 0.6FTE	15	15	0	G	G	Sean Cunniffe	Achieved from commencement of 2015/16.	
CSD17	Reduce Marketing budget - Increase self service by using Panacea - marketing solution software in order to reduce designer costs for smaller marketing jobs.	3	3	0	G	G	Sophie Poole		
Resources									
CS42	Resources -Fall Out of Pay Protection Arrangement	5	5	0	G	G	Paul Dale		
CSD20	Increased income	14	14	0	G	G	Paul Dale		

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 15-16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Savings Expected £000	Shortfall	RAG	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSD46	Reduce budget for LCGS to match actual contribution	3	3	0	G	G	Paul Dale		
	Human Resources								
CS49	Introduction of new application tracking system	5	5	0	G	G	Dean Shoesmith	On target for achievement	
CSD31	Review of HR business support	19	19	0	G	G	Dean Shoesmith	Change already completed and the associated post deleted	
CSD33	HR transactional service income generation	20	20	0	G	G	Dean Shoesmith	Discussions progressing with Kingston to obtain costs for i-Trent service	
	Corporate Items								
	Dividend income from CHAS 2013 Limited	174	174	0	G	G	Paul Dale	Alternative saving found due to CHAS IP payment.	
	Reduction in interest charges through cash management	117	117	0	G	G	Paul Dale		
	Total Corporate Services Department Savings for 2015/16	1,170	1,099	71					

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2015-16

Ref		2015/16 Savings Required £000	2015/16 Savings Expected £000	Shortfall	RAG	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
LEISURE & CULTURE									
EN35	Various Budgets - Increased Income through various charging increases.	14	14	0	G	G	James McGinlay		N
EN36	Various Budgets - Increased Income through sale of advice & guidance.	10	10	0	G	G	James McGinlay		N
EN37	Merton Active Plus - Increased Income	5	5	0	G	G	James McGinlay		N
EV09	Renegotiation of contract with GLL for management of Leisure Centres	120	120	0	G	G	James McGinlay		N
TRAFFIC & HIGHWAYS									
EN29	Re-Structure of Traffic and Highway Services	252	196	56	R	G	James McGinlay	Due to delay in implementation, the full effect of this saving will not be realised this year.	Y
FUTURE MERTON									
EN42	Consultancy Income.	40	40	0	A	A	James McGinlay	No definitive income streams identified as yet, but the section is attempting to secure some one-off income until permanent income streams can be identified.	Y
GREENSPACES									
EN45	Further commercialisation and development of sports and allied parks services (eg. increase in fees and charges (3.75%); cost recovery plus; service bundling; sponsorship of bedding plants, etc), aligned to the emerging strategy for sports.	39	5	34	R	A	James McGinlay	This saving forms part on the ongoing Phase C procurement exercise, and it is envisaged that the final agreement will result in this saving being met in full.	Y
WASTE SERVICES									
EN16	Deletion of a vacant post within our Sheltered Placement team (£20k), and a reduction in transport related budgets.	66	66	0	G	G	Cormac Stokes		N
SAFER MERTON									
EV01	Reprocurement of CCTV maintenance contract leading to efficiency savings.	36	36	0	G	G	John Hill		N
REGULATORY SERVICES									
ER10	Merton & Richmond shared regulatory services.	230	110	120	R	G	John Hill	New structure commenced in October 2015, so only a part-year effect saving will be achieved this year.	Y
PARKING SERVICES									
EN05	Introduction of mobile phone payments for parking	37	37	0	G	G	John Hill		N
EV02	Increase charges for the following types of parking permits Business £5, Trade £5, Teachers £5. Please note no allowance has been made for elasticity of demand this figure could reduce by 10%.	4	0	4	R	R	John Hill	This saving may not be fully achieved due to a recent decline in the number of permits being issued. If so, an alternative saving will be put forward to Members.	Y
EV11	Increase all pay and display charges for on and off street parking by 10%. it should be noted that no allowance has been made for elasticity of demand this figure could reduce by 25%	125	125	0	G	G	John Hill		N
EV12	Introduction of unattended automatic number plate recognition CCTV parking enforcement cameras at fixed locations.	3,214	0	3,214	R	G	John Hill	The legal challenge to the award of the contract for the provision and maintenance of ANPR cameras received from one of the losing bidders was unsuccessful.	Y
Total Environment and Regeneration Savings 2014/15		4,192	764	3,428					

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

APPENDIX 8

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Achieved £000	Shortfall	2015/16 Savings Expected £000	2015/16 Expected Shortfall £000	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
Education										
CSF2012-08	Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport	140	100	40	140	0	G	Jane McSherry	The full year effect of the travel training programme and the roll-out of personal budgets will result in achieving this saving during 2015/16. To date £93k has been met from ITT and £96k from PB. The overall transport budget is expected to overspend due to complexity of caseloads and increased prices.	N

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2014/15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Actuals Savings £000	Shortfall £000	RAG	2015/16 Savings Expected	2015/16 Expected Shortfall	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
Adult Social Care										
ASC13/ASC34	Brokerage Efficiencies	300	118	182	A	69	113	Julie McCauley	Savings not or partially delivered in 14/15. Expect to partially pull this back in 15/16. At end of Dec Brokerage has saved £80k vrs a target of £31k & the expected savings for the year are £100k i.e. £69k above target.	Y
ASC8	Optimising the use of block and spot contracts-OP&LD	300	141	159	R	112	47	David Slark	Savings not or partially delivered in 14/15. Expect to part pull back in 15/16 as £112k over-achievement in 2015-16 on the Orchard Hill contract will offset this amount.	Y
ASC54	Reduction in Mental Health Placement	50	0	50	R	0	50	Kamla Sumbhoolual	Shortfall in 2014/15	Y
CH12	Remove day care costs from residential customers	250	0	250	R	0	250	Andy Ottaway-Searle	Shortfall in 2014/15	Y
CH14	All Saints Respite extension	36	0	36	R	0	36	Julie McCauley	Savings not or partially delivered in 14/15 but could pull this back in 15/16 IF building work is completed so building can be used for respite care	Y
CH15	Assistive Technology	70	0	70	R	0	70	Andy Ottaway-Searle	Shortfall in 2014/15	Y

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Actuals Savings £000	Shortfall £000	RAG	2015/16 Savings Expected	2015/16 Expected Shortfall	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CH6	Voluntary Organisation- SLA reduction	150	0	150	R	0	150	Rahat Ahmed-Man	Shortfall in 2014/15	Y
ASC51	Voluntary Sector Grants-reduction in infrastructure	98	0	98	G	98	0	Rahat Ahmed-Man	Grants were reduced from circa £1m in 2013-14 to circa £830k in 2014-15. Due to a decision to provide transitional funding to various voluntary organisations the saving was not achieved in 2014-15. Transitional arrangements end in 2015-16 so savings will be achieved going forward.	Y
ASC53	Meals on wheels contract	50	0	50	R	0	50	Rahat Ahmed-Man	Expect 2014-15 shortfall to be recouped in future years assuming proposal to not renew MOW contract is approved by Members.	Y
ASC44	Remodelling of reablement service	282	0	282	G	282	0	Sarah Wells	The MILES service has been remodelled and Reablement staff structure has been adjusted. At the end of July 2015 the Reablement budget is forecast to underspend by £261k . Full Savings should be achieved by year end. Target to be achieved albeit 1 year later than planned	
ASC48	Staff Vacancy Factor	105	41	64	G	64	(0)	ALL	The staffing budgets were underspent, but not by as much as planned. A restructuring exercise in 2015-16 will ensure future staffing establishments are affordable and recovers this shortfall from 2014-15	
CH2	Promoting independence	500	0	500	G	500	0		The delay in implementing the reablement model meant these savings were not fully achieved. Reablement is now in place so savings in 2015-16 will be achieved and will be evidenced by comparing support hours at the start and end of reablement. Target to be achieved albeit 1 year later than planned	

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Actuals Savings £000	Shortfall £000	RAG	2015/16 Savings Expected	2015/16 Expected Shortfall	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
ASC6/ASC 49/CH8	Transport	246	0	246	R	0	246	Andy Ottaway-Searle	Savings were dependent on SLA re-charging - report going to CMT on impact of re-charges on service provision and savings / charging	Y
ASC50/CH 7	Staffing savings in Direct Provision	216	0	216	R	216	0	Andy Ottaway-Searle	Posts were deleted and budgets reduced at the start of the year, but, increased volumes from 12 to 38 people at our supported living services, plus the need to back fill long term sickness to meet CQC standards led to other staffing budgets overspending. This offset the planned savings. Since increased activity remains unfunded this overspend will only be recouped in 2015-16 if other savings targets are over achieved. Savings not or partially delivered in 14/15 but staff reductions will benefit 15/16 budget.	Y
Page 65	Merton Adult Education Increase income from commercial courses and café, reduction in staff. Admin & marketing cost.	176	0	176	R	0	176	Yvonne Tomlin	MAE is forecasting to overspend and is unlikely to achieve this savings target .	
	Total Community & Housing Dep't Savings for 2014/15	2,829	300	2,529	0	1,341	1,188			

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Achieved £000	Shortfall	2015/16 Savings Expected £000	2015/16 Expected Shortfall £000	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Unde
	<u>Corporate Governance</u>									
CS32	Integrate the FOI and Complaints functions	40	0	40	40	0	G	Paul Evans	Alternate savings within division identified and implemented	Y
	<u>I&T</u>									
CS37	Introduce a charge for the Archive Service Facility (approximately 0.39p per month - commercial rates x 3300 boxes) to produce income - E02243	15	0	15	15	0	G	Mark Humphries	Saving achieved from the wider consolidated facilities management budgets	Y
CS47	CRB Income generation via sales to PVI	30	27	3	30	0	G	Dean Shoesmith	Income shortfall in 14/15	Y

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15

Ref		2014/15 Savings Required £000	2014/15 Savings Achieved £000	Shortfall		2015/16 Savings Expected £000	2015/16 Expected Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
GREENSPACES											
EN45	Further commercialisation and development of sports and allied parks services	96	67	29		81	15	R	James McGinlay	This saving forms part on the ongoing Phase C procurement exercise, and it is envisaged that the final agreement will result in this saving being met in full.	Y

WASTE SERVICES											
ER17	Consultancy and legal costs cease in relation to new partnership contracts	213	188	25		213	0	G	Cormac Stokes	On track to be delivered in 15/16	N
ER25	Commercial Waste and Recycling	250	0	250		250	0	G	Cormac Stokes	Saving replaced for 2015/16 by EV12.	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		0	100	R	Cormac Stokes	Improved management of the sickness monitoring is in place. All LTA being seen by HofS. However, although the technical establishment has been signed off, it is not possible to confirm if this saving has been met, as further work is required in order to reconcile the use of temporary staff and the extent to which they are covering annual/sick leave etc.	Y
PARKING SERVICES											
EN03	Enforcement of new CPZ's (Controlled Parking Zones)	50	10	40		50	0	G	John Hill		Y
EN04	Implementation of Pay & Display machines in new CPZ's (Controlled Parking Zones)	75	15	60		75	0	G	John Hill		Y
Total Environment and Regeneration Savings 2014/15		784	280	504		669	115				

Appendix 9

Subject: Miscellaneous Debt Update December 2015

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

1.1 A breakdown of departmental net miscellaneous debt arrears, as at 31 December 2015, is shown in column F of Table 1 below.

Table 1 – Debtors aged balance – 31 December 2015 – 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	Dec 15 arrears f	Sept 15 Arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	715,911	156,114	131,075	184,596	1,187,696	1,318,904	↓
Corporate Services	98,235	62,869	33,810	161,213	356,127	559,390	↓
Housing Benefits	1,027,379	669,124	776,178	1,277,309	3,749,990	3,085,562	↑
Children, Schools & Families	119,126	32,733	152,985	9,432	314,276	343,210	↓
Community & Housing	799,083	835,471	1,320,675	1,680,775	4,636,004	4,760,720	↓
Chief Executive's	480	120	-120	0	480	2,880	↓
CHAS 2013	99,635	13,930	14,049	1,779	129,393	134,093	↓
Total	2,859,849	1,770,361	2,428,652	3,315,104	10,373,966	10,204,759	↑
<i>Dec-14</i>	<i>3,407,373</i>	<i>1,437,316</i>	<i>2,422,296</i>	<i>2,933,117</i>	<i>10,200,102</i>		
<i>Variance Dec 14 to Dec 15</i>	<i>-547,524</i>	<i>333,045</i>	<i>6,356</i>	<i>381,987</i>	<i>173,864</i>		↑

1.2 Since the position was last reported in September 2015, the net level of arrears, i.e. invoices over 39 days old, has increased by £169,207.

