

Merton Council

Cabinet Agenda

Membership

Councillors:

Stephen Alambritis (Chair)
Mark Allison
Tobin Byers
Caroline Cooper-Marbiah
Nick Draper
Edith Macauley MBE
Katy Neep
Martin Whelton
Ross Garrod

Date: Monday 19 September 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 3357](tel:02085453357).

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

Cabinet Agenda

19 September 2016

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11	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).	
12	Proposed Extension of the Comensura contract Contained within Exempt Agenda	
13	Harris Academy Merton Expansion - Construction Contract Award (Exempt Agenda)	To Follow

Note on declarations of interest

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

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

15 AUGUST 2016

(7.15 pm - 7.51 pm)

PRESENT: Councillor Mark Allison (in the Chair), Councillor Tobin Byers, Councillor Caroline Cooper-Marbiah, Councillor Nick Draper, Councillor Ross Garrod, Councillor Katy Neep and Councillor Martin Whelton

Paul Ballatt (Assistant Director of Commissioning, Strategy and Performance – CSF), Paul Evans (Assistant Director of Corporate Governance), Caroline Holland (Director of Corporate Service), Chris Lee Director of Environment & Regeneration), Julia Regan (Head of Democracy Services), Simon Williams (Director of Community and Housing), and Chris Pedlow (Senior Democratic Services Officer).

ALSO PRESENT: Councillor Najeeb Latif and Councillor Peter Southgate

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies for absence were received from Councillors Stephen Alambritis and Edith Macauley.

It was noted that apologies had also been received from the Chief Executive Ged Curran.

The Deputy Leader asked that the Cabinet record its thanks to Chris Pedlow, Senior Democratic Services Officer, for all his hard work and best wishes in his new job as this would be his last Cabinet meeting in Merton.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of interest.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

RESOLVED:

That the minutes of the meeting held on 4 July 2016 are agreed as an accurate record.

4 REFERENCE FROM THE OVERVIEW AND SCRUTINY COMMISSION:
CALL-IN OF THE SOUTH LONDON WASTE PARTNERSHIP -
PROCUREMENT OF WASTE COLLECTION AND RELATED
ENVIRONMENTAL SERVICES (LOT 1 - WASTE COLLECTION) (Agenda
Item 4)

The Cabinet Member for Regeneration, Environment and Housing presented the report which detailed comments from the Overview and Scrutiny Commission, following their call-in meeting. The Cabinet Member commented that he welcomed their helpful views and would look to further educate our residents on the importance of the recycling and on the upcoming changes to the waste services and how these both work together.

RESOLVED:

That Cabinet notes and accepts comments made by the Overview and Scrutiny Commission when taking decisions on the procurement of waste collection by the South London Waste Partnership (set out in the report).

6 EXEMPT MINUTE - ITEM 10 HARRIS WIMBLEDON SECONDARY
SCHOOL - REQUIRED SITE APPROVALS (Agenda Item 6)

RESOLVED:

That the exempt minute of the meeting held on 4 July 2016 is agreed as an accurate record.

7 CONSIDERATION OF CLOSURE OF FOOTPATH BETWEEN JOHN INNES
PARK AND JOHN INNES RECREATION GROUND (Agenda Item 7)

The Cabinet Member for Community and Culture presented the report, which set out the case and the rationale for the need for the partial closure of the footpath between John Innes Park and John Innes Recreation Ground. The report also contained the background surrounding the potential partial closure of the footpath including that the issue had been previously considered by the Cabinet in 2012. It was noted that in a recent consultation, 59% who responded were in favour of the partial closure of the footpath.

The Cabinet also heard from Councillor Southgate as a local ward Councillor and from Mr Gunn on behalf of Merton Croquet Club, who highlighted two specific reasons why the club had objected to the proposed path closure.

In considering the report, and what they had heard, the Cabinet sort clarification from Officers on a number of aspects. In response it was confirmed that the school were making the other recommended changes to improve its security and that design work

for an alternative path could commence immediately, should the decision be made by Cabinet to require the construction of said path.

In closing the discussion, the Cabinet Member for Community and Culture commented that having considered the report he felt that recommendation 2-D, needed slightly amending, and therefore moved an amended version of that aspect of the recommendation. The Cabinet Member for Education seconded the revision.

RESOLVED:

That Cabinet

1. Notes the options set out in the report, results of the public consultation, representations received from individuals and groups and the findings of the police review of security at Rutlish School;
 2. Confirms that option 3 is the preferred option and agrees the following actions:
 - A. To enter into a tripartite licence with the John Innes Foundation and Rutlish School to permit the school to close the gates at either end of the path between John Innes Park and John Innes Recreation Ground, 8am to 5pm, Monday to Friday in term time from the start of the autumn term, in September 2016;
 - B. To delegate authority to agree the terms of the licence and to agree any further appropriate legal action to the Director of Environment and Regeneration, in consultation with the appropriate Cabinet Members, to effect this partial closure of the gates;
 - C. To note that should recommendation 2 be agreed, further high priority school security works will be undertaken at the school at the earliest opportunity, jointly funded by the council's capital maintenance budget for schools and Rutlish School;
 - D. To note that the tripartite licence noted in recommendation 2A above will be for a temporary period only in the first instance from September 2016 pending completion of the alternative path. Should the path not be completed then this matter will be brought back to Cabinet for further consideration.
- 8 APPOINTMENT OF A CONTRACTOR FOR THE STREET LIGHTING MAINTENANCE AND IMPROVEMENT TERM CONTRACT - 1 OCTOBER 2016 TO 31 MARCH 2024 (Agenda Item 8)

The Cabinet Member for Regeneration, Environment and Housing presented the report which sort Cabinet approval for the awarding of the Street Lighting Maintenance and Improvement Term Contract from 1 October 2016 to 31 March

2024. It was noted that the preferred bid would lead better Value for money for the Council which was further to the savings created by the implementation of the new LED street lights recently installed across the Borough, and the new contract should provide a better services for our residents.

RESOLVED:

That Cabinet

1. Notes the content of this report.
2. Agrees to award the Street Lighting Maintenance and Improvement Term Contract from 1 October 2016 to 31 March 2024 to Provider A (as set out in Appendix A) who submitted the most economically advantageous tender based on Price (60%) and Quality (40%).
3. Agrees that in the unlikely event that Provider A fails to enter into a Contract with the Council, then the Contract shall be offered to Provider B who came second following the evaluation process.
4. Notes the option to include Parks, Sports Grounds and Council Depots in the contract but subject to an audit, condition survey of assets and the affordability of maintenance and improvement as required. Cabinet are requested to delegate any such decisions to the Director of Environment & Regeneration as appropriate.
5. Delegates to the Director of Environment & Regeneration any decisions to exercise the option to extend the new contract from 5.5 years, by two periods of one year each, subject to satisfactory performance of the appointed Contractor.
6. Agree other recommendations listed in section 5 of the report.

Committee: Cabinet

Date: 19 September 2016

Agenda item:

Wards: All

Subject: Regionalisation of London Adoption Services

Lead officer: Paul Angeli, Head of Children's Social Care & Youth Inclusion

Lead member: Councillor Katy Neep, Cabinet Member for Children's Services

Forward Plan reference number:

Contact officer: Paul Angeli, Head of Children's Social Care & Youth Inclusion

Recommendations:

That Cabinet:

- (i) Agree, in principle, to join a London Regional Adoption Agency, as supported by London Councils and the Association of London Directors of Children's Services; and
 - (ii) Authorise the Director of Children's Services, in consultation with the Cabinet Member for Children's Services, to progress arrangements relating to the development of the Agency model.
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 It is likely that Local Authorities will be required to join a Regional Adoption Agency. London Councils have worked with boroughs to develop an agency that will be able to meet the needs of adoption teams across London. A commitment to developing the model, with an in principle agreement to joining, is required for work to continue to progress.
- 1.2 This report seeks Cabinet approval for the Council to work with London Councils to continue to develop the London Regional Adoption Agency, with the intention of joining the agency, when it becomes operational (2017/18).

2. INTRODUCTION AND BACKGROUND

- 2.1 Adoption is a legal process and is the decision of the family courts. The child must first become looked after and then new parent/s, adoptive parent/s are found for the child. The adoptive parent/s must obtain a legal order to become the new permanent parent/s for the child for the rest of the child's life.
- 2.2 Successive governments have been concerned about the low rate at which children in care become adopted. This is because children in care generally have poorer life outcomes than children not raised in the care system. This means that children in care, for example, are more likely to be unemployed, to experience mental health problems, to become homeless and to have their own children removed from them. It should be noted that children in care often arrive in care with significant issues

that contribute to poor outcomes; however, a care experience can exacerbate rather than remedy these issues.

- 2.3 In order to improve outcomes for children in care, the Coalition Government introduced the 'Action Plan for Adoption - reducing delay' in 2011 with legislative changes to the monitoring of the adoption process through an Adoption Scorecard. The legislation was the Children and Families Act 2014. This set targets for Local Authorities to speed up the adoption process. In many authorities, including Merton those targets have not been met and the speed of adoption remains a local corporate parent and central government concern.
- 2.4 The government has reinforced their policy ambition through provisions in the Education and Adoption Bill. The Department for Education's ambition remains for all local authorities to be part of a regionalised service by 2020.
- 2.5 The Department invited councils and Voluntary Adoption Agencies to submit Expressions of Interest in becoming part of new regionalised arrangements. In response, the Association of London Directors of Children's Services (ALDCS) submitted a London proposition in late 2015. The DfE subsequently approved the ALDCS proposition as a "scope and define" project, and it recently received transitional funding while the DfE considers the London implementation proposal covering 2016/17 and 2017/18.
- 2.6 Merton Council will need to formally agree whether they wish to join the ALDCS Regional Adoption Arrangements, or seek other arrangements to join. The final model is expected to be developed by July 2017.
- 2.7 There are no immediate financial implications because the DfE have funded the development work. As part of developing the model financial implications are being carefully considered. ALDCS has given the project team a clear steer that the new arrangements should be cost neutral at worst or, ideally, create an improved service at lower cost.
- 2.8 A number of possible models for the London Regional Adoption Agency are being explored. The development group have been asked to create a model which is, as a minimum, cost-neutral for the boroughs. The model is expected to retain a strong local link. At its maximum the agency could require all 9 of our adoption team staff to be TUPE'd to the Regional Adoption Agency, the number could be less if it is decided to develop a lean central team with more staff retained in local authorities. This has not yet been decided. It is recognised that local knowledge and relationships will be essential.

3 PROPOSAL AND ISSUES

- 3.1 In order for the London Regional Adoption Agency to progress to the next stage of development, commitment to join must be secured from the London boroughs.
- 3.2 All boroughs are likely to be required to join a regional agency.
- 3.3 Alternative proposals would require partnership with boroughs outside of the London Councils' group and buying into an agency that we have had no part in developing.

4. OPTIONS APPRAISAL

4.1 In order to be able to advise boroughs, ALDCS has sought economic and legal advice regarding the proposed London scheme. In addition a London Councils' seminar, chaired by Peter Johns, was held on Friday 24th June 2016.

4.2 **Economic analysis** - A central component of the scope and define phase activity for the London Regional Adoption Agency was an analysis of the potential efficiencies of a regionalised offer. This analysis sought to map activity to cost and reach some high level conclusions in respect of the potential economies of scale which could be achieved. Economic analysts were appointed to produce a report that would provide the following:

- Understanding of the relationship between costs and key performance indicators.
- Benchmarking across the region to identify potential cost reduction opportunities.
- Understanding of the potential savings that could be achieved through a regional agency.
- Identification of the key dependencies, such as the number of LAs signed up to the organisation.
- Identification of opportunities for regionalised commissioning.

This analysis will form the foundation for a more detailed, second phase financial modelling project which will develop a more detailed financial model for regionalised services.

4.3 **Legal guidance** - At the March meeting of ALDCS, Directors received a report of stakeholder engagement in respect of the potential legal entities which could form the model for a future regionalised offer. On the direction of ALDCS, legal advisors have now been appointed to produce detailed advice on the two preferences which Directors supported. Those preferences, based on guidance from stakeholders including VAAs, were a local authority trading company and a joint venture. This advice will cover the following areas for the preferred models:

- Benefits and limitations of VAA involvement in the ownership and/or strategic partnership, with advice on the joint venture options and whether joint venture partners would need to be procured.
- Governance implications with regard to the need for accountability to the LAs responsible for the child.
- Legal entities that would be appropriate for securing the optimum balance with non-statutory organisations within these models.
- Income and tax implications of the models, including VAT treatment and the ability to trade with other regional agencies.
- Procurement implications of these models, particularly with reference to Teckal exemption.
- Implications for registered charities including charitable assets and income.
- Potential staff transfer implications.

Further legal advice has been presented to the project team in June and will be presented to ALDCS in July.

- 4.4 **London level Member engagement** - In July 2015, London Councils published a Member Briefing¹ on the Department's regionalisation policy platform and informed members that ALDCS had submitted an Expression of Interest. This was followed by a report to London Councils' Executive in October 2015 setting out the regionalisation project in high level terms and seeking Executive's in principle support, which was agreed. In November 2015, a London Councils' Member Event² was hosted by the project team. The feedback from members subsequently informed the project vision and detailed project plan.
- 4.5 **Local Decision Making** - Each London borough is asked to reach their own decision on whether to join the London Regional Adoption Agency.
- 4.6 **Options Appraisal for Merton** - The London Regional Adoption Agency has been developed to meet the needs of London boroughs, including Merton. It would operate in a similar manner to the London Admissions and London Grid for Learning Teams, with governance through ALDCS and London Councils. No other Regional Adoption Agency, that we are aware of, has proposed governance linked to local authorities.
- 4.7 At the moment there are no other options available which would enable work with other London boroughs.
- 4.8 Given the strong borough commitment to working with London Councils, and the involvement of Merton staff in developing the London Regional Adoption Agency, it is considered to be the only viable option currently.

5. CONSULTATION UNDERTAKEN OR PROPOSED

- 5.1 Staff in the Children's Adoption Team have been consulted and are in agreement that the London Agency is the best regional adoption agency option for Merton.

6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 This report seeks Cabinet approval for the Council to work with London Councils in the development of London Regional Adoption Agency. There are no direct financial implications arising from this report as initial funding has been provided by the Department for Education (DfE). Once proposals are developed, full financial implications will be reported to Cabinet.

7. LEGAL AND STATUTORY IMPLICATIONS

- 7.1 Cabinet is asked to support Merton joining in the development of a London Regional Adoption Agency which aims to improve adoption services, deliver all adopter recruitment, matching and support functions for all of the London boroughs.
- 7.2 A legislative framework for the regionalisation of adoption services came into existence through the Education and Adoption Act 2016 (the Act) on 16 March

¹ <http://www.londoncouncils.gov.uk/members-area/member-briefings/children-and-young-people-member-briefing/regionalising-adoption>

² Reforming Adoption in London. Nov 6th 2015.

2016. The council is required to join a regional adoption agency or can be forced by the Secretary of State do so.

- 7.3 The council has anticipated the implementation of the Act. It joined the Regional Adoption Agency Projects for London. All London boroughs and 10 Voluntary Adoption Agencies are included. The council cannot join any other regional agency as no other exists. The approval of Cabinet is required to enable the council to participate in negotiations about the delivery model for the adoption services through the London Regional Adoption Agency.

8. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 8.1 **Risk Management** – No significant risks are associated with joining the London Regional Adoption Agency when it is established. Merton staff have been involved in shaping the proposal. A small number of staff may need to be TUPE'd to the agency.

- 8.2 If the London Regional Adoption Agency does not progress there is a risk that Merton could be instructed to join another Regional Adoption Agency, or may have to join an RAA that it has not been part of developing.