1.3 The net level of arrears has increased by £173,864 when compared to the position at the end of December 2014.

- 1.4 The above table shows the separate debt owed to CHAS 2013 Ltd.
- 1.5 The main increase in debt relates to housing benefit overpayments which has increased by £664,428 since last reported. The work being done on this area is detailed later in the report.
- 1.6 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 December 2011 to December 2015 – not including debt that is less than 39 days old

Department	Dec 2011	Dec 2012	Dec 2013	Dec 2014	Dec 2015
	£	£	£	£	£
Env & Regeneration	403,880	803,040	807,539	1,010,987	1,187,696
Corporate Services	306,021	504,275	372,586	1,010,061	356,128
Housing Benefits	2,715,178	3,172,438	3,036,852	3,097,467	3,749,990
Children, Schools & Families	252,669	761,010	95,675	519,488	314,278
Community & Housing	2,843,344	3,777,081	4,266,277	4,409,817	4,636,006
Chief Executive's	2,280	0	500	500	480
CHAS 2013	0	0	0	151,782	129,395
Total	6,523,372	9,017,844	8,579,429	10,200,102	10,373,973

- 1.6 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 under £100 million was paid in 2014/15. The level of Community and Housing debt over 39 days has increased by just under £1.8 million in the four year period.

- 1.7 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 £388,341 since the end of December 2014, an increase of just 6.76%.

Table 4 – Debt over 1 year old compared to December 2014

Department	Dec 2014	Dec 2015	Variance	% Variance
Env & Regeneration	£451,983	£315,671	-£136,312	-43.18
Corporate Services	£283,173	£195,023	-£88,150	-45.20
Housing Benefits	£1,781,334	£2,053,487	£272,153	13.25
Childrens, Schools & Families	£263,050	£162,417	-£100,633	-61.96
Community & Housing	£2,565,992	£3,001,451	£435,459	14.51
Chief Executives	£500	-£120	-£620	0.00
CHAS 2013	£9,384	£15,828	£6,444	
Total	£5,355,416	£5,743,757	£388,341	6.76

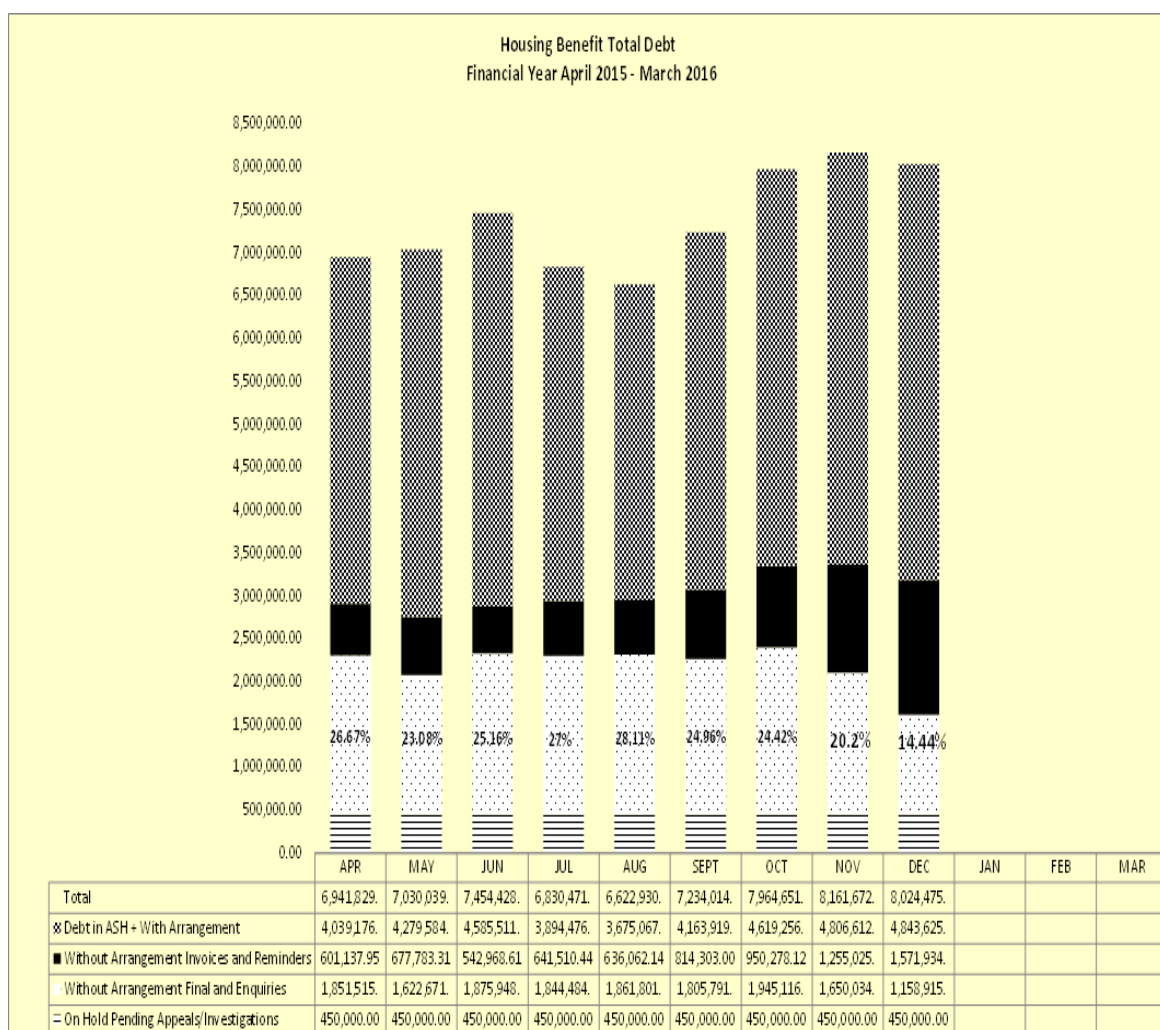
3.2 The majority of debt over 1 year old is for Community and Housing debts and housing benefit overpayments.

3.3 The debt for Community and Housing over a year old has increased by £435,459 since December 2014.

- 3.4 Over the past few years council staff have been working closely and following new processes to manage this debt. This work involves regular joint meetings between the financial assessments, social services, client financial affairs and debt recovery teams to review the debts of individual clients and establish action plans for each one.
- 3.5 These actions include, but are not limited to: early intervention from social workers to prevent debts from getting out of control and to ensure that clients are supported earlier to get their finances in order; as part of their induction all new Social Workers spend time with the Financial Assessment Team, to understand how financial assessments are carried out; social workers also check to see if there any safeguarding issues around non-payment of bills and work very closely with the Welfare Benefits Officer; there is more use of credit checks and land registry checks when assessing/investigating debt issues; increased involvement from the client financial affairs team to take appointeeship for those without capacity or appropriate deputyship; Increased identification of cases where we will consider legal action to secure the debt and generally to share information and support each other in the collection and prevention of this debt. Although the debt has grown the actions being taken are mitigating the impact.
- 3.6 The total debt figure for Community and Housing, including debt that is less than 39 days old, is £5.3 million. Of this debt £0.9 million is under 39 days and therefore no formal recovery action has taken place other than issuing an invoice and reminder. Of the remaining £4.4 million debt which is older than 39 days just under £1.0 million is secured debts against charging orders or where the council has deputyship. In addition a further £0.7 million has repayment arrangements in place or we are awaiting probate. We are actively working on securing the remaining £2.7million debt by similar means.
- 3.7 The total amount of housing benefit debt is £8.023 million.
- 3.8 It has been previously reported that the Department of Work and Pensions commenced a “Real Time” Information initiative at the end of September 2014 which was aimed at identifying overpayments of housing benefit. The DWP have compared housing benefit claim data and HMRC data and over the six month life of the initiative highlighted 900 cases for Merton where there were data discrepancies.
- 3.9 In May 2015 the second phase of the initiative commenced and we are receiving approximately 150 cases per month.
- 3.10 As at the end of October 2015 just under £2.1 million of overpayments have been identified and created. A number of cases have resulted in overpayments of over £10,000 and have been referred to the Internal Audit team and the new joint DWP Fraud team.

- 3.11 Where possible these overpayments are being recovered from on-going benefit payments. We are entitled to deduct between £10.95 and £23.35 per week from on-going housing benefit dependant on circumstances. Where the change has resulted in housing benefit being cancelled or nil entitlement we contact the claimants employer and are paid a percentage deduction of their salary each month. So far we have over £135,000 set up to recover in this way.
- 3.12 The Department of Work and Pensions commenced another initiative in the final quarter of 2014/15. This initiative is where council's are encouraged to identify fraud and error within the system and have been awarded set up funding and on-going funding based on achieving performance targets. This initiative will run until at least March 2016.
- 3.13 The Council met its target for December 2014 to March 2015 and obtained £22,000 in additional funding and exceeded the upper target for the first quarter of 2015/16 and received £23,000 in additional funding. The second quarter target for 2015/16 was not achieved although at the end of the year when the DWP review the whole year performance it is likely we will receive some funding for the second quarter as the target was only just missed.
- 3.14 These two initiatives and the normal churn of claims has resulted in the level of housing benefits debt increasing and it is very likely that it will continue to increase.
- 3.15 Although the overall housing benefit debt has increased there has been an increase in the amount of debt either being recovered from on-going benefit or on arrangements, with £3.2 million being recovered from on going benefit by reducing current housing benefit payments. This figure has increased by £0.3 million since last reported in September 2015. Just over £4.8 million is on a payment arrangement or recovery from on going benefit.
- 3.16 The graph below shows breakdown of all housing benefit overpayments by recovery action.

Graph 1 – Total Housing Benefit Debt by recovery action from April 2015



3.17 We have continued to review and target 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. However, it should be noted that a lot of the housing benefit debt is very difficult to recover as the Council's powers of recovery are very limited unless the debtor works or owns their own property.

3.18 The table below shows the amount of debt written off in accordance with financial regulations and scheme of management in 2014/15 and the first quarter of 2015/16.

Table 5 - Debt written off in 2014/15 and 2015/16 by debt type

	2014/15	2015/16				
	Total	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Debt type						
Sundry Debt	£347,726	£0	£223,528	£263,937		£487,465
Housing benefit overpayments	£1,050,105	£194,200	£98,421	£102,565		£395,186
Council Tax	£526,881	£177,455	£252,263	£337,514		£767,232
Business Rates	£790,373	£0	£0	£387,475		£387,475
Total	£2,715,085	£371,655	£574,212	£1,091,491	£0	£2,037,358

3.19 Of the business rates debt written off in 2014/15 just over £400,000 related to businesses that went into liquidation and for quarter 3 of 2015/16 £212,000 and therefore it was not possible to collect the rates.

3.20 Towards the end of 2014/15 an exercise was commenced targeting the highest housing benefit debts with the aim of agreeing payment arrangements where possible and where appropriate writing debts off. This included many large overpayments, some identified through fraud activity where the prospect of collecting the debt was minimal. In some instances payment arrangements were put in place for 5 years and the remainder of the debt written off. If circumstances change of the debtors or after 5 years all payments are made there is the option of writing part or all of the debt back to collect.

3.21 Although the debt written off within 2014/15 does not relate to one specific year it should be noted that in 2014/15 the council was collecting a net debt of £101 million in council tax (this includes the GLA portion), a net debt of £87.8 million in business rates (this includes Business Rates Supplement) and approximately £44 million raised through sundry debts.

3.22 Every effort is made to collect all outstanding debts and debts are only written off as a last resort. The council is still collecting some council tax debts that are greater than 6 years old or will have secured the debts against properties where possible.

4. PROVISION FOR BAD AND DOUBTFUL DEBTS

4.1 Provision has been made available for writing off bad and doubtful debts held within the ASH and Housing benefits systems. These provisions are £2.85m for ASH miscellaneous debt and £6.34m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £9.19m. Clearly, every attempt

is made to collect debts before write-off is considered. The current level of provision is analysed in the table below.

- 4.3 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

Department	Total Provision	
	At 31/03/2014	At 31/03/2015
	£000's	£000's
Env & Regeneration	335	332
Corporate Services	498	432
Housing Benefits	3,981	6,344
Children, Schools & Families	54	90
Community & Housing	1,782	1,996
Total	6,650	9,194

- 4.4 The £2.363m increase in the Housing Benefit debt provision is due to:

- an increase of £1.7m in outstanding Housing Benefit debt itself, to £7.07m (see Graph 1 at Paragraph 3.16)
- advice received from the Council's external auditors, EY, recommending that the provision be set at 90% of outstanding debt, to reflect that much Housing Benefit debt is very difficult to recover.