9. OTHER IMPLICATIONS

- 9.1 **Staffing Issues** – Whilst staff are aware of the direction of travel, Adoption will need to be consulted on the specific proposal, which may affect up to 9 members of staff, depending on the final model. The LRAA model recognises the need for local links with children and families, alongside a central team. As the model is developed staff will continue to be consulted. The final model is likely to involve some of the current adoption team being TUPE'd over to the London Team, which is likely to be hosted by one of the London boroughs, unless national models require the hosting to be separate from local authorities.

- 9.2 **Corporate Policy and Customer Impact** - The decision will assist the council in fulfilling its statutory obligations for adoption and its corporate parenting responsibilities for Looked After Children. This initiative supports enabling social responsibility.

- 9.3 **Safeguarding Children** - Adoption of the recommendations will contribute to the Council's objectives to improve the wellbeing of children in the borough, reduce inequalities and ensure looked after children have the best opportunities to transition to a secure family environment permanently, where they are not able to return to their own family.

- 9.4 **Health Issues** – The relationship between a secure family environment and children's emotional health and wellbeing is well documented. Children placed with adoptive families do better in all outcome areas than those in less permanent care arrangements.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

None

11. CRIME AND DISORDER IMPLICATIONS

None

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

None

BACKGROUND PAPERS

Public Background Papers Used in the Preparation of the Report:

DFE (2015) Regionalising Adoption

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/437128/Regionalising_adoption.pdf

London Councils (2015) Regionalising Adoption: A Vision for London

<http://www.londoncouncils.gov.uk/members-area/member-briefings/children-and-youth-people-member-briefing/regionalising-adoption>

Committee: Cabinet

Date: 19 September 2016

Wards: All

Subject: Adult Learning Commissioning Progress Report

Lead officer: Simon Williams

Lead member: Councillor Nick Draper

Contact officer: Anthony Hopkins

Recommendations:

- A. That Cabinet agree the 3-year strategic aims for the service.
- B. That Cabinet note the progress made with the commissioning of adult education services and the new arrangements.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report outlines the 3-year strategic aims for adult learning in the London Borough of Merton. These aims are underpinned by the commissioning principles established by Cabinet.
- 1.2. The London Borough of Merton is committed to providing high quality and sustainable adult learning in order to improve the social, economic, health and wellbeing of our residents. Following the Cabinet decision on 16 February 2015 to move to a commissioning model for adult education, officers have been working to implement this decision and this report provides an update on progress made.
- 1.3. From 1 August 2016 the majority of adult learning services are now delivered by South Thames College with the majority of the provision delivered out of their Merton campus. The award was made under the procurement of Lot 1 – Main Services. Lot 2 - Employability and Lot 5 – Family Learning are now being delivered by Groundwork London.
- 1.4. A new apprenticeship scheme (Lot 4) will be established and launched by the end of the calendar year. The learners with learning difficulties and/or disabilities (LLDD) provision (Lot 3) will continue at this time to be delivered in house at community venues.

2 DETAILS

- 2.1. **3-year Adult Learning Strategy**
- 2.2. The London Borough of Merton is committed to providing high quality and sustainable adult learning in order to improve the social, economic, health and wellbeing of our residents. We will deliver this through a strategic investment approach: commissioning provision to the best providers in the field and by developing sophisticated evidence based approaches to what we deliver.

- 2.3. We aim to reduce inequalities across the borough by focussing a significant proportion of our investment on those most socially and / or economically disadvantaged whilst providing a broad range of learning opportunities to develop all of our resident's skills.
- 2.4. Underpinning this strategy is the commitment to adult learning in Merton as set out in Cabinet's commissioning principles, along with the requirements of our funders and regulators such as the Skills Funding Agency (SFA) and Ofsted, and the understanding of current and future needs of residents.
- 2.5. Adult learning in Merton will:
- Embed an evidence based approach to strategic commissioning to ensure the fullest return on investment to meet our social, economic and health objectives.
 - Continue to provide popular courses whilst expanding provision and providing courses for families.
 - Increase the proportion of learners attending accredited and / or vocational courses.
 - Increase the quality and number of courses in employability, maths and English and ensure that a thread of employability and life skills is weaved into all courses where appropriate.
 - Provide targeted courses for adults to improve literacy and / or numeracy skills to enable learners to participate more fully socially and / or economically.
 - Improve the range of courses for learners with learning difficulties and / or disabilities to enable them to live as independently as possible.
 - Tailor the learning journey for all learners from beginning to end so that they progress onto new opportunities.
 - Develop a new apprenticeship programme that increases the number of adults into employment.
- 2.6. Underpinning our strategic aims are the following key principles for adult learning:
- Provide a broad range of accredited and non-credited courses to meet market demand and based on evidence and intelligence of future needs.
 - An increased focus on Customer Relationship Management (CRM) to understand, target and track the delivery of our services to different parts of the population to ensure the widest reach of adult education.
 - Ensure all courses (apart from some apprenticeship opportunities) are delivered in the borough.
 - Be delivered in an inclusive and welcoming environment in high quality venues that are easy for people to access.
 - Ensure the safeguarding of all our learners.

- Embed appropriate assessment and selection processes to ensure that participants meet course criteria and progress appropriately following course completion.
- Learn from, and contribute to, best practice around the country in the field of adult learning and actively seek to embrace new approaches.
- Improve the quality of teaching provision and develop enhanced systems to manage quality and improve feedback from our learners.
- Learner outcomes will be tracked to monitor the effectiveness of courses against our strategic objectives with ILP's (independent learning plans) and / or RARPA (recognising and recording progress and achievement) embedded amongst all learners.
- Clear pathways will be established, recorded and monitored to enable progression of learners onto new courses, employment opportunities and / or improved health and wellbeing as appropriate.
- Market our services to the community through a variety of different methods and ensure a strong thread of localism is embedded into our course offer.

2.7. Robust contract and performance recording mechanisms have been established. Performance measures are embedded into our quality management processes and contracts. The new key performance indicators (KPI's) are:

1. Number of unique learners per annum (i.e. regardless of number of courses / modules)
2. Number of new learners per annum (not registered as learner in previous year)
3. Number of completers (% retention rate per annum)
4. % overall success rate of accredited courses per annum
5. % of end of course evaluations where teaching and learning is rated as good or above
6. % of learners from deprived wards
7. Value for money: average cost per learner

2.8. Traditionally adult learning provision has been based on the feedback and knowledge of our tutors and curriculum heads to develop next year's curriculum on a cyclical basis. Whilst this input will still remain crucial, we will take a longer term strategic approach to course planning to identify future trends and underpin this by making better use of community information and data.

2.9. The evidence that we will use to inform our strategic thinking includes:

- Community profile information including socio-economic data.

- Information on the current provision including attendance numbers, achievement and future demand.
- Government direction and the steer of our funders and inspectors.

2.10. **Commissioning Update**

2.11. **Lot 1 – Main Services**

2.12. South Thames College officially started as the new provider for the main adult skills contract from 1 August 2016 and on the same day all staff within scope transferred to the new provider.

2.13. South Thames are preparing themselves for the start of the new course programme which begins in September. The new course curriculum was published online in June 2016 and enrolments have been steadily increasing since then. Ongoing marketing campaigns and engagement continues to raise awareness of the new provision including student open days.

2.14. **Lots 2 and 5 – Employability and Family Learning**

2.15. Groundwork London has published their course curriculum and their provision will be delivered in a variety of community venues. A series of outreach and engagement activities are in place to encourage participation.

2.16. **Lot 4 – Apprenticeships**

2.17. Officers are currently engaging with a wide range of providers and partners in order to gain a better understanding of the specific needs for the borough. A new apprenticeship scheme that complements the wider Merton offer will be established by the end of the calendar year.

2.18. **Lot 3 – Learners with Learning Difficulties and / or Disabilities**

2.19. A suitable supplier could not be identified during the procurement stages and the provision will remain directly delivered in community venues for the 2016/17 academic year. These arrangements will remain under review.

How this meets the Cabinet’s commissioning principles

2.20. Cabinet agreed a set of commissioning principles on 16 February 2016. The information below sets out how the commissioning principles are being met:

- 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.

The full breadth of courses has been retained and in some areas (e.g. LLDD, maths and English) the provision has been expanded. The only exceptions are where demand has reduced and courses are no longer viable to run.

- That courses should continue to be delivered within the borough.

All of the provision apart from some selected apprenticeship opportunities will be delivered in the borough at a range of community

venues. Extra emphasis has been placed on providing additional provision in the east of the borough to increase resident take up.

- That the economic development and skills agendas of the council should be prevalent through the commissioning process.

This is integral to the delivery of the 3-year development strategy and will also reflect the Skills Funding Agency priorities and the emphasis on skills and employability objectives highlighted by Ofsted.

- 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 has been adhered to in all transfer matters. The vast majority of tutors have been retained and those not retained is due to business as usual reorganisations where demand for courses has significantly reduced and is being managed through.

- That the environment and support of each provider should be assessed as part of the commissioning process.

Engagement with learners is a key part of the new delivery model to ensure that they are well supported and appropriately placed on courses. Each community learning venue has a detailed risk assessment completed for it and all the venues adhere to the council's safeguarding policies. Particular emphasis is also being made to provide additional support for LLDD learners including working with key partner agencies. Assessment of venues is a key part of ongoing contract management arrangements.

- 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. Communication is ongoing including regular dialogue with organisations such as MENCAP, Merton Centre for Independent Living, Merton Carers and with our own key in house teams such as Adult Social Care and Transport.

- That discussion about the provision of facilities for art and craft courses should involve user representatives from those courses.

The new course curriculum ensures 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. The tutors who are responsible for the delivery of the courses have also been integral to the establishment of the new systems and have used various channels to keep learners involved and informed.

- 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.

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

These courses continue to form part of the course offer whilst identifying the need to rebalance in line with local and national priorities to improve employability skills within the provision. The future establishment of clubs as opposed to courses should also assist with the ongoing sustainability of this provision.

- That fees should be set by the Council as part of the commissioning process and controlled accordingly.

All course fees are frozen for the new academic year and the new providers are continuing to honour the previous concessionary pricing structure. The Council will continue to monitor providers' fee structures closely.

- 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.

The new course provision will be delivered in a range of community venues and the focus is on areas where there is the greatest need. The main bulk of the provision will be delivered at South Thames College's Merton Campus where there are excellent learning facilities and specialist equipment to support with some of the courses.

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

All three lots awarded are being delivered by not-for-profit organisations whilst the LLDD provision continues to be delivered in house.

- 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.

This is all incorporated into the development strategy and contract arrangements with particular emphasis on ensuring that learner progression is better tracked.

3 ALTERNATIVE OPTIONS

- 3.1. The Council has previously considered and explored a range of different options for future delivery before deciding upon a commissioning approach. The award to the new providers of adult learning services has been completed under a competitive procurement exercise and awards were based on quality and value for money.

- 3.2. A new apprenticeship program will be in place by Christmas whilst the provision for learners with learning difficulties and / or disabilities will continue to be delivered in house through community venues. The LLDD provision will be delivered across three main sites – MertonVision, Pollards Hill Library and High Path Day Centre. All three sites are in closer vicinity to learners than the previous provision and further work is scheduled for September to engage and induct learners into using the new venues.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Consultation took place with the public before the Cabinet decision to move towards a commissioning model. 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 has taken place as part of the TUPE process.
- 4.3. The Council has retained a small Commissioning Team to ensure that contracts are monitored and delivered to a satisfactory standard and that the provision is meeting the council’s strategic needs. The team will ensure that the 3-year development strategy is implemented. It will also be responsible for future Ofsted inspections and will manage Merton’s investment in learning including completing returns and audits to funding bodies.
- 4.4. With the completion of the new arrangements the Council is seeking to enhance the feedback it gets from learners and will be establishing new systems to improve this.

5 TIMETABLE

- 5.1. Our Self-Assessment Report, Ofsted Improvement Action Plans and contracts with our commissioned providers will provide further detail around improvement plans and the 3-year high level development plan will consist of:

Year One (2016/17)	Year Two (2017/18)	Year Three (2018/19)
Embedding of employability, maths and English strands in courses where applicable	Overhaul course provision to rely more on evidence base	Outstanding Ofsted status
Retention of popular current course programme whilst developing new provision	Expanded course provision and a clear definition between courses and clubs	Detailed evidence of progression for all learners onto new opportunities
Launch of new apprenticeship scheme	Development of new online learning offer to complement class based activities	
Good Ofsted status	Launch new progression planning tool	
Expand provision in deprived areas of the borough and /or amongst deprived communities	Bring in other sources of funding and develop new partnerships	

Develop evidence based approach to commissioning	Respond to the Local Area Reviews and implement recommendations	
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- 5.2. Merton Adult Education was subject to an Ofsted inspection in November 2015 in what was the last year of full in house course delivery. Each area of assessment and the overall assessment was rated as “requires improvement” with some areas of good practice identified.
- 5.3. The report highlighted as a strength the Council’s approach to commissioning and the consultation processes in particular. Issues identified by the inspectors have been picked up and reflected in the 3-year development strategy with a particular focus on improving quality, progression and achievement rates.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. As a result of government cuts to the Skills Funding Agency (SFA) adult education budgets in Merton have been significantly reduced over the last 5 years and future reductions are likely as part of the Comprehensive Spending Review. By 2019 the SFA will be abolished with funding allocated and dispersed by London’s LEP (Local Enterprise Partnership).
- 6.2. The adult education budget (which is made up of non-apprenticeship adult skills, community learning and discretionary learner support funding) is allocated as a block grant for the 2016 to 2017 academic year. The indicative adult education budget for the spending review period is cash flat at a national level and there is no overall reduction to this year’s allocation, which is issued in two parts:
- Adult education block grant - £1,345,317
 - Adult apprenticeships - £28,486
- 6.3. The adult education budget is made up of Skills Funding Agency funding and some other smaller external grants. Budgets are allocated to an academic year and in the last year as a full in house provider (2015/16) the service is reporting an underspend of £184,800. With the new contracts and working arrangements in place future spend is expected to be cost neutral and updates will continue to be provided through financial monitoring reports.
- 6.4. The adult education budget is made up of Skills Funding Agency funding and some other smaller external grants. Budgets are allocated to an academic year and in the last year as a full in house provider (2015/16) the service is reporting an underspend of £184,800. With the new contracts and working arrangements in place future spend is expected to be cost neutral and updates will continue to be provided through financial monitoring reports.
- 6.5. The Council’s management fee (i.e. commissioning costs) is set at 20% and will be reduced to 15% for the following year’s allocation. The 20% figure for the first year is based on any residual expenditure linked to the transfer to the new commissioned model.
- 6.6. The indicative contract values, subject to future funding allocations, are:

- Lot 1 Main Services (South Thames College): indicative value £800,000
- Lot 2 Employability Services (Groundwork London): indicative value £18,000
- Lot 5 Family Learning (Groundwork London): indicative value £45,000

6.7. The adult education provision at Whatley Avenue closed at the end of July and work is underway to refurbish the site ready for use as a temporary secondary school site. All of the provision previously delivered at the Whatley Avenue site has been transferred to other venues in Merton and as detailed elsewhere in this report.

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. Statutory guidance is in place for participation of young people in education, employment or training to ensure secure, sufficient and suitable education and training provision for those aged up to age 25 with a learning difficulty assessment (LDA) or Education, Health and Care (ECH) plan in their area. This guidance is applicable to a small number of adult education learners.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. A detailed Equalities Analysis was included as part of the Cabinet report on 16 February 2015. This analysis continues to be reviewed and actions implemented. The Analysis has also contributed to the establishment of the new 3-year development strategy.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. Not applicable.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. A risk register has been maintained for the commissioning project. Now that the new arrangements have been established any remaining risks will migrate into corporate and divisional risk registers.

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

- None included

12 BACKGROUND PAPERS

- 12.1. 16 February 2015 Cabinet Report – Adult Education in Merton - evidence and options for achieving a value for money service
- 12.2. 15 February 2016 Cabinet Report – Merton Adult Education Commissioning

Committee: Cabinet

Date: 19 September 2016

Wards: All

Subject: Community Infrastructure Levy, and Planning Application Validation Requirements

Lead officer: James McGinlay, Head of Sustainable Communities

Lead member: Councillor Martin Whelton, Cabinet Member for Regeneration, Environment and Housing

Contact officer: Tim Catley

Recommendations:

-
1. Endorse approach to neighbourhood CIL governance and authorise public consultation on project themes
 2. Authorise delegated authority for the Director of Environment and Regeneration in consultation with the Cabinet Member for Regeneration, Environment and Housing to approve an updated planning application validation checklist for public consultation
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This item has been brought before Cabinet due to the need to secure its authority for various planning related matters.
- 1.2. The first of those matters relates to Merton's Community Infrastructure Levy (CIL) and the approach to spend 15% of the income called the "Neighbourhood Proportion" which has to be spent on priorities agreed between the council and communities where development occurs.
- 1.3. Sizable neighbourhood proportion funding has been raised so far in Merton—total £475,479.98 (as at 30 June 2016) and an additional £507k estimated within next 12 months subject to the health of the economy.
- 1.4. Given requirements surrounding CIL the council needs to formalise governance in terms of parameters for assessing bids, approach to public engagement to ensure that community support is an assessment criteria to ensure that the council's approach is transparent to how funding is allocated
- 1.5. The second matter relates to the information that needs to be submitted with planning application submissions that local planning authorities set out on what is called their "validation checklists". This is being updated to improve the processing of planning applications under updated London and Merton Local Plan requirements.
- 1.6. This report asks that Cabinet authorises delegated authority to the Director of Environment and Regeneration in consultation with the Cabinet Member for Regeneration, Environment and Housing to approve the requisite statutory public consultation of the draft updated checklist. The matter

requires Cabinet authorisation as it is for a public consultation that effects more than three wards.

2 DETAILS

Neighbourhood CIL

- 2.1. CIL is a levy charged by boroughs and the Mayor of London on property developers. Under the CIL Regulations boroughs can spend 80% of CIL income on strategic infrastructure projects and 5% on the costs of administering CIL. A summary of the position on the strategic pot is provided for information at para 2.10 below.
- 2.2. Under the CIL Regulations 15% of borough CIL income, called the Neighbourhood Proportion (NP), must be spent on local projects to support the demands development places on the area. Government Guidance states that local authorities should engage local communities and agree with them how to best spend this 15% of CIL income.
- 2.3. **Initial consultation was carried out in November 2014** to ascertain the type of projects neighbourhoods in Merton would like CIL to be spent on. The borough was divided into 5 areas for this initial public consultation through the Council's Borough Plans Advisory Committee and based generally on Merton's community forum boundaries. A map of these areas is provided at Appendix 1.

2.4. Available Neighbourhood CIL Funding (current + forecast)

- When the initial consultation was concluded in 2014 very little money had been received, which is normal in the first year or two following the introduction of CIL charges. The table below sets out how much we have received to end of June 2016 and how much money we estimate could be received over the following 12 months.

	Current (<i>+forecast income of unpaid liabilities</i>)
Total NP	£475,479.98 (+£507k)

- The forecast is predicated on a healthy economy in particular the housing development sector. While it is too early to change forecasts at the time this note was drafted, any downturn in the sector associated with Brexit or other factor may result in less development being built and smaller amounts of CIL income in the future.
- Given the level of funding now available and forecast there is pressure for the council to facilitate the appropriate expenditure of the funding on local projects and put in place the associated governance arrangements.

2.5. Spending the 15% NP – projects must:

- Address CIL statutory parameters: “address demands that development places on area” & community engagement (see “Flexibility” below)
- Be deliverable
- Not have unacceptable revenue implications on the council
- Level of governance allocated to support spend should be proportionate to the level of CIL receipts and scale of development

2.6. Flexibility – Community Engagement and the potential role of the council in project prioritisation

- The council has a degree of flexibility to decide where it wants to spend the NP.
- The CIL Regulations state that NP is to be used “to support the development of the local council’s area to address the demands that development places on the area”
- Government guidance on CIL states “Authorities should engage with the communities where development has taken place and agree with them how best to spend the NP”...“Crucially this consultation should be at the neighbourhood level and should be proportionate to the scale of CIL receipts and development. ...“Charging authorities should set out clearly and transparently their approach to engaging with neighbourhoods using their regular communication tools e.g. website, newsletters, etc.”.
- This flexibility for councils has resulted in a wide variety of approaches – see table below of what other London boroughs are doing.

What other boroughs are doing – wide variety of approaches

London Borough	Neighbourhood CIL Arrangements
Wandsworth	Have designated 6 neighbourhoods for CIL purposes. It appears that neighbourhood proportion received from development within specific neighbourhoods will be available to those specific neighbourhoods.
Lambeth	25% of CIL receipts will be spent via Co-operative Local Investment Plans (CLIPs) – there are 7 CLIP areas for all sorts of funding. Officers have stated that there could be one pot shared out as and when the projects in the investment plans come forward for implementation.
Croydon	Local community and amenity groups to suggest projects that neighbourhood CIL could be spent on. The Infrastructure Finance Group will manage this funding to ensure that over the course of a four year period each of the sixteen Places of Croydon (identified in the Croydon Local Plan: Strategic Policies) receive some investment.
Sutton	Still considering. Four options as follows:

	<p>1) local committees be allocated the local portion of CIL</p> <p>2) apply the local CIL funds to strategic priorities with guidance/prioritisation to be agreed with local committees</p> <p>3) a "mixed" approach viz. that some of the local CIL funds are spent on "local" schemes and some on "strategic" schemes</p> <p>4) to use this money to support community infrastructure across the borough e.g. affordable housing</p>
Hackney	It appears that the neighbourhood proportion received from development within specific clusters of wards will be available to those specific clusters. 5 Step Governance process including 2 stages of community engagement and corporate group proceeding on allocations based on the priorities identified by the clusters.
Redbridge	CIL Local Project Fund to which residents can bid for funding. Funding is allocated on a regional level or ward level depending on the scale of development providing the funding. Funding available in each area is published on the website.
Camden	The CIL funds collected in an area will be spent in that locality. Local priority lists for the investment of these funds will be developed over the next year in a process to be led by ward councillors.
Islington	Allocation is based on Ward Improvement Plans (WIPs) - local priorities for each of the 16 wards would be decided by the Ward Partnerships, led by the ward councillor.

Recommendation & Timescales

2.7. **The Recommended Governance Structure**

“Authorities should engage with the communities where development has taken place and agree with them how best to spend the NP” (Government CIL Guidance)

- Engage communities for the 5 areas identified for the 2014 consultation on themes (e.g. open space, education health etc...) that they would support. This approach (consulting on themes) is recommended over consulting communities on specific projects.
- The council pools the money into one single neighbourhood pot for the whole borough. The council adopts a Lambeth/Croydon style centralised approach by allocating neighbourhood funding to projects that fit within the themes supported by the local communities during the engagement exercises **where** and **when** the council consider projects are needed.
- Officers would supply specific project proposals that had already been consulted on (e.g. FutureWimbledon, Rediscover Mitcham, Raynes Park enhancement plan) and allow the council to concentrate its resources towards scrutinising bids for projects that are more effective in “addressing the demands that development places on an area.”

- It is recommended that some flexibility should be allowed where major development places specific demand on a defined area that cuts across boundaries.

2.8. **Alternative Options (rejected):**

- Spend the money from developments in the part of the borough where the developments were located. This could stretch council resources in having to manage a larger number of smaller projects across 5 different areas, potentially simultaneously, and on areas where the needs are not as great.
- The Council pools the money into one pot for the whole borough and treats the whole borough as one area in terms of community engagement, ignoring the five areas used for the initial consultation. This could help ensure that the council has maximum flexibility to spend the NP more effectively to address the demands of development, however would risk local communities feeling disengaged in the process.

2.9. **Recommended Timescales**

	2016/17	Reoccurrence
Cabinet – agree governance & consultation	September	
Consultation	Autumn	Every 2 years
Allocation – council projects	Following consultation	Ongoing

Note on Strategic Pot

2.10. **Strategic CIL – 80% of total (current + forecast)**

	<i>Current (+forecast income of unpaid liabilities)</i>
Strategic CIL total (as at 30 June 2016)	£2,535,893.25 (+£2.7m)

- Under the CIL Regulations this element of CIL funding is for strategic infrastructure projects required to support the development of the borough. A number of projects that were identified previously as likely to require strategic CIL funding, are now fully funded from alternative funding sources. Officers are currently working towards identifying projects as potentially qualifying for CIL funding as being required to support development set out in our Local Plan. Final allocations of the strategic pot will be agreed through the Capital Programme Board and the council's existing capital funding approval regime.

Validation checklist

- 2.11. All local planning authorities are required to publish a list of requirements that planning applicants have to meet when submitting planning applications. If authorities wish to amend this list it is required to consult the public on the proposed changes and consider comments it receives before adopting the list and implementing the changes.
- 2.12. So to improve the processing planning applications in Merton our validation checklist is in need of updating on various matters so that it reflects new planning policy in the London Plan and associated guidance and Sites and Policies DPD.
- 2.13. Most changes that are likely to be made to the checklist are minor and while an overhaul is proposed as to how the list is presented on our website the main change in terms of content will be with respect of submission requirements in connection with affordable housing requirements, specifically for information to be submitted to help the authority establish economic viability. This is in need of updated due to need to improve the robustness in the way that Merton processes financial viability submissions made as part of planning applications in accordance with adopted planning policy and guidance. The details supporting these amendments to the validation checklist is set out in the supplemental document “Affordable Housing Viability Report” at Appendix 2.
- 2.14. It is recommended that Cabinet authorises delegated authority for the Director of Environment and Regeneration in consultation with the Cabinet Member for Regeneration, Environment and Housing to approve the requisite statutory public consultation of the draft updated checklist. The matter requires Cabinet authorisation as it is for a public consultation that effects more than three wards, but otherwise the matter is purely relates the processing of technical matters under planning applications and adopted planning policy. Accordingly the final decision to approve the form of the draft checklist for consultation is appropriate for delegation.
- 2.15. Officers are currently putting together the draft updated checklist for consultation with the intention of consulting the public during Autumn 2016. The consultation would run for 4 weeks using the usual methods including the website, local press and direct written notification to contacts listed on Merton’s Local Plan consultation database.

3 ALTERNATIVE OPTIONS

- 3.1. Alternative options have been assessed with respect of the neighbourhood CIL recommendation – see paragraph 2.8 above.
- 3.2. If Merton continues without an up to date validation checklist the planning authority will be in a weaker position as far as being able to assess planning applications in terms as policy compliance within statutory timeframes.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. As detailed in the body of the report and supplemental documents

5 TIMETABLE

- 5.1. As detailed in the body of the report and supplemental documents

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The matters that are subject of this report involve planning proposals that if implemented would result in more effective planning decisions in support of development that will increase income and improve the reputation of the council as far as governance surrounding planning.
- 6.2. Included in this report is an outline of the approach to the utilisation of the CIL Neighbourhood Proportion. As outlined in the report the council has just under £0.5m of CIL held in relation to the neighbourhood portion of CIL. A detailed breakdown of this will be provided once the consultation on the principles of allocation is complete.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. In relation to CIL, legal and statutory implications are contained within the body of the report.
- 7.2. In relation to the validation checklist including updated information to support financial viability submissions [legal to add]

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. The proposals for CIL governance are in accordance with CIL Regulations and Government Guidance which ensure that CIL income is spent on projects that are required to support the development in the area with 15% of the income to priorities agreed with the communities where development occurs.
- 8.2. The other matter that is subject of this report is to set out the requirements for planning application submissions. So other than assisting the local planning authority to ensure that developments that it grants planning permission for are sustainable, there are no associated human rights, equalities or community cohesion implications associated with the implementation of these requirements.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. N/A

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. N/A

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

- Appendix 1 – Map of Community Infrastructure Levy Neighbourhood Proportion areas
 - Appendix 2 – “Affordable Housing Viability Report”
 - Background papers
- 11.1. Community Infrastructure Levy Regulations 2010 (as amended) (especially Part 7 – Application of CIL)

- 11.2. [Government's Planning Practice Guidance on CIL \(especially paragraphs 71 to 87 – "Spending the Levy"\)](#)

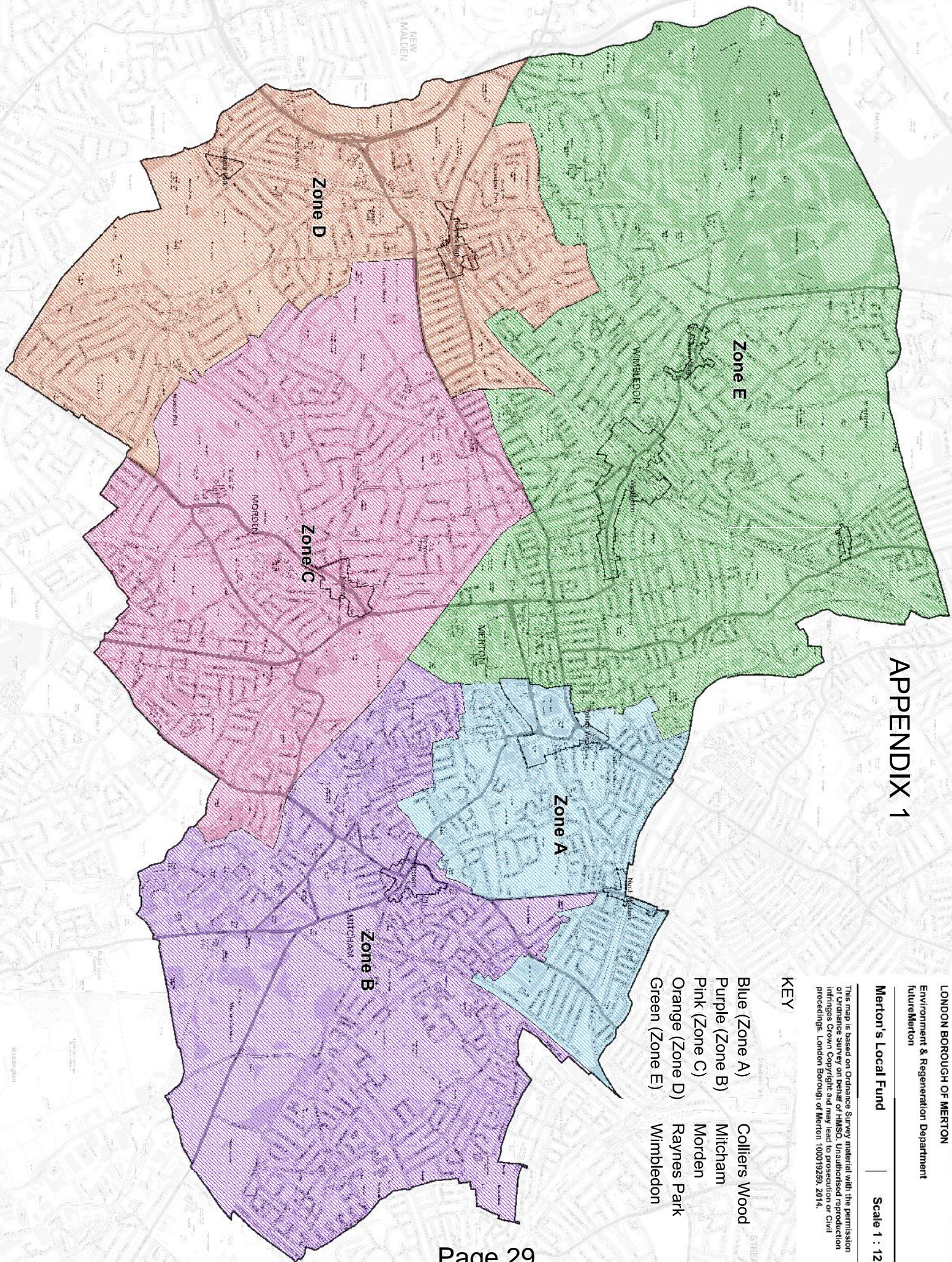
APPENDIX 1

LONDON BOROUGH OF MERTON
 Environment & Regeneration Department
 futureMerton

Merton's Local Fund | Scale 1 : 12,000

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KEY	
Blue (Zone A)	Colliers Wood
Purple (Zone B)	Mitcham
Pink (Zone C)	Morden
Orange (Zone D)	Raynes Park
Green (Zone E)	Wimbledon



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Affordable Housing Viability & confidentiality

Explanation behind change to planning application validation checklist requirement and updates to draft Planning Obligations SPD proposed for adoption.