5. EXECUTIVE SUMMARY / CONCLUSION

- 5.1.1 Merton's total level of miscellaneous debt arrears i.e. invoices over 39 days old, as at 31 December 2015 is £10,373,973. The net level of arrears, when the matter was last reported in September 2015 was £10,204,759.

6. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 31 December 2015 is detailed in table 6 below.

Table 6 – Total debt outstanding as at 31 December 2015 and compared with previous periods over the past 12 months

	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
	£	£	£	£	£
Miscellaneous sundry debt Note 1	14,039,675	14,417,437	14,211,557	13,757,316	15,499,845
HB debt in Benefit system Note 2	3,339,481	3,679,980	4,144,016	4,003,642	3,854,665
Housing Rent Note 3	101,253	24,174	23,027	13,710	13,695
Parking Services	2,240,338	2,143,597	2,197,074	2,120,147	2,026,990
Council Tax Note 4	4,100,330	3,730,152	5,281,972	4,554,084	3,954,459
Business Rates Note 5	1,351,593	638,077	1,758,523	1,741,972	1,502,441
Total	25,172,670	24,633,417	27,616,169	26,190,871	26,852,095

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 £1.68 million in the past 12 months compared to the end of December 2014.
- 6.2 The areas where there has been the largest increase since December 2014 are miscellaneous sundry debts which has increased by £1.5 million although £0.9 million of this increase is for debt under 39 days and housing benefit debt within the benefit system (£0.5 million). The action being taken has been detailed earlier in this report.

Customer & Client Receipts - £000's		2015/16							
Department	Division/Service	Total Budget	Year to Date Actual (P9)	Year to Date Budget (P9)	Year to Date Over (under) Spend	Latest Forecast	Forecast Variance	Internal Receipts Forecast	External Receipts Forecast
Childrens Schools & Families	Schools Buy Back	-2,189	-2,133	-1,798	-335	-2,261	-73	0	-2,261
	Early Years & Childrens Centres	-1,264	-1,010	-949	-61	-1,235	29	0	-1,235
	Other	-170	-471	-119	-352	-412	-242	0	-412
	CSF Total	-3,622	-3,614	-2,867	-747	-3,908	-285	0	-3,908
Corporate Services	Business Improvement	-84	-120	-82	-38	-204	-120	-79	-125
	Corporate Governance	-2,735	-1,871	-355	-1,516	-2,895	-159	-10	-2,885
	Customer Services	-2,278	-1,489	-1,650	161	-2,097	181	-120	-1,977
	CS Resources	-710	-543	-474	-69	-827	-117	-53	-774
	Human Resources	-569	-378	-372	-6	-567	2	-155	-411
	Infrastructure & Transactions	-2,429	-1,954	-1,726	-228	-2,839	-410	-1,727	-1,112
	Corporate Items	0	0	0	0	0	0	0	0
CS Total	-8,806	-6,354	-4,659	-1,695	-9,428	-622	-2,144	-7,284	
Environment & Regeneration	Street Scene & Waste	-11,277	-8,435	-8,440	5	-11,411	-134	-8,664	-2,747
	Public Protection	-15,830	-9,248	-10,602	1,354	-12,694	3,136	-91	-12,603
	Sustainable Communities	-10,243	-8,860	-7,813	-1,047	-10,048	195	-421	-9,627
	E&R Total	-37,350	-26,543	-26,855	312	-34,153	3,197	-9,176	-24,977
Community & Housing	Adult Social Care - Client Contribution & Other Cont	-10,327	-6,619	-6,676	57	-10,119	208	0	-10,119
	MAE & Libraries	-1,119	-670	-885	215	-867	252	0	-867
	Housing	-147	-209	-110	-99	-254	-107	0	-254
	C&H Total	-11,593	-7,498	-7,671	173	-11,240	353	0	-11,240
Grand Total		-61,371	-44,008	-42,051	-1,957	-58,730	2,643	-11,320	-47,409

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Committee: Cabinet

Date: 15 February 2016

Wards: All

Subject: Reference from the Overview and Scrutiny Commission – pre decision scrutiny of the Business Plan 2016-20

Lead officer: Julia Regan, Head of Democracy Services

Lead member: Councillor Peter Southgate, Chair of the Overview and Scrutiny Commission

Contact officer: Julia Regan; Julia.regan@merton.gov.uk; 020 8545 3864

Recommendations:

- A. That Cabinet, in taking decisions relating to the Business Plan 2016-20, takes into account the comments and recommendations made by the Overview and Scrutiny Commission (set out in paragraphs 2.5 to 2.12 below) and the outcomes of consideration by the Overview and Scrutiny Panels (set out in Appendix 1).

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. To inform Cabinet of the recommendations and comments resulting from pre decision scrutiny of the Business Plan 2016-20 by the Overview and Scrutiny Commission and Overview and Scrutiny Panels at their meetings in January 2016.

2 DETAILS

- 2.1. Each of the Overview and Scrutiny Panels has examined the budget and business plan proposals relating to the service areas within their remit as well as scrutinising the draft service plans.
- 2.2. The Overview and Scrutiny Commission has received and discussed the findings of the Panels and has discussed the proposals relating to Corporate Services and Safer Merton. The Commission has scrutinised the medium term financial strategy in some detail and has made recommendations to Cabinet.
- 2.3. Comments and recommendations from the Overview and Scrutiny Panels
- 2.4. The Commission agreed to forward to Cabinet the comments and recommendations made by the overview and scrutiny panels. These are set out in Appendix 1.
- 2.5. Comments and recommendations on corporate services savings proposals
- 2.6. The Commission scrutinised each of the Corporate Services savings proposals and RESOLVED to accept them, with a recommendation to Cabinet that it should bring forward elements of CS2015-10 energy invest to save initiatives where feasible.

- 2.7. Comments and recommendations on the Business Plan
- 2.8. The Commission was addressed by Khadiru Mahdi, Chief Executive of Merton Voluntary Service Council (MVSC). He spoke about the position of the voluntary sector and the adult social care precept. He said that he fully understood the huge financial constraints facing the council but would like to reiterate the potential effect both on vulnerable people and on the voluntary sector's ability to provide services for them. He said that the voluntary sector has a significant role in service delivery, including a range of family services that have also been impacted by savings.
- 2.9. Khadiru Mahdi urged the Commission to consider the option available to the council for raising an adult social care precept and asked the Commission to urge Cabinet to take up this option.
- 2.10. The Commission asked the Director of Corporate Services a number of questions about how an adult social care precept would work, the basis on which the local government settlement was made and assumptions behind the council tax collection rate.
- 2.11. Members discussed some of the forecasts within the MTFs and the impact that an adjustment to those assumptions might have on the overall budget. They also discussed the way in which use of the adult social care precept might be offset by a reduction in the GLA precept.
- 2.12. The Commission RESOLVED to make a reference to Cabinet to recommend that it should:
1. review the assumptions made in the Medium Term Financial Strategy on inflation for the financial year 2017/18;
 2. review the assumptions made in the Medium Term Financial Strategy on the council revenue tax base for the financial year 2016/17, specifically whether the number of properties should be increased in the light of information on future housing development set out in the London Plan;
 3. consider levying an adult social care precept of up to 2% as a way of partially offsetting the adult social care savings, noting that at 2% this would result in a net increase of £3 for band D council tax payer (comprising a £22 Merton increase, partially offset by a £19 GLA decrease), noting also that were the precept to be levied at 1.7% this would be counterbalanced by the reduction in the GLA precept and would have an overall net impact of 0%.

3 ALTERNATIVE OPTIONS

- 3.1. Cabinet is required under the terms of the constitution to receive, consider and respond to recommendations from Overview and Scrutiny.

4 CONSULTATION UNDERTAKEN OR PROPOSED.

- 4.1. The Constitution outlines the requirements for consulting scrutiny on the budget.

5 TIMETABLE

- 5.1. Round two of scrutiny of the Business Plan was undertaken as follows:-
- Sustainable Communities Overview & Scrutiny Panel: 7 January 2016
 - Children & Young People Overview & Scrutiny Panel: 13 January 2016
 - Healthier Communities & Older People Scrutiny Panel: 12 January 2016
 - Overview and Scrutiny Commission: 28 January 2016
 - The responses from round two will be presented to Cabinet on 15 February 2016. A meeting of full Council will then take place on 2 March 2016.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. These are detailed in the substantive reports elsewhere on this agenda.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The process for developing the budget and business plan is set out in Part 4C of the Council's Constitution. The role of the Overview and Scrutiny Commission and panels with regard to the development of the budget and business plan is set out in Part 4E of the Constitution.
- 7.2. The legal and statutory implications relating to the budget and business plan are contained in the reports elsewhere on this agenda.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. It is a fundamental aim of the scrutiny process to ensure that there is full and equal access to the democratic process through public involvement and engagement.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. These were examined by the Commission and were taken into account in making their recommendations to Cabinet.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None for the purposes of this report.

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

- Appendix 1 – Comments and recommendations made by the Overview and Scrutiny Panels at meetings in January 2016

12 BACKGROUND PAPERS

- 12.1. None

References/Comments from Scrutiny Panels to the Overview & Scrutiny Commission 28 January 2016

Scrutiny of the Business Plan 2016-2020

Sustainable Communities Overview and Scrutiny Panel: 7 January 2016

The Sustainable Communities Overview and Scrutiny Panel asked questions and made comments about individual savings proposals:

- ENV33 – “Development of emissions based charging policy for resident/business permits recognising the damage particularly from diesel engine motor vehicles”. The Panel noted that it would receive a report on air quality in the new municipal year
- ENV35 – “Efficiency measures to reduce domestic residual waste rounds by 1 crew following analysis of waste volumes and spread across the week” The Panel noted that this saving includes a financial marker and further detail will be provided to the Panel in due course.
- EN36 – “Review and removal of neighbourhood recycling centres”. A panel member expressed concern that this proposal could result in an increase in fly-tipping if re-cycling centres are removed. The Cabinet member for Environmental Cleanliness and Parking said she has received requests from within the community to remove the centres as they encourage people to leave their unwanted goods next to the centres and can become unsightly. The Head of Street Scene and Waste said the department will keep levels of fly tipping under review and look at the outcomes from Sutton who have already removed their recycling centres.
- EN11 – “Building and Development Control staff reduction deputy area team leader”. A panel member expressed concern about losing staff in the planning department given the volume of planning applications.
- A panel member expressed concern about the proposed loss of 3.5 posts in housing as set out in the service plan and asked what the implications will be. The Head of Housing Needs and Strategy said that the emphasis will be on fulfilling statutory obligations.

The Panel RESOLVED to note the budget and business plan report.

Children and Young People Overview and Scrutiny Panel: 13 January 2016

The Children and Young People Overview and Scrutiny Panel noted the additional information on the approach that had been taken to the provision of services for children, including disabled children.

The Panel asked questions about the detail of the draft capital programme 2016-20 and resolved to note the capital programme.

The Panel considered the draft savings proposal CSF2015-07 “review of CSF staffing structure beneath management level” set out on page 61 of the consultation pack and the associated equality impact assessment on page 145. The Director of Children

Schools and Families explained that, because the proposal relates to 2017/18 and 2018/19, the description is high level at present. The proposal provides the financial envelope for service redesign but may be re-profiled between the two years once detailed planning work and discussion, including with schools and other partners, has taken place. Alternative proposals would be drawn up if required once the impact of service redesign had been fully assessed. Panel members requested that updates be provided to the Panel during the course of the service transformation work.

The Panel therefore RESOLVED to accept the savings proposal CSF2015-07 “review of CSF staffing structure beneath management level” in principle, subject to receiving progress reports at appropriate points setting out the proposed mechanism and predicted impact for delivery of this saving.

Panel members commented that the performance targets set out in the draft service plan for Education did not seem to be sufficiently challenging. The Assistant Director of Education undertook to review these and to provide the most up-to-date national comparative data as part of the school standards report to the Panel meeting on 10 February 2016. The Cabinet Member for Education agreed that he would be involved in this review.

The Panel RESOLVED to note the draft service plans.

Healthier Communities and Older People O&S Panel: 12 January 2016

The Panel considered the results of the consultation on adult social care savings and was addressed by speakers from Adults First, Carers Partnership Group, Merton Centre for Independent Living and South Thames Crossroads, an individual service user and a carer.

The speakers all expressed concern at the proposed savings in adult social care and gave examples of the impact that these would have on vulnerable older people and disabled service users and their carers.

Panel members asked lots of questions and expressed concern about the impact that the savings may have on the quality of life of individual service users.