Summary

1. This report sets out how Merton (in line with other London boroughs and the GLA) are looking to improve how they deal with assessing development viability of planning applications, in particular to support affordable housing. This focus is in line with the recommendations arising from the Housing Scrutiny Task Group's final report (October 2015)
2. A pan-London borough officer group has developed a protocol for the whole of London (see Appendix 1) to agree a consistent approach to addressing viability considerations across the boroughs.
3. The new Mayor of London has set affordable housing as a top priority and will be using the protocol to inform the new London Plan policy and guidance surrounding viability and affordable housing.
4. The government has also commenced reviewing viability, in particular the potential to standardise the types of viability information that is assessed.
5. This report sets the background how Merton proposes to address this issue, in particular to support the recommendations to Cabinet meeting on 19 September 2016 to seek adoption of the revised Planning Obligations SPD and a revised planning application validation checklist to support the improved approach to addressing viability in planning applications.

Details

6. Development viability has become an important consideration within the planning process as established by the National Planning Policy Framework 2012 (NPPF) paragraph 174 which states "To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing landowner and willing developer to enable the development to be deliverable"
7. Viability testing is undertaken when boroughs produce Local Plans and when considering planning applications. This influences the extent to which new developments meet Local Plan requirements, in particular the provision of affordable housing, infrastructure and compliance with environmental policies.
8. Development viability is assessed by comparing the net or "residual" value of a development (after deducting its costs from its revenue) with the value of the land. If the former is sufficiently greater than the latter and would provide a competitive return to a willing developer then the development is considered "viable" and the landowner could be expected to release the land for development.

9. Many developers state that only minimal levels of affordable housing, well below policy targets, can be viably delivered with their planning application and there are constant challenges in assessing viability on most housing sites.
10. In March the previous Mayor of London adopted his London Plan Housing Supplementary Planning Guidance (SPD), which includes updated support for the application of approaches to viability including on land value (support for the “Existing Use Value plus a Premium” approach, the use of review mechanisms for both multiple and single phased schemes, and considerations as to how to address viability in private rental sector schemes.
11. The new Mayor of London, who has made affordable housing one of his top priorities, is expected to carry out an overhaul of the London Plan over the first year of his term, to be preceded by an initial statement on policy and guidance within the next couple of months, with a strong affordable housing and viability emphasis.

Transparency of Viability Submissions

12. Viability submissions made by planning applicants have traditionally been considered as commercially confidential. However recent judgements of the Environmental and Information authorities have challenged this position, and in May this year the Environmental Information Tier 1 Tribunal found overturned all reasons to withhold disclosure of full and detailed viability information of a proposal the Streatham Megabowl site, in the London Borough of Lambeth.
13. In their report the panellists made points about the reality of viability information only being a forecast and not sufficiently reflective of actual costs and values that would undermine confidentiality. Also critically the panellist considered that scheme size does not change whether viability information should be disclosed, with the public interest need in terms of affordable housing overriding the reduced commercial interest attached to withholding making the information public, irrespective as to scheme scale or whether or not other community benefits are at stake.
14. Internal legal advice has urged planning authorities to use this as precedence as far as supporting approaches to make all viability submissions made in support of planning applications public, provided that applicants are made aware that their submissions are being made on this basis through updates to published lists of planning application submission requirements, via borough validation checklists/supplementary planning guidance so that authorities can best insure against the risk of exposure to breach of commercial confidentiality claims by applicants.

London Borough Protocol

15. A borough officer group was set up in late 2014 to discuss experiences, challenges and approaches to assessing viability with the aim of improving outcomes for councils and local communities. A key action of the group has been to produce a joint protocol drawing on best practice to set out overarching principles for considering development viability in line with the NPPF and the national Planning Practice Guidance (PPG).
16. The aim of the protocol is to provide greater clarity to applicants regarding the information required from development viability appraisals, and to address key issues such as the transparency of information, land value and the use of review mechanisms to assess whether greater policy compliance could be achieved after permission has been granted.

17. Officers from other London boroughs have been in discussions with CLG and it is understood that the new Mayor of London's will take much of the protocol to inform guidance and policy development, both the initial statement expected over the next couple of months and the new London Plan over the coming year. The protocol has been consulted on publically over February/ March 2016.
18. The protocol will allow an opportunity for boroughs to demonstrate, a borough-led option for how a standardised approach could work, and thereby influence the development of Government policy in this area.
19. Other London Boroughs have sought to address these issues through updates to Supplementary Planning Guidance and/or changes to their local checklists of requirements for planning application submissions.

Merton's approach

20. Following the recommendations of the Affordable Housing Task Group last year, officers have been investigating ways to improve the robustness in how Merton assesses viability appraisals, and on the back of the London borough officer group, the viability protocol and Mayor of London guidance, have identified the following two key priorities:
 - (i) Increasing transparency in viability submissions to Merton: It is proposed to amend the local validation checklist to require the submission of viability information when the planning application is submitted to allow a timely and robust assessment of viability information, and clarity that all viability information will be made available to Councillors and the public and that applicant's submissions will be accepted on the assumption that the applicant agrees to this.
 - (ii) Update and adopt the revised planning obligations SPD: so that it reflects up to date London Plan supplementary planning guidance on viability set out in the Mayors Housing SPD adopted in March, any relevant conclusions to the Government review, the London Viability Protocol and providing the subtext to the aforementioned changes to the validation checklist.

BACKGROUND PAPERS

[Part 4 of the London Plan Housing SPG \(March 2016\)](#)

[London Borough Protocol](#) – draft published for consultation (February 2016)

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Committee: Cabinet

Date: 19 September 2016

Agenda Item:

Wards: All

Subject: Options Analysis Report for the re-procurement of the Highway Works and Services Term Contract

Lead Officer: Chris Lee – Director of Environment and Regeneration

Lead Member: Councillor Martin Whelton – Cabinet Member for Regeneration, Environment and Housing

Contact Officer: Steve Shew – Interim future Merton Infrastructure Manager

Recommendations:

1. That Cabinet note the content of this report.
2. That Cabinet agree a two-year extension to the current Highway Works and Services Term Contract with F M Conway, as the most economically advantageous option to continue to deliver planned and reactive highway works from 1 September 2017 to 31 August 2019.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. To inform Members of the potential options available to the Council to continue to deliver planned and reactive highway works from 1 September 2017.
- 1.2. This report recommends that Cabinet agree to award a two-year extension to the current term contractor – F M Conway – from 1 September 2017 as allowed under the Terms and Conditions of the Contract.
- 1.3. The existing contract continues to provide value for money and delaying the re-procurement in favour of a contract extension maintains continuity as the council delivers on-going public realm regeneration work in Mitcham through to 2018.

2 DETAILS

- 2.1. The Council's current Highway Works and Services Term Contract was awarded to F M Conway Ltd for a five-year term from 1 September 2012 to 31 August 2017. The terms and conditions of this contract allow for the contract to be extended for up to a further two years until 31 August 2019.

3 ALTERNATIVE OPTIONS

- 3.1. Three options are available to the council to consider:
- Extend the current contract for a period of up to two years to 31 August 2019;
 - Fully re-procure the Highway Works and Services Term Contract, which would need to commence immediately, with the award of a new contract on 1 September 2017; or
 - Form a call-off contract to deliver planned and reactive highway works through LoHAC (London Highways Alliance Contract), led by TfL.
- 3.2. The preferred option is to extend the existing contract and initiate a full procurement exercise between 1 May 2018 and 31 May 2019, which will allow a three-month mobilisation period for any new contractor.
- 3.3. This option allows greater time for a full review of the Term Contract, scrutiny and market testing and creates capacity within the future Merton team for the procurement exercise. F M Conway is also delivering the Rediscover Mitcham Regeneration Scheme where consistency and continuity of the Council and contractor relationship will help ensure that the project is completed by January 2018.

Extension to the current Term Contract

- 3.4. Extending the existing Term Contract for up to two years, as allowed under the current Terms and Conditions of the Contract, is the most expedient and economically advantageous approach to continue to deliver planned and reactive highway works from 1 September 2017 to 31 August 2019.
- 3.5. There are currently a number of major projects being delivered through the Term Contract, which will extend beyond September 2017. Therefore, a two-year extension will provide continuity and a seamless approach in delivering these projects to completion.
- 3.6. F M Conway has been the Council's highway term contractor since 1979 and over this period has developed a very successful, strong and fairly unique working relationship with Merton. This is complemented by providing a dedicated Contracts Manager who is co-located with Merton's Client team. F M Conway considers Merton as their flagship borough.
- 3.7. From price comparisons we know that the contract is very competitively priced and F M Conway have successfully delivered cost saving initiatives totalling some £160,000 during the current life of the Term Contract – September 2012 to August 2016.
- 3.8. F M Conway's overall performance against the existing contract has been strong and all monthly targets have been met or exceeded as outlined in

Section 4 below. They demonstrate a positive approach to health and safety and have good systems in place to deal with any specific issues. They are also very proactive in meeting Client changes and responding in a timely manner.

- 3.9. They are very keen to continue working with Merton and have stated that they will work closely with us to identify suitable opportunities that support and aid Merton's ambition to be London's Best Council by 2020.
- 3.10. Please refer to the attached Appendix – Merton Efficiencies 2017 Extension Proposal – which has been produced by F M Conway in support of the proposed extension.
- 3.11. F M Conway have recently been successful in winning the Street Lighting Maintenance and Improvement Works Term Contract from 1 October 2016 to 31 March 2022, which will bring additional benefits and synergies should the contract be extended.
- 3.12. Officers have agreed a cost reduction of 7% on reactive works (revenue) savings with F M Conway should the two-year extension period be agreed. This would equate to an annual cost reduction of £47,600 (£95,200 for the two-year extension period) based on the current forecast spend of £680,000 (G00127 – EH56).
- 3.13. Should the extension to the existing term contract be approved, officers will instigate a full review of the current term contract to define what changes and updates are required to consider our approach and timescales for re-procurement. This review will include a medium to long-term strategy to maximise the opportunity for savings and improvements for the future delivery of reactive and planned highway works, including shared services and LoHAC (London Highways Alliance Contract) as outlined below.

Re-procure a new Term Contract

- 3.14. The timescale for re-procuring a new Highway Works and Services Term Contract under the OJEU (Official Journal of the European Union) Restricted Tendering procedure is very tight and there is currently insufficient resource, experience and capacity to undertake a full review of the contract in-house.
- 3.15. As outlined in 3.5 above, there are currently a number of major projects being delivered through the Term Contract, principally Mitcham Town Centre, which will extend beyond September 2017. Therefore, a two-year extension will provide continuity and a seamless approach in delivering these projects to completion.
- 3.16. It is estimated that the re-procurement of a new Term Contract would cost in excess of £80,000 and will require the appointment of an external 'highway specialist' Consultant to augment the in-house procurement resource. Since there are no major projects currently in the pipeline for 2019, it would be prudent to wait until then to re-procure this major Term Contract.

- 3.17. As part of the re-procurement options, officers have looked at options to share procurement with neighbouring Boroughs but there are no opportunities to collaborate due to the following reasons:
- Sutton and Kingston are now operating a shared Highways and Transport service and have contracts in place to deliver services;
 - Croydon has recently extended their Term Contract with Kier for three years until October 2018 and are currently looking at options for renewal;
 - Lambeth's Term Contractor is F M Conway and this contract is due to expire in April 2017. However, they are looking to extend this for a further year until April 2018 to consider options to re-tender, including a possible DLO (Direct Labour Organisation) bid;
 - Wandsworth have delivered their reactive highway services in-house for many years through a DLO although F M Conway are contracted to undertake their planned resurfacing work. The current Contract is due to expire in summer 2018 but this could be extended for a further year to consider options for a joint procurement with Richmond now they have merged services. F M Conway is currently the Term Contractor for Richmond.
- 3.18. In the event of contract extensions, officers will consider further opportunities to work with other local authorities wherever practical.

LoHAC (London Highways Alliance Contract)

- 3.19. There is an option to form a call-off contract to deliver planned and reactive highway works through LoHAC, led by TfL. However, this is not recommended as there are concerns over the capacity of the contractor to supply sufficient resource to deliver services at the tendered rates; this is an on-going concern for R B Kingston who use LoHAC to deliver their planned and reactive highway works. Merton and TfL have also had unsatisfactory performance issues from LoHAC on the Colliers Wood public realm project.
- 3.20. As this is a pan-London contract, it requires a more generic way of working and therefore the specification within the contract is somewhat different to many boroughs' standard specifications. Should Merton decide to call-off works through LoHAC we would have to engage with TfL and Kier on variations to the standard specification before the contract could commence. This is likely to be a lengthy and complex process.
- 3.21. It is too early in the life of LoHAC to fully determine the outputs, value and quality of this option. If the F M Conway contract extension is agreed, officers will continue to monitor and consider LoHAC as an appropriate method in the contract re-procurement for 2019.

- 3.22. A large, centrally managed, TfL-led contract may not be responsive to the needs of Merton. This is a vitally important issue, as the Council seeks to set high standards of customer care and, increasingly, to focus on responding quickly and efficiently to its residents' needs.
- 3.23. Independent soft market testing has identified that better value and quality can be obtained by extending existing contracts and re-procuring new contracts than using LoHAC. The reasons for this are given below and include:
- Avoidance of an extra tier of bureaucracy and cost that the 'managing company' structure of LoHAC brings;
 - LoHAC has been strategically priced and therefore looks relatively cheap but the complex schedule of rates allows for manipulation of final accounts;
 - Boroughs are second priority to TfL in LoHAC. Outside LoHAC, boroughs get better service with respect to emotive elements such as winter service and emergency call-outs; and
 - Evidence of individual project tenders being 12-14% cheaper than LoHAC when compared like for like.