The Panel RESOLVED to ask Cabinet to:

1. reconsider the overall reduction in support packages, specifically CH02 and CH29 (page 82 of consultation report on the supplementary agenda):
 - CH02–“ promoting independence – efficiencies to be found in the hospital discharge process and by enabling customers to regain and maintain independence”
 - CH29 – “older people – managing crisis (including hospital admissions to residential care) This would include a number of activities to reduce admissions to residential care placements. WE would be looking to families to continue to support people at home for longer. This would fit in with our overall approach to enable independence.”
2. Reconsider de-commissioning the South Thames Crossroads service for carers (CH60 – set out on page 80 of the consultation report on the supplementary agenda). The Panel noted that 72 carers would lose their support services.

3. Reconsider the reduction in the assessment and commissioning staffing budget, specifically savings CH04, CH20, CH58 and CH22 (on pages 78 and 79 of the supplementary agenda) that would impact on service users:
- CH04 – “reduce management costs and reduction in staffing costs – Access and Assessment. Staffing restructure to deliver efficient processes and building on planned shift of some customers to manage their own processes”
 - CH20 – “staffing reductions in Assessments and Commissioning teams. Staff savings 12FTE to be deleted in 2016/17 across all service areas. Reduction in the ability to carry out assessments and reviews, social work support, safeguarding activities, DOLs responsibilities and financial assessments”
 - CH58 – “Staffing reductions in Assessments and Commissioning teams. Reduction of a further 19-23 FTE posts, in addition to the 12FTE in CH20. Total FTE affected is 30-35 for 16/17”
 - CH22 – “ Commissioning Employees – staff savings – 4FTE to be deleted. Reduced capacity to monitor quality within provider services, reduced capacity to monitor performance within services and a reduced capacity to proactively work to sustain and develop a local provider market”

Committee: Cabinet

Date: January 2016

Wards: All

**Subject: Reference from Sustainable Communities
Overview and Scrutiny Panel – Results of wheeled
bins pilot**

Lead officer: Stella Akintan, Scrutiny Officer, 0208 545 3390

Lead member: Councillor Abigail Jones, Chair of the Sustainable Communities
Overview and Scrutiny Panel

Recommendation:

- A. That Cabinet consider the recommendations of the Sustainable Communities Overview and Scrutiny Panel when reviewing the findings and recommendations resulting from the wheeled bins pilot.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of the report is to inform Cabinet of the recommendations made by the Sustainable Communities Scrutiny Panel at their meeting on 11 November 2015. Cabinet is asked to take these recommendations into account when considering the findings and recommendations resulting from the wheeled bins pilot.

2 DETAILS

- 2.1. The Sustainable Communities Scrutiny Panel undertook pre decision scrutiny of the results of the wheeled bins pilot in Lavender Fields ward at its meeting on 11 November 2015. The Sustainable Communities Scrutiny Panel made the following recommendations for Cabinet consideration:
- That Cabinet undertake a more detailed analysis of detailed costs and projected savings of the wider roll out of the scheme before making a decision;
 - That, should the scheme be rolled out, Cabinet considers choice for residents in the size of the wheeled bins and if they wish to participate in the scheme;
 - That Cabinet consider the impact of wheeled bins outside homes on the street scene;
 - That Cabinet consider the impact on disabled users if wheeled bins are used in terms of accessing pavements and homes

3 ALTERNATIVE OPTIONS

- 3.1. Cabinet is required under the terms of the constitution to receive, consider and respond to recommendations from Overview and Scrutiny.

4 CONSULTATION UNDERTAKEN OR PROPOSED.

4.1. None for the purposes of this report.

5 TIMETABLE

5.1. None for the purposes of this report.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. None for the purposes of this report.

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. None for the purposes of this report.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. None for the purposes of this report.

9 CRIME AND DISORDER IMPLICATIONS

9.1. None for the purposes of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. None for the purposes of this report.

11 APPENDICES

11.1. None

12 BACKGROUND PAPERS

12.1. Minutes of the meeting of the Sustainable Communities Scrutiny Panel held on 11 November 2015.

Committee: Cabinet

Date: 15 February 2016

Agenda item: Wards: All

Subject: Adult Social Care (ASC) 2016/17 budget savings

Lead officer: Simon Williams, Director of Community and Housing

Lead member: Councillor Caroline Cooper-Marbiah, Cabinet Member for Adult Social Care and Health

Contact officer: Dan Short, Head of ASC re-design

1. RECOMMENDATIONS

- 1.1 That Cabinet finalise the recommended budget for Adult Social Care (ASC) in 2016/17 (£74.845m gross and £51.481m net) for Full Council, including required savings, taking into account the outcome of the consultation exercise and taking into account any recommendations from the relevant Overview and Scrutiny Panel and Commission.
- 1.2 That Cabinet authorise the Director of Community and Housing, within the council's Constitution, to take the action necessary to achieve these savings.

2. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 2.1 To present the feedback from stakeholders and service users, from the consultation exercise, on the proposed savings.
- 2.2 To set out the impact on service delivery of the proposed savings and the proposed mitigation.
- 2.3 To consider the alternative savings options previously considered but rejected and also the alternative proposals from consultees.

3. BACKGROUND

- 3.1 Due to the reductions in funding from central government, added to demographic and inflationary pressures, the council needs to deliver £14.535m in savings across all departments in 2016/17.
- 3.2 Around a third of the council's budget is spent on ASC. The total value of ASC savings proposed in 2016/17 is £5.06 million (see page 59 of Appendix 1), which, as part of our four year financial planning, have been identified over a three year period. Of this £857,000 (see page 60 of Appendix 1) relates to savings actions / schemes that could not be changed or were already being implemented, so these savings were not included as part of the consultation. Members need to consider the newly identified savings for 2016/17 and review how the previously accepted savings will be achieved in the context of the overall budget for ASC. The consultation was therefore based around 21 savings proposals totalling £4.203 million which covered three main areas:
 - Staff savings £1,841,000 (see page 61 of Appendix 1)
 - Decommissioned services £ 531,000 (see page 62 of Appendix 1)

- Reductions in support packages £1,831,000 (see page 63 of Appendix 1)

3.3 These three savings areas were identified using the same value based approach used since 2011. This approach is underpinned by the Use of Resources Framework (see page 65-66 of Appendix 1) which:

- Retains investment in prevention and recovery where this reduces longer term costs;
- Minimises the costs of long term support;
- Reduces waste / duplication in work processes;
- Works in partnership where possible;
- Ensures everyone makes the contribution they are able to; and
- Uses a Promoting Independence approach (see page 69 of Appendix 1).

This framework has informed the overall approach to investment and savings. It takes an approach seeking added value for the customer and for the taxpayer. It has also been adopted in other parts of England.

3.4 This approach is used to minimise the impact of savings on the customer experience, where possible, however, it is acknowledged that there is a cumulative effect of year on year savings for some of customers, carers and providers. It is also recognised that it has become increasingly difficult to identify options to make savings without impacting on customers as the only areas where significant savings can now be made are staff, support packages and commissioned services.

3.5 The ASC savings have been proposed in the context of the following national and local factors:

- Central government cuts of 40% to local authorities and the need to make savings across the council and in all departments, including ASC, where the council concentrates around a third of it's spending;
- An expected increase in demand for services due to population increases by 2020 of 23% for older people aged over 90, 13% for people with dementia and 6% for adults with learning disabilities. This is coupled with demographic pressures in other departments, particularly Children's Services, where the birth rate has increased in recent years and had a knock on effect on demand for services;
- A commitment by the administration to freeze council tax for four years;
- Recognition that the level of council tax continues to be one of the main concern of residents in the Annual Residents Survey;
- Performance data published in the Local Account that shows ASC performance is good and above average in many areas; and
- The council's July Principles (see 3.5) adopted on 13 July 2011 to guide strategic decisions in financially constrained times.

3.6 The July principles state that:

- Merton should continue to provide a certain level of essential services for residents. The order of priority of "must" services should be to:

- Continue to provide everything that is statutory.
 - Maintain services – within limits – to the vulnerable and elderly.
 - After meeting these obligations Merton should do all it can to help residents who aspire. This means we should address the following as priorities in this order:
 - Maintain clean streets and keep council tax low.
 - Keep Merton as a good place for young people to go to school and grow up.
 - Be the best it can for the local environment.
 - All the rest should be open for discussion.
- 3.7 In line with the July principles, overall savings targets for each department are weighted against controllable budgets as follows:
- Corporate Services- 1.50
 - Environment and Regeneration-1.50
 - Community and Housing- 1.00
 - Children, Schools and Families- 0.75
- As such, ASC (which forms the majority of the Community and Housing budget) and Children’s Services have had proportionally lower savings targets compared to other areas of the council.
- 3.8 As a financially prudent council, some of the proposed savings have been previously put forward and accepted to facilitate future year service planning, in line with the council’s four year financial planning as part of the Medium Term Financial Strategy. Appendix 2 details the chronology of savings proposals affecting 2016/17 since 2013. However, Members still need to review how the previously accepted savings will be achieved in the context of the overall budget for ASC.
- 3.9 Alternative savings proposals were considered but not recommended in the consultation documents (see Section 8 for further details).
- 3.10 Feedback from the Healthier Communities and Older People Overview and Scrutiny Panel on 14 January 2016 and the Overview and Scrutiny Commission on 28 January 2016 has been submitted for consideration by Cabinet in a separate report.

4. THE CONSULTATION PROCESS UNDERTAKEN AND A SUMMARY OF FEEDBACK:

- 4.1 To ensure those affected by the proposals could fully participate in the consultation process (see pages 73 and 74 of Appendix 1):
- A letter was sent to all 3,072 customers on the ASC Carefirst system on 23 October 2015 to notify them of the consultation period and how they could participate; and

- A further service specific letter was sent on 23 November 2015 to the customers of the three services that had been put forward for decommissioning.
- 4.2 The stakeholder and service user feedback was obtained through a variety of means (see pages 73 and 74 of Appendix 1):
- An online questionnaire was available at www.merton.gov.uk/consultation;
 - Paper questionnaires, including an accessible version, were widely available at Merton's libraries, at Vestry Hall, the civic centre main reception and the daycentres within the borough;
 - Two public consultation events were held on 30 November 2015 and 2 December 2015 at Vestry Hall;
 - Healthwatch Merton facilitated 6 small customer / carer group meetings;
 - Two consultation meetings were held with ASC staff;
 - A consultation event was held with voluntary sector organisations on 26 November at the Chaucer Centre; and
 - Email comments could be sent to ASCconsultation@merton.gov.uk and letters to the Civic Centre.
- 4.3 The Healthier Communities and Older People Scrutiny Panel on 12 January 2016 received a report on the feedback from stakeholders and service users to the proposed ASC savings, with the detail of the feedback received detailed in Appendices (see pages 39 – 47 and 103 – 224 of Appendix 1).
- 4.4 There are currently approximately 3,072 ASC service users, who make up 1.5% of the overall population of Merton. There were a total of 409 responses to the questionnaire and / or attendance at a consultation event¹. There may have been some overlap as people may have responded to the questionnaire and attended consultation meeting(s). The overall response rate to the questionnaires was 4.2%, with 129 questionnaire responses received. Feedback from the other consultation methods was obtained from a further 280 people (30% of whom were staff where there may have some overlap as people may have responded to the questionnaire and attended consultation meeting(s)). It should be noted that some people may have completed a questionnaire and also attended a consultation event.
- 4.5 Overall, respondents generally agreed with the council's approach to making these savings. Feedback on our approach, which is based on the Use of Resources Framework is shown below (see page 106 of Appendix 1):
- Retain investment in prevention and recovery where it reduces longer term costs – 63% of respondents agreed or strongly with this priority, only 8% disagreed or disagreed strongly with this priority and 27% did not know.

¹ A number of staff, carers, individuals and organisations that responded to the consultation may not live or be based in Merton.

- Minimise the costs of long term support – 27% of respondents agreed with this proposal, 38% disagreed or strongly disagreed with this priority and 23% did not know.
 - Reduce waste and duplication in work processes – 79% either agreed or strongly agreed with this priority. No one disagreed with this priority and 18% did not know.
 - Work in partnership where possible – 71% of respondents either agreed or strongly agreed with this priority. Only 2% disagreed with this priority and 25% did not know.
 - Ensure everyone makes the contribution they are able to – 37% of respondents agreed with this priority, 7% disagreed and 28% didn't know.
 - Use a 'promoting Independence approach' – 57% of respondents either agreed or strongly agreed with this priority, 11% disagreed while 26% did not know.
- 4.6 The feedback to the specific proposals in the consultation was that some consultees understood that the council needed to find savings by looking at staffing costs and reviewing care packages regularly (see pages 41 - 42 of Appendix 1), but 87 out of 129 questionnaire respondents (67%), felt the overall reductions were too much and out of the 67 comments received the main concerns were that it will:
- Affect the most vulnerable of people and put them at risk (52%); and
 - Reduce the access to/ quality of services and puts the ability to meet statutory obligations at risk (24%).
- 4.7 There was concern about the cumulative impact of ASC savings in recent years (and factors such as central government's housing and welfare reforms) on vulnerable people e.g. 48 out of 75 respondents (64%) who answered a question about whether services had got better or worse since 2011 said services had got worse or much worse (see pages 43 - 44 of Appendix 1).
- 4.8 Some consultees expressed concern about the overall level of the planned staff reductions and some commented they were too risky. Some consultees were therefore concerned that capacity may be insufficient to meet statutory duties under the Care Act 2014 (see page 41 of Appendix 1).
- 4.9 Some consultees expressed concern about the impact on their lives from the overall planned reduction in support packages e.g. 20 felt that the most vulnerable people and their families would be adversely affected and 10 felt that short term savings would lead to long term higher costs (see pages 41 - 42 of Appendix)
- 4.10 Some consultees expressed concern about the impact of decommissioning specific services: meals on wheels, South Thames Crossroads, and Imagine Independence (see page 41 of Appendix 1).

5. CONTEXT OF HOW 2016/17 SAVINGS ARE BEING CONSIDERED

- 5.1 Members should consider the following important contextual factors, to take account of the cumulative effect of savings over multiple years:

- £10.306m of ASC savings have been proposed for 2016-19 (see page 88 of Appendix 1) out of £29.9m for the authority;
- 2013/14 benchmarking data shows Merton is a below average spender (see page 95 of Appendix 1), but has an above average satisfaction rating (see page 287 of Appendix 1), due to targeting our support to those customers who need it the most;
 - below average spend per head of population on older people;
 - slightly below average spend for other care groups; however
 - above average spend on staff costs for care management;
- the overall net reduction of in the ASC budget between 2011-16 has been £2.516m (see page 89 of Appendix 1). The main budget reductions and additions were:
 - £18.65m savings targets in the 5 years to 2015/16 (see page 89 of Appendix 1);
 - Growth and inflation of £11.888m (see page 89 of Appendix 1);
 - Extra funding from the NHS of £7.355m, to deal with the transferred financial commitments and responsibilities for learning disabilities (see page 89 of Appendix 1);
- The Local Account (see pages 255 – 310 of Appendix 1) summarises performance and views from service users during 2013/14, combining performance and benchmarking data and annual survey results. Overall ASC performance compares well against the comparator group.

6. IMPACT AND MITIGATIONS OF PROPOSED SAVINGS:

6.1 Relevant data relating to all the proposed savings is detailed below, highlighting:

- A brief description of, and the amount of, the proposed saving.
- Key data.
- Consultation feedback.
- Consequence.
- Financial risk to the ASC budget.
- How ASC planned to mitigate.
- ASC plans to further mitigate possible impacts after consultation feedback.

Prevention	
<p>Proposed saving CH05 £500,000 (agreed at 18.2.13 Cabinet) – Reduction in level of grant to voluntary sector</p>	<p>Key data It is estimated that currently 45,395 Merton residents potentially benefit from the preventative services provided by the nine organisations in the current Ageing Well Programme. This includes an estimated 28,695 people whose independence and wellbeing will be compromised without support and 16,700 people whose independence and wellbeing could be comprised without support.</p>

Consultation feedback (see pages 103 – 224 of Appendix 1 for details):

This savings proposal was not consulted on again as the voluntary sector has been fully involved in the Ageing Well Grant funding programme from the start and the ageing well grant funding prospectus had been published before the consultation process had begun.

However, at consultation meetings with the public and with voluntary sector organisations the contradiction between prioritising prevention and reducing VCS funding was pointed out strongly.

Impact of saving:

- Care Act requirement of prevention will be less met through Ageing Well Programme Prevention programme being reduced. There will be no continued funding for services such as :
 - incontinence service, life after stroke service, falls prevention service
 - befriending service
 - activities and clubs for people with learning disabilities
 - volunteer car service with mobility requirements
 - exercise classes for older people
- more reliance on friends and family

Financial risk to the ASC budget:

- reduced funding to voluntary sector could mean customers coming back to the council for service provision
- impact on support packages budget for alternative service provision to meet statutory duty

How ASC planned to mitigate:

- with reduced funding, work will continue with the voluntary sector through the Ageing Well programme to provide suitable alternatives to statutory services. There will therefore be a still more targeted approach to people with higher levels of need.

How ASC have planned to further mitigate as a result of the consultation feedback:

ASC managers have received grant applications and are engaged in dialogue with relevant voluntary sector organisations to ensure that the available funding will meet the proposed priority needs.

Support packages**Proposed saving**

CH02 (agreed at 18.2.13 Cabinet), 24, 25, 26, 27, 28, 29, 30, 31, 32, 33 & 34 (agreed at 16.2.15 Cabinet) – support package reviews, including learning disabilities, mental health, older people, physical disabilities and substance misuse £1,831,000

Key data

Out of 4,665 ASC customers in 14/15, 3,815 received community based support (£17.5m) & 850 received support via residential / nursing placements (£24m)

As the most complex customers are supported in residential settings and our usage rates of these settings are now comparatively low, it is anticipated the majority of this proposed saving will come from community based support (Domiciliary care, Direct payments, equipment & day opportunities), which will amount to around 10% of the expenditure

Out of 838 customers receiving homecare in October 2015, 423 (50.5%) customers receive an intensive support package of 10 or more hours (10 hours = £8,278 p.a. and 28 hours (4 calls a day x7) = £23,179.52)

From 2010/11 to 2014/15, the total number of customers receiving support fell from 4326 to 4095, despite demographic pressures nationally estimated at 3% per annum.

Consultation feedback (see pages 103 – 224 of Appendix 1 for details):

46 out of 97 respondents (47.42%), disagreed and strongly disagreed with the proposed saving to review customer's support packages and out of 61 comments received the main concern (32.78% - 20 people) was that it would affect the most vulnerable of people and put them and their families under pressure or at risk. Comments made at consultation meetings echoed this sentiment. At staff meetings staff said that the underlying emphasis on using social capital more, might not be feasible as they doubted many more volunteers would be found.

Impact of saving:

- reduced number of day calls e.g. get customers up later and combine breakfast and lunch call and just provide one meal and a snack for later in the day
- reduced length of calls with potential reduced customer satisfaction and quality of life
- possible greater reliance on families for support
- likely to have stricter rules if cheaper to go in a care home than be cared for at home, and the customer will have to be placed in a care home regardless of expressed wishes

Financial risk to the ASC budget:

- at the end of December 2015, the full year cost of open support packages (the annual commitment) was £41.59m, £3.412m higher than the £38.178m 2015/16 budget for support packages i.e. these savings further reduce an already overcommitted budget
- agencies reluctant to reduce visits to 15 minutes so may decide to terminate contract which may lead to having to go to a more expensive service provider
- increase in fee levels to providers will erode savings made through reduced volumes, due to both higher actual provider costs and to local market conditions whereby we are outbid by neighbouring boroughs/NHS/self-funders for capacity. In 2015/16 an extra £500k has needed to be paid for enhanced fee levels.
- difficulty in reducing volumes of support as it is statutory based on assessment of individual eligible needs and Merton levels of funded support are already low compared with other boroughs.

Mitigation:

- reviews undertaken following established methodology ,
- working with the voluntary sector through the Ageing Well grant to provide suitable alternatives
- training for staff on outcome based support planning and using a promoting independence approach
- incentivising providers to restrict home care hours through outcomes based commissioning, being trialled elsewhere nationally and to be implemented in Merton in 2017
- support package overspends would be mitigated by underspends in other budgets where possible

How ASC have planned to further mitigate as a result of the consultation feedback:

Feedback generally confirms that this mitigation is correct, and has emphasised the importance of support packages being set according to individual assessed needs which is the existing approach.

Specific Contracts

Proposed saving	Key data
CH60 – South Thames Crossroads – caring for carers £294,000	<ul style="list-style-type: none"> • 72 service users, aged between 22 and 97 years old, with 40 (55%) over the age of 75 (38 female carers and 32 male carers) • Estimated number of carers in Merton approximately 17,000 based on 2011 census, with nearly 600 known young carers. • In quarter 2 of 2015/16 the following hours were provided: • 2,623 for Older People (includes Dementia Service) • 1,128 for Adults with Learning and Physical Disabilities • 187 for adults with Mental Health issues • This averages at 4.2 hours per week per person

Consultation feedback (see pages 103 – 224 of Appendix 1 for details):

The services proposed for decommissioning were consulted on together. 71 out of 102 respondents (69.61%), disagreed and strongly disagreed with the overall proposed saving to decommission the Carers Support service, Meals on Wheels and the Mental Health Day Support service and out of 90 comments received the main concern was that it reduce access to / quality of services and the puts the ability to meet statutory obligations at risk.

In terms of the South Thames Crossroads contract, 16 out of the 90 specifically opposed this proposed saving.

Of the overall comments on the package of decommissioning savings:

<ul style="list-style-type: none"> • 24 objected as the savings would increase the risk to vulnerable people • 11 felt the savings would be short term only and lead to long term cost increases • 8 opposed the savings as access to or the quality of services would reduce <p>Similar concerns were raised at consultation meetings e.g. at public meetings concern about the impact on carers of the proposed decommissioning of South Thames Crossroads Carers Support.</p>
<p>Impact of saving:</p> <ul style="list-style-type: none"> • no respite for carers through this specific service, carers potentially put under increased pressure
<p>Financial risk to the ASC budget:</p> <ul style="list-style-type: none"> • impact on support packages budget for alternative service provision or new demand to meet statutory duty
<p>Mitigation:</p> <ul style="list-style-type: none"> • reviewing alternative ways to support carers e.g. personal budgets, the holistic carers support service from the voluntary sector, or contracted home care
<p>How ASC have planned to further mitigate as a result of the consultation feedback:</p> <p>Officers have had discussions with the current service provider about possible mitigations, and have continued to take forward discussions about ensuring that alternatives are available.</p>

<p>Proposed saving</p> <p>CH61 – Sodexo – Meals on Wheels £153,000</p>	<p>Key data</p> <ul style="list-style-type: none"> • 175 customers, aged between 50 – 103 years old. • For 81 customers (46.4%), meals on wheels is the only service provided by ASC • In December 2015, 2,893 (94.5%) meals supplied were hot and 167 (5.5%) were frozen
<p>Consultation feedback (see pages 103 – 224 of Appendix 1 for details):</p> <p>The services proposed for decommissioning were consulted on together. 71 out of 102 respondents (69.61%), disagreed and strongly disagreed with the proposed saving to decommission the Carers Support service, Meals on Wheels and the Mental Health Day Support service and out of 90 comments received the main concern was the reduced access to / quality of services and this puts the ability to meet statutory obligations at risk.</p> <p>In terms of the Sodexo Meals on Wheels contract, 15 out of 90 specifically opposed this proposed saving.</p> <p>Of the overall comments on the package of decommissioning savings:</p> <ul style="list-style-type: none"> • 24 objected as the savings would increase the risk to vulnerable people • 11 felt the savings would be short term only and lead to long term cost increases • 8 opposed the savings as access to or the quality of services would reduce <p>Open letters / e-mails also registered strong concerns about proposals to cease meals on wheels e.g. 18 specific responses were specifically against reductions in meals on wheels.</p>	
<p>Impact of saving:</p> <ul style="list-style-type: none"> • customers will not get from the council / Sodexo a hot meal or a frozen meal to heat up • customer's needs regarding managing and maintaining nutrition may not be met • customers may become more isolated 	
<p>Financial risk to the ASC budget:</p> <ul style="list-style-type: none"> • potential impact on placements budget for any required alternative service provision to meet 	

eligible needs
Mitigation: <ul style="list-style-type: none"> review of customers eligible needs and identify how their needs will be met through a range of options including help with meals in domiciliary care provision, where eligible, working with the voluntary sector, community groups and families
How ASC have planned to further mitigate as a result of the consultation feedback: Continuation of existing plans, which involve a detailed overview of the needs of current users of the service and a continued discussion with the voluntary sector on alternative ways of meeting these needs.