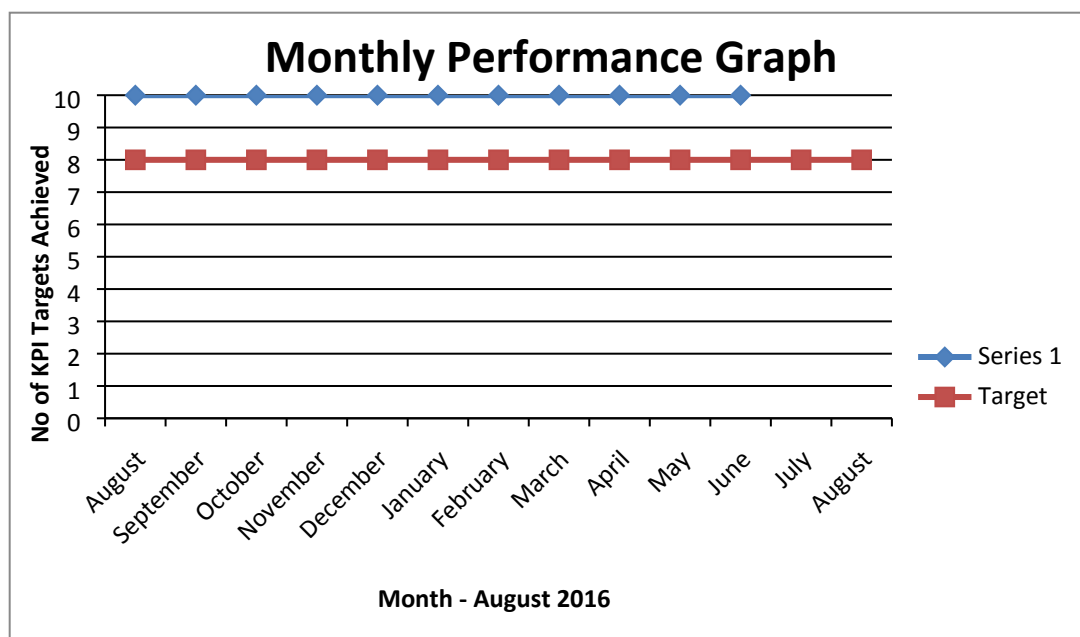
4 CONTRACT PERFORMANCE

- 4.1. There are ten core KPIs (Key Performance Indicators) within the contract and these are monitored at the Monthly Contract Meetings. The rolling 12-month average performance figures are given in the table below:

KPI	Description	Target (%)	Actual (%)
1	The timely submission of a clear, concise and accurate report for KPIs each month, including supporting data in an agreed format.	100	100
2	The tonnage of material excavated that is diverted from landfill, divided by the total tonnage that is excavated.	100	100
3	Number of invoices submitted that are factually correct and submitted within two weeks of completion of work.	95	96
4	Number of jobs where no damage occurred to statutory undertakers' apparatus.	97	100
5	Number of jobs completed where no complaints or third party claims against the contractor are received.	97	100
6	Number of jobs completed where no NRSWA/Permit Fixed Penalty Notices were issued against the Contractor.	95	98
7	Number of Emergency Call Outs attended to within stipulated time.	100	100
8	Number of reactive repairs completed within stipulated time.	90	91
9	Number of planned projects completed within stipulated time.	95	99

10	Number of estimates prepared by the Contractor, found to be within 10% of the final cost of the work.	90	99
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4.2. The Monthly Performance Graph for the number of KPIs met or exceeded from August 2015 to June 2016 is given below:



5 RECOMMENDATION

5.1. That Cabinet consider the information provided in Sections 3 and 4 of this report and agree a two-year extension to the current Highway Works and Services Term Contract with F M Conway, as the most economically advantageous option to continue to deliver planned and reactive highway works from 1 September 2017 to 31 August 2019.

6 CONSULTATION UNDERTAKEN OR PROPOSED

6.1. A report was presented to the Sustainable Communities Overview and Scrutiny Panel on 7 September who agreed that a two-year extension is the most economically advantageous option to continue to deliver planned and reactive highway works from 1 September 2017.

6.2. They have requested that a further report is submitted to Scrutiny outlining the contract specification and strategy to be adopted to explore opportunities for further efficiencies when the re-procurement commences.

7 TIMETABLE

7.1. If Cabinet agreed to a two-year extension we would need to inform F M Conway of this decision no later than six months prior to the expiry of the original contract. This would need to be done by 1 March 2017.

7.2. If Cabinet decide not to extend the existing contract, depending upon its recommended course of action, the Council will need to mobilise and

commence an OJEU procurement exercise imminently as the alternative options available involve a high element of cost and procurement with input from the Capital Project and Procurement Boards.

8 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 8.1. The cost of procuring a new Highway Works and Services Term Contract will require the appointment of an external 'highway specialist' Consultant and is estimated to cost £80,000. This would need to be met from specific growth provision from revenue and capital budgets.

Capital

- 8.2. The approved capital programme 2016-2020 contains the following budgetary provision for expenditure in relation to this contract:

Department	2016-17	2017-18	2018-19	2019-20
	£000's	£000's	£000's	£000's
Borough Roads Maintenance	1,500	1,500	1,500	1,250
Repairs to Footways	1,000	1,000	1,000	1,000
Total	2,500	2,500	2,500	2,250

- 8.3. In addition, Transport for London (TfL) Capital Funding in respect of Principal Roads also utilises this contractual arrangement. Funding for individual schemes is agreed annually with TfL, for 2016/17 £541,900 is approved for expenditure on Principal Roads. It is currently envisaged that similar capital sums will be earmarked annually over the proposed contract period.
- 8.4. The proposals contained in this report will be contained within the above capital budgetary provision.

Revenue

- 8.5. The section has an associated agreed saving (ENV16) of £65k in 2017/18 and a further £65k in 2018/19. Although the 7% cost reduction is welcomed and will contribute towards reducing costs, if the current level of expenditure continues into 2017/18 and 2018/19 it would not be sufficient to contribute towards meeting these savings.

9 LEGAL AND STATUTORY IMPLICATIONS

- 9.1. As the responsible highway authority, Merton has a duty to maintain highways maintainable at the public expense under Section 41 of the Highways Act 1980.
- 9.2. Under the Terms and Conditions of the current Term Contract, the Council has the discretion to extend the Contract for an additional two years.

10 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 10.1. The effective maintenance and improvement of the adopted highway network in the borough is essential to meet our statutory duty to maintain a safe environment for residents, businesses and users of the network. This is especially important for disadvantaged groups such as those with mobility difficulties and the elderly.

11 CRIME AND DISORDER IMPLICATIONS

- 11.1. Section 17 of the Crime and Disorder Act 1998 requires all Local Authorities to consider crime and disorder while exercising their duties. The design of highway improvements and maintenance on existing roads complies with nationally agreed Codes of Practice and Design Guides and assists with delivering the Council's ambitions of "A Safe and Secure place to Live" and contributes to the objectives of the Thematic Partnerships contained in the Community Plan 2009-19 namely the Sustainable Communities and the Stronger Communities strategic themes.

12 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 12.1. Effective maintenance and improvement of the Highway Network will minimise insurance or injury risks to the Council by ensuring that the public highway is safe and serviceable.
- 12.1. Insurance levels set out in the contract requirements have been assessed by the Council's Risk and Insurance team and have been deemed to be of an acceptable level.

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

- Merton Efficiencies – 2017 Extension Proposal

14 BACKGROUND PAPERS

- 14.1. None.



Merton Efficiencies

2017 EXTENSION PROPOSAL



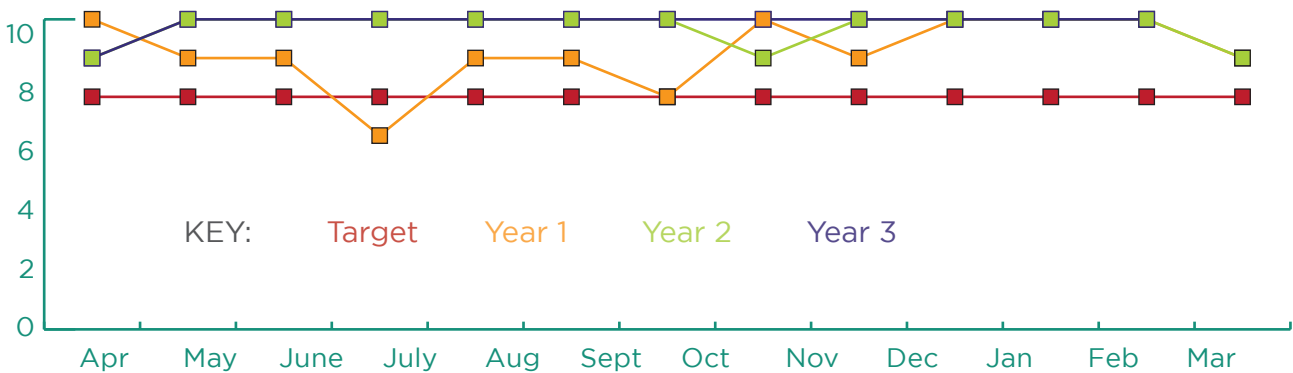
FM Conway has successfully delivered on our commitments and would like to further develop our relationship with the London Borough of Merton, by continuing to deliver the Highway Works and Service Contract for an additional 2 years into 2019.

We have provided services to LB Merton continuously since 1979 with the most recent term maintenance contract being awarded in 2012. Our experience in your borough has meant that we have proven experience exceeding performance target set by the borough, created local opportunities and supported local initiatives, delivered projects and schemes while delivering on our promise to generate savings for the contract. In collaboration with LB Merton, FM Conway will continue delivering projects that create lasting community benefits, deliver on performance targets and generate cost savings.

FM Conway has worked closely with LB Merton to identify suitable opportunities that deliver social value and cost savings.

CURRENT PERFORMANCE

We will continue to supersede the high performance targets set by the council.



£23.85 MILLION PAID OVER CONTRACT LIFECYCLE

100%

EMERGENCY CALL OUTS ATTENDED WITHIN THE FIRST TWO HOUR LIMIT

2284 ECO'S ATTENDED TO END OF AUGUST 2015

489 SAFETY TOURS CARRIED OUT THROUGHOUT THE CONTRACT

1 RIDDOR ACCIDENTS RECORDED TO DATE



Merton Efficiencies

2017 EXTENSION PROPOSAL



PROVEN EXPERIENCE

KEY PROJECTS DELIVERED

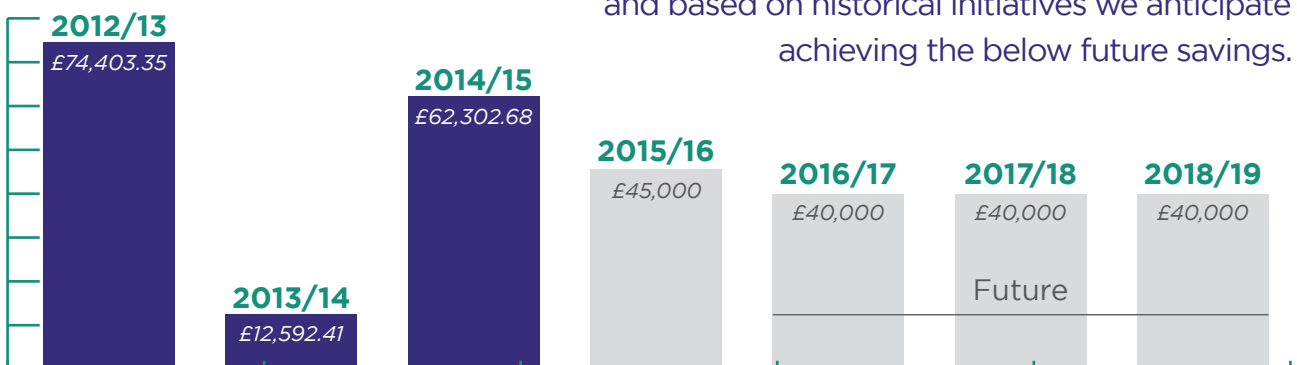
We have delivered many key projects in partnership with Merton over the past 37 years and more recently these have included:

- Rediscover Mitcham – Town Centre Regeneration
- Croydon Road (new footpath constructed)
- Connecting Colliers Wood (Merton High Street and Baltic Close)
- Kenley Road Resurfacing
- Bewley Bridge
- Three Kings Pond

ADDED VALUE COST SAVINGS

FM Conway has successfully delivered cost saving initiatives such as supplying LB Merton with a Zebra Van to support the road safety campaign, the supply of asphalt on surfacing projects, savings on the supply of Yorkstone and reducing the costs of reactive traffic management schemes, which have delivered savings of over £45,000 alone, and will continue to do so year on year.

To date, FM Conway has delivered accumulative savings of **£156,738.44**, and based on historical initiatives we anticipate achieving the below future savings.





LOCAL COMMITMENT

FM Conway has developed opportunities in the borough such as local employment opportunities, apprenticeship schemes and we have local depot facilities.

- Depot facilities located in Beddington Lane (Term maintenance, Street lighting)
- 90% of our employees are based in the local community
- Supporting local events and groups such as BEE World - Willow Lane, Mayors Ball, Wimbledon Fair and local school days

30 MERTON RESIDENTS
EMPLOYED ON THE CONTRACT
WITH 94 EMPLOYED BY FM CONWAY ACROSS THE CAPITAL



BEE WORLD: Merton and FM Conway invited Friends of the Earth, Merton's voluntary tree wardens and the 5th Morden Beavers to create a new bee friendly habitat in Willow Lane. The 'bee worlds' provide essential food and shelter for the local bee community, and enhances the look and feel of the local environment, while aiding to reduce the decline of the bee population.

"I'm delighted Merton is supporting our Bee Cause campaign by creating these lovely bee worlds."

Norman Chapman - Keeper & Pollen Enthusiast

WIMBLEDON VILLAGE FAIR: FM Conway continues to sponsor and support the local Village Fair which helps to raise money for the Wimbledon Guild, a charity that provides community assistance, counselling and care to vulnerable residents in Merton.



Merton Efficiencies

2017 EXTENSION PROPOSAL

CONCLUSION

FM CONWAY WANT TO CONTINUE WORKING WITH THE LONDON BOROUGH OF MERTON TO DELIVER THE HIGHWAY WORKS AND SERVICE CONTRACT. OUR KNOWLEDGE AND UNDERSTANDING OF YOUR STAFF, ASSETS AND MANAGEMENT STYLE WILL ASSIST WITH AN EASY TRANSITION INTO AN EXTENDED TWO-YEAR CONTRACT.

During this time we will continue to deliver the best value for money through our inherent understanding of the borough, local network and community. We will continue to deliver high quality workmanship, deliver savings initiatives, support community groups, events and create opportunities in the local community when practicable.

FM Conway will work closely with LB Merton to identify suitable opportunities that support and aid the Councils submission for the best council awards.

The London Borough of Merton will continue to benefit through our on-going R & D and best practice sharing from our other London Borough contracts.

FUTURE INNOVATION

Following a review of our current practices we have identified a number of ways that we can deliver best value and savings in the coming years:

SELF-MONITORING ROLE, SELF-CERTIFIED SCHEMES

FM Conway can improve efficiencies by self-monitoring all our projects. Utilising tested methods (National Highway Sector Scheme 16 & 30) we are able to self-monitor and self-certify our works to reduce the administrative burden to the council offices.

DESIGN TRAFFIC SCHEMES

FM Conway has an experienced in-house team who can work closely with LB Merton to design traffic management schemes, reducing the cost and reliance on third party suppliers.

PUBLIC LIAISON OFFICER

FM Conway's public liaison officer can add value and generate community support for larger schemes. This has proven highly successful in other boroughs such as LB Bromley and LB Lambeth and is now a standard requirement on Major Public Realm Schemes.

STRUCTURES AND BRIDGES

FM Conway's structures and bridges division can deliver efficiencies through ECI, customised maintenance strategies and integrated design.





Merton Efficiencies

2017 EXTENSION PROPOSAL



Cabinet

Date: 19 September 2016

Subject: Financial Report 2016/17 – June 2016

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 £2.7million, 0.5% of the gross budget.
- B. That Cabinet note the proposed adjustments to the Capital Programme detailed in appendix 5b and approve the two items in the Table below:

Scheme	2017/18 Budget	Adjustment	Revised 2017/18 Budget	Estimated Useful Life
	£	£	£	£
SWLP Vehicles*	0	4,190,000	4,190,000	8 Years
SWLP Wheelie Bins	0	1,512,000	1,512,000	15 Years
Total **	0	5,702,000	5,702,000	

*to note that this expenditure will be required regardless of whether or not the Phase C of the Waste Partnership is progressed.