Proposed saving CH62 – Family Mosaic – Waldemar Road £106,000	Key data There are currently two LBM adults with mental health issues (25%) at this facility which can support a total of eight residents. The provider has chosen to close and has served notice
Consultation feedback (see pages 103 – 224 of Appendix 1 for details): This savings proposal was not consulted on as the provider had announced its withdrawn from the market before the consultation began i.e. the feedback would not be meaningful as it could not affect subsequent decisions. However concerns were expressed during consultation about the loss of supported accommodation for this client group	
Impact of saving: <ul style="list-style-type: none"> customers with mental health issues living in non-supported accommodation, which may lead to more crisis events customers may spend longer in institutionalised settings, including mental health wards 	
Financial risk to the ASC budget: <ul style="list-style-type: none"> impact on placements budget for any required alternative service provision to meet statutory duty 	
Mitigation: <ul style="list-style-type: none"> work with service providers to ensure suitable alternative accommodation is available. This follows on from a study in 2015 into what is needed 	
How ASC have planned to further mitigate as a result of the consultation feedback: Continue to look for other options for accommodation with support for people living with an enduring mental illness.	

Proposed saving CH63 – Imagine Independence – Peer led support £84,000	Key data 165 customers with mental health issues aged 18+ - services include advocacy, employment support, peer support and social inclusion
Consultation feedback (see pages 103 – 224 of Appendix 1 for details): The services proposed for decommissioning were consulted on together. 71 out of 102 respondents (69.61%), disagreed and strongly disagreed with the proposed saving to decommission the Carers Support service, Meals on Wheels and the Mental Health Day Support service and out of 90 comments received the main concern was that these proposed savings would reduce access to/quality of services and the puts the ability to meet statutory obligations at risk. In terms of the Imagine Mental Health Service contract, 4 out of the 90 specifically opposed this proposed saving. Of the overall comments on the package of decommissioning savings: <ul style="list-style-type: none"> 24 objected as the savings would increase the risk to vulnerable people 11 felt the savings would be short term only and lead to long term cost increases 8 opposed the savings as access to or the quality of services would reduce 	
Impact of saving:	

<ul style="list-style-type: none"> • fewer opportunities to support people in benefits appeals, housing issues and applications, accessing medical support. • reduction in employment support (seeking and retaining employment) for people with mental health issues • less support with promoting social inclusion and purposeful activity • less peer led support groups for people to access
<p>Financial risk to the ASC budget:</p> <ul style="list-style-type: none"> • impact on placements budget for any required alternative service provision to meet statutory duty
<p>Mitigation:</p> <ul style="list-style-type: none"> • pilot peer support project to meet needs in an alternative way, with some funding retained from contract to fund this
<p>How ASC have planned to further mitigate as a result of the consultation feedback: Continuation of peer support pilot, and ensuring that priority outcomes continue to be met.</p>

<p>Staffing – Assessment and Commissioning</p>	
<p>Proposed saving</p> <p>CH04 (agreed at 18.2.13 Cabinet), 20, 22 (agreed at 16.2.15 Cabinet) & 58 – staffing reductions £1,467,000</p> <p>Also CH23 (agreed at 16.2.15 Cabinet) – £21,000 & CH64 £30,000 (posts will not be cut but now funded by Public Health)</p>	<p>Key data</p> <p>There will be a reduction of around 40 staff. The saving is around 10% of the staffing budget.</p> <p>This is in addition to a reduction in Access and Commissioning staff who don't directly give support from 265FTE in 2011/12 to 168FTE in 2014/15.</p>
<p>Consultation feedback (see pages 103 – 224 of Appendix 1 for details):</p> <p>Proposed staffing savings were consulted on together. 52 out of 110 respondents (47.27%) disagreed and strongly disagreed with the proposed staff savings and out of 63 comments received the main concern (41.27% - 26 people) was about the effect on the quality of service provision and the ability to meet statutory obligations. Of the 63 people who made specific comments:</p> <ul style="list-style-type: none"> • 26 were concerned about the effect on the quality of service provision and the ability to meet statutory obligations • 11 were Concerned about there not being enough capacity to meet demands safely • 6 opposed staff reductions without giving specific reasons • 12 agreed with the planned staff reductions • 6 would support staff reductions, but only in the back office. 	
<p>Impact of saving:</p> <p>It is intended to implement this saving through the revised ASC Target Operating Model and re-design programme to deliver efficiencies in staffing costs whilst continuing to deliver services for our customers. Without effective mitigation in place through process redesign, however, the consequences would be:</p> <ul style="list-style-type: none"> • staff having less time to come up with imaginative and cost effective support plans • increased waiting times and numbers for assessment and support planning including statutory assessments such as Deprivation of Liberty Safeguards (DOLS) • reduced frequency of reviews • increase in delayed transfer of care (DTCO) for customers coming out of hospital, with fines of £150 per day for every patient whose discharge we delay paid to the NHS. • reductions to the Financial Assessments may impact on the amount of money raised via customer contribution (£9m per year) • reduced monitoring of Direct Payments team could lead to reduced clawback of personal budgets where not being spent on actual support • staff collective resilience (e.g. covering for holiday or sickness) will be reduced 	
<p>Financial risk to the ASC budget:</p> <ul style="list-style-type: none"> • more expensive support plans 	

- fewer reviews lead to missed opportunities to reduce packages of support in line with needs
- legal challenge, courts costs and potential compensation claims
- increase in DTOC fines - £150 per day
- reduced client contributions via Financial Assessments
- unspent personal budgets not recouped by Direct payments

Mitigation:

- ASC redesign programme, including process efficiencies and flexible working. It is expected that the efficiencies will come from a combination of the new information system which requires shorter inputting time, a revised structure intended to reduce hand offs, and embedding flexible/mobile working which is expected to lead to a higher proportion of time being spent with customers.
- As the integration programme with the NHS moves into its next phase, it is intended that there will be more use of practices such as trusted assessments in order to reduce repeat assessments.

How ASC have planned to further mitigate as a result of the consultation feedback:

To continue with these mitigations and to make some adjustments to the proposed structure.

Staffing – Direct Provision

Proposed saving

CH21 (agreed at 16.2.15 Cabinet) & 59 £374,000 – please note a number of non-staff savings have been identified reducing this figure to £269,000

Key data

Reduction of 8 posts, 2.6% of overall ASC staffing budget

Consultation feedback (see pages 103 – 224 of Appendix 1 for details):

Staffing savings were consulted on together. 52 out of 110 respondents (47.27%) disagreed and strongly disagreed with the proposed staff savings and out of 63 comments received the main concern (41.27%) was about the effect on the quality of service provision and the ability to meet statutory obligations. 63 people made specific comments:

- 26 were concerned about the effect on the quality of service provision and the ability to meet statutory obligations
- 11 were Concerned about there not being enough capacity to meet demands safely
- 6 opposed staff reductions without giving specific reasons
- 12 agreed with the planned staff reductions
- 6 would support staff reductions, but only in the back office.

Impact of saving:

- customers will have less choice of activities in day services e.g. fewer therapy options and community outreach activities
- residential services management capacity reduced
- telecare staff reduced in numbers
- less management capacity in Re-ablement service
- staff collective resilience (e.g. covering for holiday or sickness) will be reduced

Financial risk to the ASC budget:

- day services potentially less attractive to private customers and other boroughs, reducing income – current daily charges range from £40 - £125;
- lack of managerial capacity to spot commercial opportunities – current income generated £234,000.

Mitigation:

- improved staff flexibility has enabled day services to retain a range of services;
- a further campaign to recruit volunteers will take place
- more management across services to enable managers to be supported and work strategically as well as operationally
- changed working arrangements and new technology in MASCOT

How ASC have planned to further mitigate as a result of the consultation feedback:

To continue with these mitigations.

Income	
Proposed saving CH51 – NHS funding £200,000 This is a change in funding source and will not result in any change / reduction in services.	Key data Merton already receives £6.1m from the CCG through the Better Care Fund, with an expectation that this continues in 16/17.
Feedback (this proposed saving was not consulted on): NHS partners are flagging up severe pressure on NHS budgets in 16/17, with a consequence that any funding transferred to social care must have a demonstrable impact on these pressures, chiefly non elective hospital admissions and excess bed days in hospitals.	
Impact of saving: We will need to demonstrate to the local NHS some key outcomes of benefit to the NHS in return for any extra funding.	
Financial risk to the ASC budget: <ul style="list-style-type: none"> costs of any enhanced services required to meet these outcomes NHS refusing to provide extra funding 	
How ASC have planned to further mitigate as a result of the consultation feedback: In current discussions with NHS partners over 16/17 Better Care Fund and mutual impact.	

8. ALTERNATIVE OPTIONS

8.1 The alternative savings options proposed and previously not recommended in consultation documents are detailed below (see page 23 of Appendix 1). These savings proposals should be considered further to ensure the full savings target is achieved in 2016/17. If this option is chosen, authority is delegated to the Director of Community and Housing to decide on the feasibility of these options in line with the council's Constitution.

- Close some day centres and give people personal budgets minus the savings instead – Not recommended in the consultation for 2016/17 as officers believe day centres currently represent good value for money. Consultation in general supported the continuation of day centres
- Outsource all in-house services - Not recommended in the consultation for 2016/17 as officers do not believe that this will generate savings in time. Consultation supported evaluation of in house services to ensure value for money
- Share services with other councils or the NHS - Not recommended in the consultation for 2016/17 as officers do not believe that this will generate savings in time. Consultation supported the sharing of services.
- Negotiate fee reductions from providers - Not recommended in the consultation for 2016/17 as current market conditions mean it is not feasible. Consultees in general acknowledged that further fee reductions across the board are neither desirable nor feasible

- Make bigger staffing reductions - Not recommended in the consultation for 2016/17 as further staff cuts would risk reducing capacity to the point where delivering statutory duties under the Care Act 2014 would not always be possible. Consultees supported this view, but overall there was greater relative support for savings in this area rather than direct support

Officers have already advised against such alternatives having given them careful consideration, and following consultation remain of the same view, but will be ready to both re-consider and implement them, if so directed.

8.2 Consider the alternative savings proposals, details below, put forward as a result of the public consultation. There were 57 comments made about other ways the council could make savings that fell into eight categories. For each category of comments an overall response is included.

- Don't spend on Wheelie Bins (2 responses) – Response: there is no current budget for wheelie bins.
- Increase council tax / use 2% ASC precept (14 responses) – Response: the administration has a commitment to freeze council tax.
- Cut other council services instead of ASC (8 responses) – Response: other council services are having to make budget cuts (see 3.6).
- Increase parking fees (2 responses) – Response: Some increases have been proposed e.g. premium for diesel cars, needs careful consideration in relation to the elasticity of demand / use of parking relative to parking fees.
- Review staffing costs, senior management and duplication of resources (15 responses) – Response: already happening.
- Sharing of resources and the provision of services (7 responses) – Response: agreed and being taken forward but this will not deliver savings for 2016/17.
- Work better with carers and voluntary organisations (4 responses) – Response: agreed and continuing to look to find best ways of working.

9. CONSULTATION UNDERTAKEN OR PROPOSED

9.1 The consultation on the proposed ASC savings programme for 2016/17 began on 23 October 2015 and closed on 7 December 2015 (see pages 73 – 75 of Appendix 1).

10. TIMETABLE

10.1 All the savings proposals that relate to 2016/17 are presented and scrutinised as follows, by:

- Healthier Communities and Older People Scrutiny meeting on 12 Jan 2016;
- Overview and Scrutiny Commission on 28 Jan 2016 for final scrutiny of all savings proposals across all departments of the council; and
- Cabinet on 15 Feb 2016 for consideration of this report and the feedback from Scrutiny and to make recommendations to Full Council budget setting meeting on 2 Mar 2016.

11. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 11.1 At £74.845m gross and £51.481m net the ASC budget accounts for around a third of the council's overall budget so setting a prudent and achievable budget, alongside realising savings, is consistent with safeguarding the council's wide financial stability.