** This investment will significantly contribute towards the estimated £2 million of annual revenue savings (allowing for the debt charges of the scheme)

- C. That Cabinet endorses the addition of the £5.702 million SWLP Scheme above and that this is sent to Council on 23 November 2016 for its approval.
- D. That Cabinet note the virement of £109k from the corporate contingency to Children, Schools and Families for the first quarter costs of additional social worker capacity and the virement from Corporate Services to Community and Housing for the housing benefit cost for temporary accommodation.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for the first quarter of 2016/17 presented in line with the financial reporting timetable.

This financial monitoring report provides:-

- The income and expenditure at period 3 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2016/17;
- Progress on the delivery of the 2016/17 revenue savings
- Progress on the delivery of 2014/15 and 2015/16 revenue savings

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process will focus on adult social care and children's social care as these areas are forecasting significant overspends.

2.2 Chief Officers, together with Service Financial Advisers and budget managers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within budgets which are overspending is being actively and vigorously controlled and where budgets are under spent, these underspends are retained until year end. Any final overall overspend on the General Fund will result in a call on balances as has been the case for the last two financial years.

2.3 2016/17 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 3 to 30th June 2016 the year end forecast is a net £2.7m overspend compared to the current budget.

Summary Position as at 30th June 2016

	Current Budget 2016/17	Full Year Forecast (Jun)	Forecast Variance at year end (Jun)	Forecast Variance at year end (May)	Outturn variance 2015/16
	£000s	£000s	£000s	£000s	£000s
Department					
3A. Corporate Services	11,390	11,284	(106)	315	(373)
3B. Children, Schools and Families	50,542	52,414	1,872	1,946	(7)
3C. Community and Housing	56,763	60,506	3,742	3,720	940
3D. Public Health	43	(9)	(53)	0	(7)
3E. Environment & Regeneration	22,379	22,308	(72)	69	3,632
Overheads	0	0	0	0	272
NET SERVICE EXPENDITURE	141,117	146,502	5,383	6,050	4,457
3E. Corporate Items					
Impact of Capital on revenue budget	13,643	13,649	6	0	49
Central budgets	(8,077)	(10,679)	(2,602)	(1,547)	(2,846)
Levies	928	928	0	0	0
TOTAL CORPORATE PROVISIONS	6,494	3,898	(2,596)	(1,547)	(2,797)
TOTAL GENERAL FUND	147,611	150,400	2,787	4,503	1,660
FUNDING					
Revenue Support Grant	(23,156)	(23,156)	0	0	0
Business Rates	(34,230)	(34,230)	0	0	0
Other Grants	(9,811)	(9,887)	(76)	(76)	(954)
Council Tax and Collection Fund	(80,399)	(80,399)	0	0	(6)
FUNDING	(147,597)	(147,673)	(76)	(76)	(960)
NET	15	2,727	2,711	4,427	699

	Current Budget 2016/17	Full Year Forecast at (June)	Forecast Variance at year end (June)	Forecast Variance at year end (May)
Expenditure	£000	£000	£000	£000
Employees	93,076	94,077	1,001	1,367
Premises Related Expenditure	8,213	7,919	(294)	(146)
Transport Related Expenditure	14,525	15,036	510	355
Supplies and Services	167,932	166,853	(1,078)	146
Third Party Payments	89,008	93,903	4,895	4,652
Transfer Payments	104,179	92,712	(11,466)	(11,304)
Support Services	32,153	32,154	0	1
Depreciation and Impairment Losses	17,637	17,637	(0)	(5)
Corporate Provisions				
GROSS EXPENDITURE	526,724	520,291	(6,433)	(4,934)
Income				
Government Grants	(266,966)	(255,684)	11,283	11,088
Other Grants, Reimbursements and Contribs	(22,719)	(23,678)	(959)	(1,244)
Customer and Client Receipts	(63,096)	(61,885)	1,211	693
Interest	(46)	(23)	23	23
Recharges	(32,518)	(32,519)	(0)	(0)
Balances	(261)	(1)	260	423
GROSS INCOME	(385,606)	(373,789)	11,817	10,984
NET EXPENDITURE	141,117	146,502	5,384	6,050

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

	2016/17 Current Budget £000	Full year Forecast (June) £000	Forecast Variance at year end (June) £000	Forecast Variance at year end (May) £000	2015/16 Variance at year end £000
Business Improvement	3,264	3,181	-83	0	-29
Infrastructure & Transactions	9,397	9,363	-35	-76	-249
Resources	7,245	7,326	80	50	-243
Human Resources	2,229	2,229	0	0	-55
Corporate Governance	2,646	2,499	-147	-125	-426
Customer Services	2,365	2,234	-130	-195	-479
Corporate Items including redundancy costs (no longer including temporary accommodation)	981	1,189	208	660	1,109
Total (Controllable)	28,126	28,020	-106	315	-372

Overview

The Corporate Services (CS) department are forecasting an underspend of £106k at year end. This compares to a P2 forecast overspend variance of £315k. The swing of £421k is largely the result of an accounting treatment change relating to temporary accommodation.

Business Improvement - £83k under

The forecast underspend is due to an overachievement of street naming income.

Resources - £80k over

Resources are now forecasting an overspend due to the additional costs relating to the delayed implementation of the FIS/E5 finance system.

Human Resources

Owing to the restructure to bring the HR service back in house, it has not been possible to provide a meaningful forecast variance for P3. However, with the help of business partners, HR staff and CS budget management it is expected a forecast will be provided for P4. Having periodically reviewed spend so far this year, it is unlikely a material forecast variance will be reported.

Customer Services - £130k under

Customer services are forecasting a £130k underspend. £100k of this is due to a net underspend in the Bailiff Service. The Merton Bailiff Service is forecasting overachieving income by £237k but this is offset by a forecast £207k underachievement of income in the Shared Bailiff Service. The remainder is due to an underspend on Bailliff's fees. An additional

£25k is an overachievement of translation services income. Of this, two thirds of the overachievement relates to external customers and one third internal customers.

Corporate Governance - £147k under

Corporate Governance are forecasting a £147k underspend. This is in large part due to a £52K underspend in Internal Audit as a consequence of an Audit Partnership restructure. £38k relates to Benefits investigation where a 17/18 saving has been captured early.

Corporate Items - £208k over

In 15/16 there was a £743k shortfall in subsidy, and therefore overspend, for temporary accommodation. This is because the cost of temporary accommodation was significantly higher than the subsidy available which is capped. The cost of temporary accommodation was disclosed in Housing Services within C&H whereas the benefit paid was shown within corporate items in CS together with Housing Benefits subsidy grant.

As indicated last year, the accounting for this has been reviewed for P3. For financial year 16/17 and onwards the benefit paid and grant recovered, and therefore the shortfall, will appear in C&H budgets so the true cost of temporary accommodation is captured and reported in the correct division. A budget of £321k relating to temporary accommodation has been vired from CS to C&H to help offset this.

The net position of this review is that £546k overspend that was showing in CS P2 is now showing in C&H P3. This explains why the Corporate Items forecast overspend has reduced by £452k between P2 and P3. It has not reduced by the full £546k due to higher forecast of redundancy costs owing to high actuals up to P3.

The budget monitoring process will focus on pressures to ensure remedial action is taken and underspends can be held to offset any overspends.

Environment & Regeneration

Environment & Regeneration	2016/17 Current Budget £000	Full year Forecast (June) £000	Forecast Variance at year end (June) £000	Forecast Variance at year end (May) £000	2015/16 Variance at year end £000
Public Protection	(11,039)	(11,150)	(111)	(24)	3,709
Sustainable Communities	12,333	12,155	(178)	(7)	(600)
Waste Services	15,283	15,366	83	100	187
Other	(866)	(732)	134	0	336
Total (Controllable)	15,711	15,639	(72)	69	3,632

Description	2016/17 Current Budget £000	Forecast Variance at year end (June) £000	Forecast Variance at year end (May) £000	2015/16 Variance at year end £000
Employee underspend within Regulatory Services	1,995	(112)	0	203
Other small over and underspends	(13,034)	1	(23)	3,506
Total for Public Protection	(11,039)	(111)	(23)	3,709
Overachievement of rental income within Property Management	(4,065)	(224)	(182)	(430)
Employee overspend within Greenspaces	2,271	97	50	80
Underachievement of Customer & Client Receipts within Greenspaces	(2,161)	198	100	278
Underspend within Senior Management & Support	972	(91)	(78)	(149)
Other small over and underspends	15,316	(158)	102	(379)
Total for Sustainable Communities	12,333	(178)	(8)	(600)
Overspend within Transport Services	(866)	134	0	336
Other small over and underspends	15,283	83	0	(26)
Total for Street Scene & Waste	14,417	217	100	523
Total Excluding Overheads	15,711	(72)	69	3,632

Overview

The department is currently forecasting an underspend of £72k at year end. The main areas of variance are Regulatory Services, Property management, Greenspaces, Senior Management & Support, and Transport Services.

Pressures

Public Protection

Regulatory Services – forecasting a total £83k underspend

The forecast employee underspend of £112k is as a result of vacancies, which are in the process of being recruited to. This underspend is being partially offset by a small underachievement of Licensing income.

Parking & CCTV Services – forecasting a total £33k underspend

The implementation of the ANPR infrastructure across the borough is now complete, and the contract has now commenced. It is expected that improved compliance and traffic flow at the locations concerned will be seen within a couple of months. We are now awaiting the first set of clear data from the system, which should be received within the next week or two, before adjusting the forecast accordingly.

Sustainable Communities**Property Management – forecasting a total £203k underspend**

The main reason for the forecast underspend is as a result of exceeding their commercial rental income expectations by £224k due to a combination of rent reviews and a continuing high occupancy rate.

Greenspaces – forecasting a total £151k overspend

The forecast employee overspend of £97k is as a result of overtime payments (Parks), and staffing of the firework displays.

The section is also forecasting an underachievement of income of £198k, which is a result of an underachievement of sports income (£100k), and the 'Live at Wimbledon Park' event (£69k). Although this event is expected to break-even this year, there is a budgeted expectation for it to achieve a surplus of £69k..

These pressures are being partially off-set by expected underspends within Premises (£35k), Supplies & Services (£71k), and Grants & Contributions (£55k).

Senior Management & Support – forecasting a total £91k underspend

An underspend of £91k is being forecast mainly due to not filling vacant posts in order to contribute towards the department's mitigating actions.

Street Scene & Waste**Transport Services – forecasting a total £134k overspend**

The overspend is mainly as a result of additional agency and overtime requirements due to a number of staffing issues, which are being addressed in line with corporate policy.

Children Schools and Families

Children, Schools and Families	2016/17 Current Budget £000	Full year Forecast (Jun) £000	Forecast Variance at year end (Jun) £000	Forecast Variance at year end (May) £000	2015/16 Variance at year end £000
Commissioning, Strategy and Performance	8,047	9,360	1,313	1,295	677
Education	16,260	16,556	296	399	34
Social Care and Youth Inclusion	11,413	12,172	759	748	309
Public Health contribution	0	0	0	0	(328)
PFI	7,799	7,303	(496)	(496)	(368)
Redundancy costs	2,077	2,077	0	0	(331)
Total (controllable)	45,596	47,468	1,872	1,946	(7)

Overview

At the end of June Children Schools and Families had a forecast overspend of £1.872m on local authority funded services. Close scrutiny of overspending areas and management action to off set these overspends are on-going by the management team.

Local Authority Funded Services

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

Description	Budget £000	Jun £000	May £000	2015/16 £000
Fostering and residential placements (ART)	5,056	206	521	377
Supported lodgings/housing	634	909	494	546
Un-accompanied asylum seeking children (UASC)	60	557	492	308
Procurement & School organisation	550	(208)	(208)	(276)
Other small over and underspends	1,578	(151)	(4)	(278)
Subtotal Commissioning, Strategy and Performance	8,047	1,313	1,295	677
SEN Transport	4,022	447	507	374
Staffing underspends across Early Years services	2,838	(250)	(250)	(315)
Children with disabilities team (CWD) staffing	541	70	140	8
Other small over and underspends	8,798	29	2	(33)
Subtotal Education	16,260	296	399	34
No Recourse to Public Funds (NRPF)	20	430	470	470
Social Work staffing	3,075	447	225	151
Other small over and underspends	8,367	(118)	53	(59)
Subtotal Children's Social Care and Youth Inclusion	11,413	759	748	309

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 cost pressures as detailed below. Placements are checked on a monthly basis and assumptions reviewed quarterly to ensure that they are as accurate as possible. Our arrangements have been strengthened following a review of the 2015/16 outturn.

Service	Budget £000	Forecast spend £000	Variance £000	Number of placements £000
Residential Placements	2,127	2,355	228	23
Independent Agency Fostering	1,761	1,739	(22)	42
In-house Fostering	905	1,112	207	60
Secure accommodation	164	22	(142)	1
Mother and baby	99	34	(65)	1
Total	5,056	5,262	206	127

High cost residential and independent agency fostering placements are only used when all other options have been considered and it is deemed that these are in the best interest for the children involved. The current estimated spend is less than last year and based on the latest available information which will change later on in the year as new cases are presented or cases closed.

The budget for semi-independent and supported lodgings/housing placements is estimated to overspend by £909k. This budget is used to finance an increased number of placements for young people aged 16/17 and above due to the requirements for Staying Put. These young people require semi-independent provision and for Care Leavers through to independence or, in some cases, through to the age of 21, as part of our new statutory duties. There are currently 55 placements which is up from 35 in 2014/15.

The UASC payments are expected to overspend by £557k this year due to an increase in cases. At the end of June there were 23 placements with an increased number of claimant turning 18 later during the year, although this increase has been included in the June forecast.

Procurement and school organisation budgets are expected to underspend by £208k as a result of lower spend forecast on revenue 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.

There are various other small over and underspends forecast across the division netting to a £151k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £1.313m.

Education Division

SEN and FE transport cost are expected to overspend by £447k, £73k more than the actual overspend last year due to the full year effect of more expensive placements starting from September 2015. This forecast is calculated using a case-by-case costs model and is reviewed monthly. We are reviewing demand management, cost efficiency of supply, and safeguarding of students with E&R who provide the in-house transport and commission the taxi service.

As part of management action, where possible, recruitment to vacancies in some areas will be delayed in preparation for 2017/18 savings with the aim to reduce the overall in-year departmental overspend. This is estimated to result in an overall underspend of £250k.

The CWD team staffing costs is expected to overspend by £70k. 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 two additional social workers. For the first

quarter an adjustment of £26k have been made towards the overspend for these costs (a maximum of £120k can be adjusted for the year). On top of the additional staff, the team also has to cover vacancies with higher cost agency staff.

There are various other small over and underspends forecast across the division netting to a £29k overspend. These combine with the item described above to arrive at the total reported divisional overspend of £296k.

Children's Social Care and Youth Inclusion Division

The NRPF budgets are forecast to overspend by £430k for the current financial year. This forecast is based on the assumption that case levels will stay the same as last year. If we receive more successful applications, the level of overspend would increase.

The Central Social Work, MASH and VCT team's staffing costs is expected to overspend by £447k. 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. For the first quarter an adjustment of £83k have been made towards the overspend of these costs (a maximum of £360k can be adjusted for 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. Two social workers have also been appointed in excess of the budgeted staffing compliment for a time limited period. This was done to address the increased volumes demand in the MASH team and to ensure the safeguarding of children and is reviewed monthly.

There are various other small over and underspends forecast across the division netting to a £118k underspend. These combine with the item described above to arrive at the total reported divisional overspend of £759k.

Dedicated Schools Grant

DSG funded services is forecast to underspend by £260k. 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 £215k in Independent Day School provision. It is important to note that new placements which might be required from September onwards could significantly impact on this forecast.

There are various other smaller over and underspends forecast across the DSG netting to a £45k underspend which, combined with the items above, equates to the net underspend of £260k.

Management Action

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. Excluding the cost of these duties would leave a net departmental underspend of £24k. The table below highlights the estimated overspends relating to these duties:

Description	Budget £000	Jun overspend forecast £000	May overspend forecast £000
Supported lodgings/housing	634	909	494
Un-accompanied asylum seeking children (UASC)	60	557	492
No Recourse to Public Funds (NRPF)	20	430	470
Total	714	1,896	1,456

Staffing

Recruitment and retention (R&R) continues to be a priority at Merton, as the national shortage of children's Social Workers persists. Merton has had particular difficulty recruiting and retaining staff in 3 key areas; Multi Agency Safeguarding Hub & First Response (MASH), Safeguarding & Care Planning (S&CP) and the Children with Disabilities Team (CWDT). These three areas have R&R measures in place, which after a recent review will continue until at least March 2017.

This quarter continues with a steady number of new starters (9 Social Workers), which include 4 to MASH, 2 to S&CP & 2 to CWDT. The planned leavers in May/ June has lead to a small increase in both vacancy rates (25.27%) and turnover (21.38%), going against the downward trend seen since April 2015.

There has been a significant reduction in the numbers of agency staff being used and the quarterly expenditure. In June 2016, there were 30.37 (WTE) agency Social Workers, making up 22% of the Children's Social Work Workforce. 69% of agency social workers are undertaking work in MASH, S&CP and CWDT. Strong recruitment to S&CP has led to 23% of Social workers in this area being agency workers and all vacant posts are under offer. MASH has 43% of agency workers and CWDT has 42% agency workers.

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. It is difficult to predict these negotiations on a monthly basis as they are often connected with children's progress in placement.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements. This continues to ensure 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.

We ensure that accurate information about changes to placement costs are kept up to date. We are improving our response to invoice queries by having tight timescales in place. The placement

reconciliation is completed on a monthly basis and builds in challenge meetings with colleagues in corporate finance.

We have tightened up our processes with YOS for obtaining information about young people remanded into secure accommodation and reviewed our forecast methodology. We will contact respite providers on a monthly basis going forward to ensure more accurate forecasts.

Transport

We have continued to develop a number of alternatives to transport and to develop a more cost effective continuum of offer to meet our SEN Transport statutory duties. In the current year to date we have had 1 personal budget taken up providing an annual saving of £6k on top of the 26 takers last year which provided a cost reduction of £101k. In addition 7 young people have been through the independent travel training programme this year providing an on-going cost reduction of £62k on top of the 37 transfers in previous years and 116 now travel with assistance from a Freedom Pass. We are monitoring tight eligibility thresholds and have refused 18 requests for transport in 2015/16.

Work continues through the corporate group to re-procure better value taxi arrangements and to pilot initiatives to provide more cost effective answers to our statutory duties with a growing population.

General

The department continues to scrutinise all budgets to see how we can offset the above costs pressures and others created by growing demographics and new burdens. Where possible we will use grant and income flexibly and will also implement agreed savings for 2017/18 in year if possible to bring our anticipated spend in line with available budgets.

Additional social worker capacity

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. CMT / Cabinet are asked to approve the virement for the first quarter of £109k from the corporate contingency. This adjustment has already been built into budget forecast for June.

Community and Housing

Community and Housing is forecasting to over spend by £3.7m as at June 2016.

There is an underlying over spend in the Adult Services budget of £3.2m in 2015/16, which has been carried forward into the new financial year. In the previous financial year this was partially offset by underspends in other Adult Services budgets, and underspends in other parts of Community and Housing. Current monitoring suggests that offsetting underspends will be at half as much in 2016/17, as under spending budgets in 2015/16 were subject to savings in 16/17.

Part of this overspend was an under-achievement of income of £1m, so a prudent assumption has been made that there will be a similar under-achievement of income this year, whilst doing further investigation with partners.

Community and Housing	2016/17 Current Budget £000	Full Year Forecast (June) £000	Forecast Variance (June) £000	Forecast Variance (May) £000	2015/16 Variance year end £000
Access and Assessment	37,292	41,646	4,354	4,354	3,259
Commissioning	4,250	4,197	(53)	(50)	(50)
Direct Provision	5,690	5,701	11	75	(197)
Directorate	802	388	(414)	(398)	(17)
Care Act Implementation Expenditure	0	0	0	0	(1,230)
Contribution from Public Health	0	0	0	0	(328)
Adult Social Care	48,034	51,932	3,898	3,981	1,437
Libraries and Heritage	2,227	2,102	(125)	(100)	(176)
Merton Adult Education	(247)	(509)	(263)	(104)	218
Housing General Fund	2,052	2,283	231	(57)	(538)
Total	52,066	55,808	3,742	3,720	940

Access and Assessment - £4.4m over-spend

Access and Assessment	Variance (June'16) £000	Variance (May'16) £'000	Variance (Mar'16) £000
Gross Placements overspend	3,375	3,375	3,146
Other A&A Over-spends/(underspend)	340	340	(526)
Sub-total Net over-spend	3,715	3,715	2,620
Under/Overachievement of income	639	639	639
Total A&A Forecast over-spend	4,354	4,354	3,259

Forecast assumes income levels to be similar to 2015/16.

Adult Social Care

Placement Activity

The table below details the current number of clients and care packages numbers as at June 2016.

Activity Data	Care Packages (No's) Jun'16		Care Packages (No's) May'16	Clients (No's) Jun'16		Clients (No's) May'16
Service Area						
Mental Health	141	↑	140	123	↑	121
Physical & Sensory	323	↓	339	238	↓	242
Learning Disabilities	392	↓	403	322	↑	321
Older People	1,687	↑	1,666	1,192	↑	1,178
Substance Misuse	17	↑	15	17	↑	15
No Recourse to Public Funds	17	↔	17	11	↔	11
LBM own facility	132	↓	139	69	↓	71
TOTAL	2,709	↓	2,719	1,972	↓	1,959

The current projected overspend against placement budgets requires further investigation as the projected spend from 2015/16 does not reflect the movement in activity. Investigation to date shows that the commitments in the system are broadly accurate, but there are new commitments late in 2015/16 which now have a full year effect. There are also a number of short term placements without an effective end date.

Challenges of Adult Social Care in 2016.17:-

Access and Assessment

Community and Housing will continue to face similar budget pressures in 2016/17 as they did in financial year 2015/16, the main pressures are:-

Complexity of care needs: There is a long term trend in complexity of care needs, whereby the amount of care required per client has increased.

Price pressures: Nationally the market in social care has shown that providers are successfully demanding increases in fees. This means that to secure supply and sustain a viable market Merton had to negotiate new higher fees in 2015/16 and is facing similar challenges in 2016/17. No general uplifts have yet been agreed, but day to day placements are increasingly at higher rates, particularly in residential and nursing care. There are significant cost pressures in the home care market due to the London Living Wage and a high demand for labour. Our contracted

providers have been struggling to supply the level of carers, which has forced the council to spot purchase care, often at a higher price. Discussions are currently taking place about the potential to increase framework prices to encourage more on-contract activity and to stabilise the market.

A major re-commissioning exercise will be undertaken this year that will seek to create a more sustainable supply of care, without the need to go off contract, and enables providers to prioritise good quality and consistent care. The estimated cost to secure this arrangement is approximately £460k.

Savings

Adult Social Care has a challenging savings target of £5m in 2016/17, of which £3m has been achieved to date. £2m remains to be achieved, of which £1.8m relates to placement budgets.

Transitions

Estimated cost of transitions to adults in 2016/17 is £916k of which to date £767k requires further investigation to establish the likely impact on 2016/17 placement budgets.

Deprivation of Liberty Assessment (Cheshire West judgement)

In 2015/16 the Government provided £80k towards cost of this increased responsibility but to date no announcements of funding for 2016/17. The actual spend on DOLS in 2015/16 was £537k net. Number of cases dealt with during 2015/16 was 651. The estimated number of assessments for 2016/17 is 780 which may result in an over spend of £244k.

Due to budget constraints the adult safeguarding team is in the process of completing a report which will analyse various options to mitigate forecasted over spend one of which might be to prioritise DOLs assessments.

Commissioning under-spend £53k

In the Commissioning Service current underspend is forecasted on the Supporting People contract, dementia hub and salaries budgets.

Direct Provision over- spend £11k

Staffing costs have increased in this area due to Single Status settlements. This service is also reviewing work patterns and will make changes to shift patterns to keep unit costs as low as possible. One registered manager is responsible for both Meadowsweet and Riverside Drive. The aim is to use employees across both internal residential sites where possible, therefore reducing the need for additional bank staff.

Libraries- £125k under-spend

Under spend is due to staff vacancies and reduced expenditure due to building works at the Donald Hope Library.

Merton Adult Education - £263k under-spend

Merton Adult Education (MAE) is expected to move to a commissioning model from September 2016. Current underspend is due to forecasted underspend on staffing and other minor budgets. Current forecast is based on a smooth transfer to the new model.

Housing - £ 231k over-spend

The Housing service is now forecasting to overspend by £231k. The change from last month is due to a change in the accounting of temporary accommodation. To reflect the true cost of temporary accommodation all related costs and budgets were transferred to Housing Services from Corporate Services in June 2016.

An annual budget of £321k was transferred and the forecast costs are £867k resulting in a net position of £546k. This has been mitigated by the over achievement of client contribution and thus results in overspend of £231k.

Public Health

Public Health is currently forecasting £53k underspend as at June 2016. This is due to forecasted overspends in the demand lead STI testing and treatment budget and underspend on the substance misuse budget which is forecasted based on current activity levels.

Public Health	2016/17 Current Budget £000	Full year forecast (June) £000	Forecast Variance (June) £000	Forecast Variance (May) £000	2015/16 Variance £000
PH - Directorate	586	588	2	(8)	(116)
PH - Admin	26	26	0	0	0
PH - Contraception	748	748	0	0	(41)
PH - GUM	2,136	2,194	58	0	(27)
PH-Sexual Health Advice	137	105	(32)	(31)	(9)

PH-NHS Health check	465	442	(23)	(15)	(78)
PH - Falls Prevention	177	178	1	(1)	0
PH - Obesity	415	415	0	0	(200)
PH - Projects	10	10	0	0	0
PH - Smoking	0	0	0	0	(16)
PH-Substance Misuse	1,846	1,725	(121)	(7)	(32)
PH - School Nursing	633	633	0	(1)	(16)
PH-Infectious Diseases	0	0	0	0	(10)
PH - Determinants	338	335	(3)	(2)	(83)
PH-Community Services	0	0	0	0	(1)
PH- New Investments	20	20	0	0	2
PH - Health Visiting	3,338	3,403	65	65	(15)
Total Public Health	10,875	10,822	(53)	0	(642)
PH - Main Grant	(8,046)	(8,046)	0	0	642
PH-Health Visiting Grant	(2,952)	(2,952)	0	0	0

Corporate Items

The details comparing actual expenditure up to 30 June 2016 against budget are contained in Appendix 2. The main areas of variance as at 30 June 2016 are:-

Corporate Items	Current Budget 2016/17	Full Year Forecast (June)	Forecast Variance at year end (June)	Forecast Variance at year end (May)	2015/16 Year end Variance
	£000s	£000s	£000s	£000s	£000s
Cost of borrowing	13,643	13,649	6	0	49
Use for Capital Programme	0	0	0	0	0
Impact of Capital on revenue budget	13,643	13,649	6	0	49
Investment Income	(739)	(1,150)	(411)	(47)	(613)
Pension Fund	5,232	4,732	(500)	0	(616)
Pay and Price Inflation	752	752	0	0	(654)
Contingencies and provisions	4,641	2,950	(1,691)	(1,500)	(2,716)
Income Items	(948)	(948)	0	0	(667)
Appropriations/Transfers	624	624	0	0	1,727
Central Items	9,561	6,959	(2,602)	(1,547)	(3,539)
Levies	928	928	0	0	0
Depreciation and Impairment	(17,638)	(17,638)	0	0	0
TOTAL CORPORATE PROVISIONS	6,494	3,898	(2,596)	(1,547)	(3,491)

The forecast underspend on corporate items has increased by £0.691m in June to £2.596m. The reasons for this change are:-

- There is a small change in capital financing costs and investment income is £0.411m higher than estimate due to the level of investments and the interest rate achieved being higher than estimated.
- The provision for early redundancy/severance payments is expected to be underspent by £0.5m;
- Single Status costs are expected to be contained within the provision for this in the accounts and therefore the budget of £0.1m will not be required:
- £0.2m (50%) of the provision for loss of income arising from the disposal of the P3/P4 sites is not expected to be required in 2016/17
- The forecast underspend in the corporate contingency of £1.5m has reduced by £0.109m as this is the amount required to fund the first quarter costs of additional social workers in Children, Schools and Families department.
- Education Services Grant allocations to local authorities are being reduced and in 2016/17 this will result in loss of grant currently estimated to be c.£0.234m. ESG allocations are adjusted on a quarterly basis to take account of academies opening since November 2015. There will be a virement in period 4 from corporate contingencies and provisions to Children, Schools and Families to reflect this.

As previously reported, there is a forecast additional income on central government funding of £76k arising from the return to local authorities of some top-sliced New Homes Bonus relating to 2014/15. This has been paid as Section 31 grant.

4. CAPITAL PROGRAMME 2016-20

4.1 The Table below shows the movement in the 2016/20 corporate capital programme since it's approval on 4 July Cabinet:

Depts	Current Budget 16/17*	Variance	Revised Budget 16/17	Current Budget 17/18	Variance	Revised Budget 17/18	Revised Budget 18/19	Variance	Revised Budget 18/19	Revised Budget 19/20	Variance	Revised Budget 19/20
2,230	(150)	2,080	1,055	150	1,205	629	0	629	280	0	280	2,230
10,463	0	10,463	6,231	0	6,231	3,052	0	3,052	2,605	0	2,605	10,463
11,712	(657)	11,055	19,432	657	20,089	11,415	0	11,415	9,934	0	9,934	11,712
17,540	85	17,624	13,478	5,687	19,165	15,309	(15)	15,294	4,277	(30)	4,247	17,540
41,945	(722)	41,223	40,195	6,494	46,689	30,404	(15)	30,389	17,096	(30)	17,066	41,945

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

Merton Summary Capital Report - June 2016 Monitoring

Department	Revised Budget	Adjusted YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Community and Housing	2,079,650	(26,304)	67,050	(93,354)	1,436,480	(643,170)
Corporate Services	10,463,300	78,821	134,388	(55,567)	7,091,000	(3,372,300)
Children Schools and Families	11,055,300	699,430	690,199	9,231	10,796,467	(258,833)
Environment and Regeneration	17,564,400	1,051,137	1,661,537	(610,400)	17,564,400	0
Total Capital	41,162,650	1,803,084	2,553,174	(750,090)	36,888,347	(4,274,303)

* Negative spending is caused by accruals – it is envisaged that these will be offset by spend in subsequent months

- a) Community and Housing – The under spend shown of £643k is due to the projected underspend on Disabled Facilities Grants, officers are currently investigating how to minimise this underspend. Collier Wood Library Re-fit will not be on site until March 2017 so £150k of £200k budget has been re-profiled into 2017/18
- b) Corporate Services – The projected underspend is caused by two major corporate schemes which are the Acquisition Fund £1,533k, Bidding Fund £1,839k. All other schemes are projecting a full spend at year end in 2016/17.
- c) Environment and Regeneration – Officers are currently reviewing the in-year spend profile on the following 4 schemes:
 - a. CCTV – spend is currently £97k below the profiled budget
 - b. Tackling Traffic Congestion - spend is currently £120k below the profiled budget
 - c. Town centre Investment - spend is currently £87k below the profiled budget
 - d. Highways Planned Road Works - spend is currently £197k below the profiled budget, however, considerable commitments will shortly be paid on this scheme.