12. LEGAL AND STATUTORY IMPLICATIONS

- 12.1 The consultation has been undertaken in line with the Gunning Principles following a commitment by the council that service users and residents will be given ample opportunity to express their views on proposals for further savings in the years 2016-19.
- 12.2 The report presents to Members the outcome of the consultation on proposed ASC savings for 2016/17 and recommends that they consider various options on how best to achieve those savings in light of the responses to the consultation and having regard to the legal obligations of the Authority.
- 12.3 Members must ensure they consider all the information thoroughly.
- 12.4 Section 2 of the Care Act 2014, places a duty on the Authority to provide or arrange for the provision of services, facilities or resources, or take other steps which it considers will-
- a. Contribute towards preventing or delaying the development by adults in its area of needs for care and support
 - b. Contribute towards preventing or delaying the development by carers in its area of needs for support
 - c. Reduce the needs for care and support of adults in its area
 - d. Reduce the needs for support of carers in its area.
- 12.5 In discharging its section 2 duties, the Authority must have regard to the importance of identifying services, facilities and resources already available in the area and the extent to which the Authority could involve or make use of them in performing its duty.
- 12.6 Consideration of Responses to Consultation
- The local authority consulted the public as part of a wider engagement to garner views and preferences and understand possible consequences of the proposed savings in adult social care. The purpose of the consultation was to ensure public participation in the council's decision-making process. Members, in their role as decision makers, should conscientiously take into account the views expressed by consultees, when making decisions on the proposed savings for 2016/17 and consider the cumulative impact of the decisions.
- 12.7 Section 149 of the Equality Act 2010
- The local authority must, in the exercise of its functions:
- Have due regard to the need to –
 - a. Eliminate discrimination, harassment and victimisation
 - b. Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it

- c. Foster good relations between persons who share a relevant protected characteristic and those who do not share it.
- Have due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - a. Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - b. Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - c. Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

The relevant protected characteristics are:

- (a) age;
- (b) disability;
- (c) gender reassignment;
- (d) pregnancy and maternity;
- (e) race;
- (f) religion or belief;
- (g) sex;
- (h) sexual orientation'

The Equalities Impact Assessments appended to this report (see pages 2 – 28 of Appendix 1) provide information relating to the impact of the proposed savings on persons with relevant protected characteristics. The assessments enable Members to discharge the local authority's duties under section 149 of the Equality Act 2010. Members are, therefore, required to consider the Equalities Impact Assessments before the meeting and prior to making a decision on the proposed budget. Members are also required to consider the report and associated Appendices on the results of the ASC proposed savings (see pages 29 – 253 of Appendix 1) prior to the meeting.

13. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 13.1 Disadvantaged and vulnerable groups in society disproportionately use, and rely on, support provided or funded by ASC, so Members should have regard to the Equality Impact Assessments undertaken for the proposed ASC savings for 2016/17 (see pages 2 - 28 of Appendix 1).

14. CRIME AND DISORDER IMPLICATIONS

N/A.

15. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 15.1 Setting a prudent and sustainable ASC budget will help to reduce financial management risks and, in so far as it will help ensure ASC is adequately funded, it will help to deliver the council's Adult Safeguarding duties, its duties under the Care Act 2014 and help to mitigate public safety risks associated with neglect and abuse.

16. BACKGROUND PAPERS

N/A.

17. APPENDICES

- 17.1 Appendix 1- background and contextual information, including Equality Impact Assessments for the proposed ASC savings, Healthier Communities and Older People Overview and Scrutiny Panel report 12 January 2016 , ASC Local Account 2013-15 and Healthier Communities and Older People Overview and Scrutiny Panel report 22 October 2015. This has been provided as a Supplementary Agenda.

- 17.2 Appendix 2 - chronology of savings proposals affecting 2016/17 since 2013.

Appendix 1 is to be
published separately as a
Supplementary Agenda

APPENDIX 2

Date of Decision	Savings ref no	Description of Saving and Service Implication	Savings 2016-17 £000	Savings 2016-17 £000 not included in Consultation
Dec-12	CH02	Promoting Independence - Public Value Review - Efficiencies to be found in hospital discharge process and by enabling customers to regain and maintain independence (CH02)	£100,000	
Dec-12	CH04	Reduce Management costs and reduction in staffing costs Access & Assessment- Staffing restructure to deliver efficient processes, and building on planned shift of some customers to manage their own processes. (CH04)	£100,000	
Dec-12	CH05	Realise benefits of new prevention programme in terms of reduced demand for statutory services, or alternatively if these benefits have not occurred then to reduce investment in the prevention programme through reduced grants to Voluntary Organisations. - Reduced demand for statutory services or reduced level of preventative services. In the latter case people would lose some of the services which make their life fuller. (CH05)	£500,000	£500,000
Total Savings Agreed Dec 12			£700,000	
Dec-14	CH20	Access and Assessment Employees - Staff Savings 12 FTE to be deleted in 2016/17 12 FTE in 17/18, 12 FTE in 18/19 - These savings will come from across Access and Assessment, covering all service areas. - Reduction in the ability to carry out assessments and reviews, social work support, safeguarding activities, DOLs responsibilities and financial assessments. (CH20)	£511,000	
Dec-14	CH21	Direct Provision Employees - Staff Savings 11FTE to be deleted- Less activities available both at day centres and in the community. Clients would spend more time in larger congregated settings with less choice of activities. These savings would be made across the three LD and PD day centres. (CH21)	£274,000	

Dec-14	CH22	Commissioning Employees- Staff Savings- 4 FTE to be deleted- Reduced capacity to monitor quality within provider services, reduced capacity to monitor performance within services and a reduced capacity to proactively work to sustain and develop a local provider market. (CH22)	£156,000	
Dec-14	CH23	Directorate- Staff Savings - 0.46 FTE to be deleted- None, post now funded by Public Health (CH23)	£21,000	£21,000
Dec-14	CH24	Learning Disabilities- High Cost Packages - Review of High Cost Packages with a view to promoting independence This would be a holistic review of 17 identified high cost placements (i.e. those receiving packages of care over £1,500 per week and not health funded). We will use promoting Independence as the basis of these reviews. We are designing these figures based on a 6% reduction in support for the identified client group.(CH24)	£100,000	
Dec-14	CH25	Learning Disabilities- Medium Cost Packages- Review of medium cost packages with a view of promoting independence -This would be a holistic review of identified medium cost placements of care of between £400 -£1,500 per week and not health funded). We will use the promoting independence model as the basis for these reviews. We are designing these figures based on a 10% reduction in support for the relevant clients within the identified group. (CH25)	£400,000	
Dec-14	CH26	Learning Disabilities - Direct Payments- Review of all Direct Payments in Learning Disabilities with a view to promoting independence .We will review the Direct Payments received by clients to assess whether it is still set at the appropriate level for their needs and whether the full payment is being utilised. We will use the promoting independence model as the basis of these reviews. We anticipate this being a reduction of 7% for the individual support packages within this client group. There are currently 98 packages in this group. (CH26)	£50,000	

Dec-14	CH27	Mental Health- Care Packages - Review of support packages within all areas of Mental Health services. - We anticipate this being a reduction of 5% across all support packages and will include a review of Direct Payments within this area. Options include less use of residential placements and quicker reviews as part of a recovery model. (CH27)	£76,000	
Dec-14	CH28	Older People- Home Care Review of Home Care within support packages. There are currently 596 Older People within Merton receiving home care within their support packages. This represents an average reduction of 9% in home care support packages. (CH28)	£387,000	
Dec-14	CH29	Older People - Managing Crisis (including hospital discharge) admissions to residential care. This would include a number of activities designed to reduce admissions to residential care placements. We would be looking to families to continue to support people at home for longer. This would fit in with our overall approach to enable independence.(CH29)	£125,000	
Dec-14	CH30	Older People - Review of Direct Payments support packages - Review of Direct Payments in Older People using the enablement model. We will review the Direct Payments received by clients to assess whether the full payment is being utilised. We will use the enablement model as the basis of these reviews. We anticipate this being an average reduction of 15% for individual support packages within this client group. There are currently 225 packages. (CH30)	£345,000	
Dec-14	CH31	Physical Disabilities- Review of all Direct Payments for clients with physical disabilities using promoting independence. -We will review the Direct Payments received by clients to assess whether it is still set at the appropriate level for their needs and whether the full payment is being utilised. We will use the promoting independence model as the basis of these reviews. We anticipate this being a reduction of 10% for the individual support packages within this client group. There are currently 150 packages in this group. (CH31)	£134,000	

Dec-14	CH32	Physical Disabilities - Home Care -The saving would be delivered through a review of home care provision within support packages. There are currently 89 Physical Disabilities clients within Merton receiving home care within their support packages. The proposed savings represents an average reduction of 8% in home care for this group. (CH32)	£48,000	
Dec-14	CH33	Physical Disabilities- High Cost Packages - Review of PD Residential and 1-1 packages .This saving would be delivered through a targeted review of a small number of PD customers in residential care. These reviews would look at renegotiating unit costs, transferring users to other types of accommodation in the community and reducing or removing 1-1 costs. (CH33)	£60,000	
Dec-14	CH34	Substance Misuse Placements - Actively manage throughput in residential rehab placements - A reduction in the placements available for Substance misuse clients (CH34)	£6,000	
Total Savings Agreed Dec 14			£2,693,000	
In 2016/17 Business Plan	CH51	NHS Income :Negotiate extra NHS funding for extra costs of Hospital Discharges - Circa £150k on packages, £50k on staff.(CH51)	£200,000	£200,000
In 2016/17 Business Plan	CH53	Voluntary Sector grants :Use funds from Public Health to fund the prevention strategy which is currently funded from grants.(CH53)		
In 2016/17 Business Plan	CH58	Staffing reductions in Assessments and Commissioning teams. (Bring forward staff savings proposals from 2017/18 &2018/19) Reduction of a further 18-23 FTE posts , this is in addition to the 12 FTE's previously agreed for 2016/17 savings - see CH20. Total FTE affected is 30- 35. (CH58)	£700,000	
In 2016/17 Business Plan	CH59	Staff reductions in Direct Provisions - Bringing forward management changes planned for 2017/18. Reduction of 2 management posts. This will enable the service to retain as many front line carer posts as possible within a reduced service offer. (CH59)	£100,000	
In 2016/17 Business Plan	CH60	South Thames Crossroads - Caring for Carers - Decommission the crossroads service for carers. Replace with domiciliary care service/Direct Payment offer and commissioned holistic carers support service from voluntary sector. (CH60)	£294,000	
In 2016/17 Business Plan	CH61	Meals on Wheels (Sodexo) - Decommissioning service and embed support within community, neighbourhood and voluntary support infrastructure. (CH61)	£153,000	

In 2016/17 Business Plan	CH62	Supported accommodation mental health - Family Mosaic (Waldemar Road) - Decommission service as a result of Provider notice to cease service in Merton. (CH62)	£106,000	£106,000
In 2016/17 Business Plan	CH63	Day support Imagine Independence - Decommission service and recommission cost effective peer led day opportunities for people with mental health. (CH64)	£84,000	
In 2016/17 Business Plan	CH64	Directorate - Staff savings. This position is now funded from Public Health budget and no longer required. (CH65)	£30,000	£30,000
Total Savings to be Agreed			£1,667,000	£857,000

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Committee: Cabinet

Date: 15th February 2016

Wards: All

Subject: Merton Adult Education: Commissioning

Lead officer: Simon Williams, Director of Community and Housing

Lead member: Councillor Martin Whelton, Cabinet Member for Education

Contact Officer: George Gilvear, Project Manager – Merton Adult Education Commissioning

Recommendations:

- A. That Cabinet note the progress made so far in moving to a commissioning model for adult education and specifically the procurement process.
 - B. That Cabinet agree to proceeding with Contract Awards on the basis set out in 2.4 and detailed in Appendix 1.
 - C. That Cabinet agree to proceeding with remaining services in the way proposed.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. Subsequent to the Cabinet decision on the 16th February 2015 to move to a commissioning model for adult education, officers have been working to implement that decision.
- 1.2. This paper provides an update of progress made so far including the outcomes of the initial procurement process and seeks approval to proceed to the next stages.
- 1.3. Five separate Lots were put out to tender on 4th November 2015 with a closing date of 4th December 2015. The Lots were:
 - Lot 1 Main Services: indicative value £800,000
 - Lot 2 Employability Services: indicative value £18,000
 - Lot 3 Learners with Learning Difficulties and Disabilities (LLDD): indicative value £92,000
 - Lot 4 Adult Apprenticeships: indicative value £34,000
 - Lot 5 Family Learning: indicative value £45,000
- 1.4. At this stage we would propose to award contracts for Lots 1, 2 and 5 where we have received satisfactory bids.
- 1.5. We are exploring further options for commissioning Lot 4 including integration with Lot 1 at a later stage or commissioning separately under a lighter procurement process.
- 1.6. We received one bid for Lot 3 LLDD provision, which did not meet the evaluation criteria. We propose to engage further with the market and develop a way forward to ensure that good quality provision is put in place.
- 1.7. In summary, overall progress is on track with additional effort being put in to ensure that an appropriate LLDD solution is developed such that all services can be transferred by the end of July 2016 in time for the 2016/17 academic year. Contingency plans are in place for all Lots as part of the project governance.

2 DETAILS

- 2.1. The tendering process concluded on 4th December 2015. Bids were received for each Lot except Lot 4. Seven bids were received in total but two were eliminated based on pass/fail criteria. Details of the five compliant bids are attached at Annex 1
- 2.2. A team of four evaluators has evaluated the bids:
- Head of Adult Education
 - Service Manager Adult Learning
 - Business Partner - Community & Housing
 - Project Manager – Adult Commissioning
- 2.3. Each evaluator scored the eligible bids using the assessment criteria and weightings that were set out in the ITT documentation. Three bids scored very highly against Lots 1, 2 and 5. The evaluation of Lot 1 also included a presentation and site visit stage.
- 2.4. Based on the evaluation process we would propose to proceed to contract award stage for the highest scoring bidders for these Lots. The contracts will be for three years with options to extend by up to two years. The funding will be allocated on an annual basis in line with the funding allocations received from the Skills Funding Agency.
- 2.5. Despite very high levels of interest in the smaller Lots 2-5 with over 50 expressions of interest logged on the Procurement Portal, by comparison the number of tenders was low.
- 2.6. It is likely that the financial liabilities attached to the service, wider uncertainty around future funding and the robust requirements around locally based provision were barriers to potential providers. This is particularly so for Lot 3 LLDD provision where providers may struggle to ensure financial viability as a standalone service.
- 2.7. We propose to engage immediately after the standstill period in further market testing with a number of local organisations who expressed interest in Lot 3 who did not proceed to bid.
- 2.8. The aim of this market testing stage is to understand more fully the perceived and/or actual barriers from a supplier perspective and seek to address these in the service specification such that a good solution can be procured.
- 2.9. This approach builds on the strong engagement we have developed with the sector during recent months and there is a strong probability that a viable and high quality offer can be developed and procured by end of April 2016. This would allow a 3-month transition period before service take-on by the new provider and 4 months before learners transferred.
- 2.10. For Lot 4 - Adult Apprenticeships, we did not receive any bids but this does not present any major risk from a commissioning perspective. Apprenticeships have previously been delivered under a sub-contract model and there will be no learners in place at the time of transition. Equally, there are no staff directly involved in delivery and no TUPE implications. We are also reviewing the market potential for Adult apprenticeships such that we might increase our modest provision in this area.
- 2.11. It proposed to procure Adult Apprenticeship provision for 2016/17 either by conjoining it with other provision or by running another procurement commensurate with the contract value and procurement guidelines.

Ofsted Inspection

- 2.12. Merton Adult Education was subject to an inspection on 17-20th November 2015 linked to the move to a commissioning model. Each area of assessment and the overall assessment was rated as “requires improvement” although some areas of good practice were also identified.
- 2.13. The report highlighted as a strength the Council’s approach to commissioning and the consultation processes in particular.
- 2.14. Many of the issues identified by the inspectors have been picked up and reflected in the Invitation to Tender documents. This includes the need for improved progression for LLDD students and the need to rebalance the accredited and non-accredited provision.
- 2.15. However, the report is useful in highlighting other developments that need to be delivered through the commissioning process such as better setting of learning targets/outcomes, better evaluation of learning and teaching and higher levels of achievement.
- 2.16. The Commissioning Team will ensure that these improvements are embedded in the detailed contract negotiations and contract monitoring arrangements going forward.

Commissioning Principles

- 2.17. When approving the move to a commissioning model of adult education Cabinet agreed a number of commissioning principles. The procurement process has sought to adhere to and deliver against these principles and a brief commentary against each is provided below:
- (i) That commissioning should look to continue the same breadth of courses currently provided. This does not mean that the courses must be the exact same year to year as needs change but that the breadth and variety should be maintained.
- We set out broad subject areas and indicative numbers in the ITT documents and received outline curricula that can offer most of what we already do but also includes a wider range of interesting and exciting learning opportunities for the residents of Merton that are not currently available.*
- (ii) That courses should continue to be delivered within the borough
- This was an ITT stipulation with the exception of Work Based Apprenticeships where we stipulated easy travelling distance. All future provision apart from some Work Based Apprenticeships will take place in the borough.*
- (iii) That the economic development and skills agendas of the council should be prevalent through the commissioning process
- This was implicit in the procurement process but will become more explicit as we finalise course details with providers to reflect the Skills Funding Agency priorities and the emphasis on skills and employability objectives highlighted by Ofsted.*
- (iv) That TUPE regulations will be followed and every effort made to retain the highly valued tutors.
- TUPE applies as a matter of law to all employees and detailed analyses have already been undertaken of employee liabilities to inform further discussions with providers.*
- (v) That the environment and support of each provider should be assessed as part of the commissioning process
- This is clearly set out in the ITT documents and thoroughly assessed through the rigorous evaluation processes. It remains a central criterion as we seek alternative LLDD provision.*

- (vi) That adults with disabilities and their carers should be involved in the commissioning process for courses specifically tailored for them

We have engaged with learners and carers throughout the process through a variety of formal and informal channels. Stakeholders were consulted on the drafting of the service schedule for LLDD provision and will remain involved in key stages as we seek to develop the new service.

- (vii) That discussions about the provision of facilities for art and craft courses should involve user representatives from those courses

The ITT, whilst not mandating any specific courses, has specifically encouraged the continuation of specialist arts such as stained glass, pottery and upholstery through asset transfer. This position has been communicated to learners and staff through various channels including noticeboards, website, presentations and newsletters.

- (viii) That a focus on wellbeing and aging well and on helping learners to gain employment should be key elements of the commissioning process to go alongside any focus on qualifications and learning

The future curriculum will have a balance of vocational and non-vocational, accredited and non-accredited learning with an increased focus on outcomes.

- (ix) That hobbies, crafts and non-vocational skills courses should still be commissioned in line with SFA funding

These courses will continue to form part of the course offer.

- (x) That fees should be set by the council as part of the commissioning process and controlled accordingly

We propose to follow best practice and allow the providers to set their own fee structures to broaden the offer and reflect their own cost structures. This flexibility will be a key instrument for providers to vary the degree of subsidy between different types of provision to ensure best value and maximum participation. The Council will monitor providers' fee structures closely including concessionary pricing.

- (xi) That effort should be made to ensure provision is spread around the borough and not just located at one site, although quality and cost will remain key considerations.

This is a central element of the procurement process although it has to be recognised that certain aspects of provision lend themselves more to decentralised, outreach delivery than others. For example, we are looking for LLDD provision to be at a largely fixed point of delivery whereas Family Learning is largely distributed local delivery.

- (xii) That, where possible, services should be commissioned with not-for profit organisations.

We have encouraged and received bids from all types of organisations and given them equal status. However, the initial 3 Lots recommended for contract award in this paper would be provided by non-profit organisations.

- (xiii) That the outcomes for learners should be closely monitored to ensure that job prospects, well-being, support for vulnerable learners and safeguarding aspects are all considered as part of the commissioning cycle.

As previously mentioned this aspect of the service will be significantly strengthened through the commissioning process and we will work with stakeholders to improve standards.

3 ALTERNATIVE OPTIONS

- 3.1. As described above a number of options have been considered to deliver this procurement exercise, and officers have taken procurement advice and followed OJEU guidelines to ensure that the appropriate decision is made.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Consultation has taken place with the public before the Cabinet decision as relates to the model of adult education. Further consultation and engagement has taken place with stakeholders (learners, staff, interest groups) throughout the commissioning process. This has included a number of invited focus group meetings and open presentations. Feedback from these engagements has fed in to the final service specification.
- 4.2. Formal consultation with staff will take place as part of the TUPE process.
- 4.3. Informal consultation, communication and dialogue will continue with stakeholders as the commissioning process moves forward.

5 TIMETABLE

- 5.1. There are a number of key actions to move the commissioning process forward.
- 5.2. If Cabinet approve the proposed award of contracts for the initial three lots, we will issue a notice of contract award and initiate the standstill period. Thereafter, and on the basis there is no challenge, we will proceed to negotiate the final scope of the contracts for 2016/17 including detailed work around funding, curriculum and staff transfer.
- 5.3. We are expecting to receive notice of our 2016/17 funding from the SFA in mid-February, which will facilitate the above.
- 5.4. Following announcements of the selected providers, there will be a series of engagements with staff and students on the implications for them and the next stages of the commissioning process.
- 5.5. We will continue to develop, as a matter of urgency, a solution to the LLDD provision and take that through the necessary governance and approvals processes as quickly as possible.
- 5.6. As contracts are agreed, we will begin the detailed processes around transition, working closely with the appointed providers to ensure a smooth transition to the new service.
- 5.7. Contract extensions, if exercised after the initial 3 year period, will be approved under delegated responsibility by the Director of Community and Housing following a review of performance.

Cabinet Approval	15 th February 2016
Contract Award notice	17 th February 2016
Standstill period	10 days
Contract Negotiations	29 th February
SFA Funding Notice 2016/17	Mid- February
Service Transfer	1 st August 2016

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. There are funding challenges for the service. The Skills Funding Agency have made significant in year budget cuts. There could be further cuts in 2016/17 and future years as a result of the outcome of the Comprehensive Spending Review.
- 6.2. MAE is currently forecast to over-spend by £278k.
- 6.3. The summary of Skills funding agency funding for 2015/16 are detailed in the table below:-

Maximum Contract Values	Aug 15 - Mar 16	Apr 16 - Jul 16	Total
Adult Skills ASC-2621	£330,326	£223,594	£553,920
<i>of which must be used for 19+ Apprenticeships</i>	<i>£8,845</i>	<i>£5,761</i>	<i>£14,606</i>
Community Learning CL-2400	£525,585	£262,793	£788,378
Discretionary Learner Support DLS-2631	£13,087	£4,538	£17,625
24+ Advanced Learning Loans Bursary ALLC-2141	£13,330	£4,443	£17,773
Total Funding for this contract			£1,377,696

- 6.4. Current identified employee liabilities that will be incurred by the Council as a direct result of the transfer, in year restructuring and the cessation of Adult Learning at Whatley Avenue (the site will not be used by commissioned providers as agreed at Cabinet 14th September 2015) are approximately £75,000.
- 6.5. Depending on the final course offer of the winning providers and any future grant cuts from the Skills Funding Agency there may be further financial impacts if there are redundancies or additional pension liabilities. These liabilities have been assessed at approximately £630,000 in total. Given the uncertainty around SFA funding and year to year funding agreements with providers the Council's current proposal, in line with normal commercial practice and to provide some mitigation of risk, is to indemnify future providers for up to 50% of this amount if there is any major restructuring required after the first year of the contract. Some of these liabilities may be realised pre-transfer and incurred by the Council.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The main statutory basis for the adult education service is section 15B of the Education Act 1996. This section empowers local authorities to secure the provision for their area of full-time or part-time education suitable to the requirements of persons who have attained the age of 19, including provision for persons from other areas. It includes power to secure the provision of training, including vocational, social, physical and recreational training, and of organised leisure time occupation which is provided in connection with the provision of education or training. The authority may do anything which appears to them to be necessary or expedient for the purposes of or in connection with the exercise of their functions under this section. In exercising their functions, the authority must in particular have regard to the needs of persons with learning difficulties or disabilities.
- 7.2. The authority does not therefore have a statutory duty to maintain an adult education service but must in considering whether to provide a service and what service to provide take account in particular of the needs of people with learning difficulties or disabilities.
- 7.3. In considering changes to service provision the council must also have regard to consultation responses and to its Public Sector Equality Duty.

- 7.4. Case law establishes that the Council must not rule out any alternative options prior to consultation and must take the responses to consultation conscientiously into account in finalising any proposals.
- 7.5. The Council's public sector equality duty is set out in section 149 of the Equality Act 2010, which provides that a public authority must, in the exercise of its functions, have due regard to the need to eliminate discrimination, foster good relations and advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to: (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic; (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low. Relevant protected characteristics are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.
- 7.6. To meet the public sector equality duty the authority must assess the risk and extent of any adverse impact of proposals and the ways in which such risk may be eliminated before the adoption of a proposed policy.
- 7.7. When making the decision to move to a commissioning model the council consulted with the public and conducted an Equality Analyses. The outputs from both of these pieces of work were included within the Cabinet report on the 16th February and used as part of the decision making process.
- 7.8. The proposed procurement is for services that fall within Schedule 3 of the Public Contracts Regulations 2015 and accordingly are not subject to the full rigours of the Regulations, but given the overall value of the lots, are subject to the Light Touch Regime and the Councils Contract Standing Orders and procurement must be in compliance with these.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. A detailed Equalities Analysis was included as part of the Cabinet report on the 16th February. We are following the action plan agreed within that report.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. N/A

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. A detailed risk register is being maintained alongside this procurement project.

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

- 11.1. N/A

12 BACKGROUND PAPERS

- 12.1. Adult Education in Merton - evidence and options for achieving a value for money service – Cabinet Report 16/2/15
- 12.2. Adult Education Commissioning Update – Cabinet Report 14/9/15

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