In 2016/17 there is one addition to an existing scheme and one new scheme – both sums are funded by section 106 contributions. Within the Parks Investment Budget £60k is been re-profiled forward from 2017/8 (£15k), 2018/9 (£15k) and 2019/20 (£30k) to purchase 15 specialist bins.

As a result of the announcement of the preferred bidder for Phase C Waste and Grounds Maintenance Contracts, subject to the outcome of call in. The following two schemes will need to be added to the capital programme in 2017/18 as it has been confirmed that it will be cheaper for all the partners to fund the capital expenditure themselves:

- a. South West London Partnership (SWLP) Vehicles £4.190 million to be funded over 7 years and
- b. South West London Partnership Wheelie Bins £1.59 million to be funded over 15 years

The debt charges for both these schemes are summarised below and will be funded from the savings from the two SWLP contracts:

Calculation of Debt Charges to Revenue

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
MRP @ 7 years - Vehicles	0	599	599	599	599	599	599	599
Reduction in Vehicle Replacement Programme	0	0	(150)	(150)	(150)	(150)	(150)	(150)
MRP @ 15 Years - Containers	0	101	101	101	101	101	101	101
Internal Interest in Model @ 1.25%*	71	71	63	54	45	36	28	19
Total	71	771	612	603	594	586	577	568

- a) Children, Schools and Families – Currently in-year spend at Dundonald and Singlegate primary expansions are ahead of profiled spend but is still projected to be within budget at year end. A summary of the Primary Expansion Overspend Contingency created to fund projected overspends on three schools is summarised in the Table below

School	Maximum overspend exposure December 2015 £	Accrual 2015/16 £	Adjustment for Final Account £	Total (Revised Maximum overspend exposure July 2016) £	Variance from Original Estimate £
Hillcross	195,000	0	0	0	(195,000)
Merton Abbey	325,200	133,530	35,000	168,530	(156,670)
Pelham	230,000	316,336	26,481	342,817	112,817
Total	750,200	449,866	25,000	474,866	(238,853)

In addition officers are also projecting a £20k variance on the schools maintenance programme, this results in a total projected underspend at year end of £258k.

- 4.3 Appendix 5b details the adjustments being made to the Capital Programme this month the Table below summarises the items requiring Cabinet and Council Approval:

Scheme	2017/18 Budget	Adjustment	Revised 2017/18 Budget	Estimated Useful Life
	£	£	£	£
SWLP Vehicles	0	4,190,000	4,190,000	8 Years
SWLP Wheelie Bins	0	1,512,000	1,512,000	15 Years
Total	0	5,702,000	5,702,000	

The vehicles expenditure will be required regardless of whether or not the Phase C of the Waste Partnership is progressed. This investment will significantly contribute towards the estimated £2 million of annual revenue savings (allowing for the debt charges of the scheme)

- 4.4 Appendix 5c details the impact of all the May 2016 adjustments to the Capital Programme will have on the funding of the programme in 2016/17 and 2017/18. The Table below summarises the impact of those changes on the funding of the programme:

Capital Financing Costs: March 2016

Item	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s
MRP	6,948	6,802	6,660	7,262
Interest	6,696	6,296	6,136	6,316
Total Borrowing Costs	13,644	13,098	12,796	13,578
Investment Income	(739)	(727)	(596)	(487)
Total Borrowing Costs Net of Investment interest	12,905	12,371	12,200	13,091

Capital Financing Costs: June 2016 Monitoring

Item	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s
MRP	6,947	6,800	6,758	7,493
Interest	6,702	6,437	6,173	6,173
Total Borrowing Costs	13,649	13,237	12,931	13,666
Investment Income	(1,150)	(741)	(581)	(423)
Total Borrowing Costs Net of Investment interest	12,499	12,497	12,350	13,243

Variance

Item	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s
MRP	(1)	(2)	98	231
Interest	6	141	37	(143)
Total Borrowing Costs	5	139	135	88
Investment Income	(411)	(14)	15	64
Total Borrowing Costs Net of Investment interest	(406)	126	150	152

4.5 The table below compares capital expenditure (£000s) to June 2016 to that achieved over the last few years:

Depts.	Spend To June 2012	Spend To June 2013	Spend To June 2014	Spend To June 2015	Spend To June 2016	Variance 2012 to 2016	Variance 2013 to 2016	Variance 2014 to 2016	Variance 2015 to 2016
C&H	143	755	(127)	(13)	(26)	(169)	(781)	101	(14)
CS	466	353	(122)	131	79	(387)	(275)	201	(52)
CSF	4,194	1,358	2,805	1,869	699	(3,494)	(658)	(2,106)	(1,169)
E&R	2,054	1,763	798	376	1,051	(1,003)	(712)	253	675
Total Capital	6,856	4,229	3,354	2,363	1,803	(5,053)	(2,426)	(1,551)	(560)

Outturn £000s	40,487	31,564	36,869	29,327	
Budget £000s					41,163
Projected Spend June 2016 £000s					36,888
Percentage Spend to Budget					4.38%
% Spend to Outturn/Projection	16.93%	13.40%	9.10%	8.06%	4.89%
Monthly Spend to Achieve Projected Outturn £					3,898

4.6 June is one quarter of the way into the financial year, departments have spent much less of their budget than compared to previous financial years. To achieve a projected spend of £36.9m officers will need to spend just under £3.9 million each month. The table over the page shows that officers spent just over £1.9 million in June 2016.

Spend During June 2016

Department	Spend To May 2016 £000s	Spend To June 2016 £000s	Increase £000s
C&H	(69)	(26)	43
CS	(25)	79	104
CSF	(337)	699	1,037
E&R	310	1,051	741
Total Capital	(121)	1,803	1,924

4.7 Based on current spend patterns both 2016/17 to 2018/19 need to be reviewed and realistically profiled. To aid budget managers considerable time has been spent profiling in year budgets and projecting forward these variances to the year end, as a result the projected outturn has reduced to just under £37million.

5. DELIVERY OF SAVINGS FOR 2016/17

5.1

Department	Target Savings 2016/17	Projected Savings 2016/17	Period 3 Forecast Shortfall	Period 3 Forecast Shortfall	Period 2 Forecast Shortfall	Period 2 Forecast Shortfall
	£000's	£000's	£000's	%	£000's	%
Corporate Services	2,316	2,028	(288)	(12.4)%	(268)	(11.6)%
Children Schools and Families	2,191	2,191	0	0.0%	0	0.0%
Community and Housing	5,379	3,162	(2,217)	(41.2)%	(2,147)	(39.9)%
Environment and Regeneration	4,771	4,434	(337)	(7.1)%	(197)	(4.1)%
Total	14,657	11,815	(2,842)	(19.4)%	(2,612)	(17.8)%

Appendix 6 details the progress on savings for 2016/17 by department.

Progress on savings 2015/16

Department	Target Savings 2015/16	2015/16 shortfall	2016/17 projected shortfall
	£000's	£000's	£000's
Corporate Services	1,170	0	0
Children Schools and Families	781	0	0
Community and Housing	2,154	(14)	(14)
Environment and Regeneration	4,192	(3,493)	(28)
Total	8,297	(3,507)	(42)

Appendix 7 details progress on savings for 2015/16. Details of savings achieved and the expected full year affect of these savings in 2016/17 are provided.

Progress on savings 2014/15

Department	Target Savings 2014/15	2014/15 shortfall	2015/16 shortfall	2016/17 projected shortfall
	£000's	£000's	£000's	%
Corporate Services	1,650	0	0	0
Children Schools and Families	860	0	0	0
Community and Housing	2,465	(1,585)	(1,585)	(1,080)
Environment and Regeneration	3,338	(129)	(125)	(25)
Total	8,313	(1,714)	(1,710)	(1,105)

Appendix 8 details progress on savings for 2014/15. Details of savings achieved and the expected full year affect of these savings in 2016/17 are provided.

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 will be enhanced during 2016/17, the risk of part non-delivery of savings is already 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 position table
Appendix 2 –	Detailed Corporate Items table
Appendix 3 –	Pay and Price Inflation
Appendix 4 –	Treasury Management: Outlook
Appendix 5a –	Current Capital Programme 2016/17
Appendix 5b –	Adjustments to the Current Capital Programme 2016/17
Appendix 5c –	Funding Current Capital Programme 2016/17 & 2017/18
Appendix 6 –	Progress on savings 2016/17
Appendix 7 -	Progress on savings 2015/16
Appendix 8 -	Progress on savings 2014/15
Appendix 9 -	Quarter 1 Debt position
Appendix 10 -	Quarter 1 Cashflow statement
Appendix 11 -	Customer/Client receipts
Appendix 12 –	HR Establishment Page 72

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 30th June
2016**

APPENDIX 1

	Original Budget 2016/17	Current Budget 2016/17	Year to Date Budget (June)	Year to Date Actual (June)	Full Year Forecast (June)	Forecast Variance at (June)	Forecast Variance at (May)	Outturn Variance 2015/16
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000
Department	-	-	-	-	-	-	-	-
3A. Corporate Services	11,357	11,390	7,191	7,965	11,284	-106	315	-373
3B. Children, Schools and Families	50,183	50,542	-16	3,042	52,414	1,872	1,946	-7
3C. Community and Housing	-	-	-	-	-	-	-	0
Adult Social Care	51,427	51,575	7,307	9,180	55,473	3,898	3,981	1,437
Libraries & Adult Education	2,796	2,846	728	669	2,459	-387	(205)	41
Housing General Fund	2,009	2,343	284	544	2,575	232	(56)	-538
3D. Public Health	417	43	-935	-2,659	-9	-53	0	-7
3E. Environment & Regeneration	21,230	22,379	2,415	-865	22,308	-71	69	3,632
Overheads	0	0	0	0	0	0	0	272
NET SERVICE EXPENDITURE	139,419	141,117	16,976	17,876	146,502	5,384	6,050	4,457
3E. Corporate Items	-	-	-	-	-	-	-	-
Impact of Capital on revenue budget	13,643	13,643	1,674	941	13,649	6	0	49
Other Central items	-5,962	-8,077	3,476	3,552	-10,679	-2,602	-1,547	-2,846
Levies	928	928	300	300	928	0	0	0
TOTAL CORPORATE PROVISIONS	8,608	6,494	5,450	4,794	3,898	-2,596	-1,547	-2,797
TOTAL GENERAL FUND	148,027	147,611	22,426	22,670	150,400	2,788	4,503	1,660
Funding	-	-	-	-	-	-	-	-
- Business Rates	(34,230)	(34,230)	(2,135)	(2,135)	(34,230)	0	0	0
- RSG	(23,156)	(23,156)	(6,241)	(6,241)	(23,156)	0	0	0
- Council Tax Freeze Grant 2014/15	0	0	0	0	0	0	0	(6)
- Section 31 Grant	(822)	(822)	(37)	(37)	(898)	(76)	(76)	83
- New Homes Bonus	(4,192)	(4,192)	(1,240)	(1,240)	(4,192)	0	0	(1,037)
- PFI Grant	(4,797)	(4,797)	(1,199)	(1,199)	(4,797)	0	0	0
Grants	(67,198)	(67,198)	(10,852)	(10,852)	(67,274)	(76)	(76)	(960)
Collection Fund - Council Tax Surplus(-)/Deficit	(3,200)	(3,200)	0	0	(3,200)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	1,721	1,721	0	0	1,721	0	0	(0)
Council Tax	-	-	-	-	-	-	-	-
- General	(78,620)	(78,620)	0	0	(78,620)	0	0	(0)
- WPC	(300)	(300)	0	0	(300)	0	0	(0)
Council Tax and Collection Fund	(80,399)	(80,399)	0	0	(80,399)	0	0	(0)
FUNDING	(147,597)	(147,597)	(10,852)	(10,852)	(147,673)	(76)	(76)	(961)
NET	430	15	11,574	11,818	2,727	2,711	4,427	699
Appropriation from reserves	-418							
NET	12	15	11,574	11,818	2,727	2,711	4,427	699

	Current Budget 2016/17	Year to Date Budget (June)	Year to Date Actual (June)	Full Year Forecast at (June)	Forecast Variance at year end (June)	Full Year Forecast at (May)	Forecast Variance at year end (May)
Expenditure	£000	£000	£000	£000	£000	£000	£000
Employees	93,076	19,320	19,461	94,077	1,001	93,241	1,367
Premises Related Expenditure	8,213	2,997	1,964	7,919	(294)	7,989	(146)
Transport Related Expenditure	14,525	3,131	2,186	15,036	510	14,934	355
Supplies and Services	167,932	26,272	23,614	166,853	(1,078)	167,640	146
Third Party Payments	89,008	15,061	12,379	93,903	4,895	93,597	4,652
Transfer Payments	104,179	23,557	22,955	92,712	(11,466)	92,875	(11,304)
Support Services	32,153	0	0	32,154	0	32,135	1
Depreciation and Impairment Losses	17,637	3	0	17,637	(0)	17,633	(5)
Corporate Provisions							
GROSS EXPENDITURE	526,724	90,341	82,558	520,291	(6,433)	520,043	(4,934)
Income							
Government Grants	(266,966)	(56,490)	(52,285)	(255,684)	11,283	(255,780)	11,088
Other Grants, Reimbursements and Contribs	(22,719)	(3,156)	(1,028)	(23,678)	(959)	(23,762)	(1,244)
Customer and Client Receipts	(63,096)	(13,672)	(11,369)	(61,885)	1,211	(62,118)	693
Interest	(46)	(8)	0	(23)	23	(23)	23
Recharges	(32,518)	0	0	(32,519)	(0)	(32,519)	(0)
Balances	(261)	(40)	0	(1)	260	186	423
GROSS INCOME	(385,606)	(73,365)	(64,682)	(373,789)	11,817	(374,015)	10,984
NET EXPENDITURE	141,117	16,976	17,876	146,502	5,384	146,028	6,050

Appendix 2

3E. Corporate Items	Council 2016/17 £000s	Original Budget 2016/17 £000s	Current Budget 2016/17 £000s	Year to Date Budget (June) £000s	Year to Date Actual (June) £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s
Cost of Borrowing Use for Capital Programme	13,643	13,643	13,643	1,674	941	13,649	6 0	0 0
Impact of Capital on revenue budget	13,643	13,643	13,643	1,674	941	13,649	6	0
Investment Income	(739)	(739)	(739)	(185)	(138)	(1,150)	(411)	(47)
Pension Fund	5,232	5,232	5,232	4,395	4,496	4,732	(500)	0
Corporate Provision for Pay Award	883	883	0	0	0	0	0	0
Provision for excess inflation	540	540	452	0	0	452	0	0
Utilities Inflation Provision	300	300	300	0	0	300	0	0
Pay and Price Inflation	1,723	1,723	752	0	0	752	0	0
Contingency	1,500	1,500	1,391	0	0	0	(1,391)	(1,500)
Single Status/Equal Pay	100	100	100	0	0	0	(100)	0
Bad Debt Provision	500	500	500	0	0	500	0	0
Loss of income arising from P3/P4	400	400	400	0	0	200	(200)	0
Loss of HB Admin grant	200	200	200	0	0	200	0	0
MAE 1st year redundancies	600	600	600	0	0	600	0	0
Revenuisation and miscellaneous	1,414	1,414	1,450	0	0	1,450	0	0
Contingencies and provisions	4,714	4,714	4,641	0	0	2,950	(1,691)	(1,500)
Income items	(948)	(948)	(948)	68	(2)	(948)	0	0
Appropriations: CS Reserves	(1,371)	(1,371)	(1,594)	0	0	(1,594)	0	0
Appropriations: E&R Reserves	(520)	(520)	(1,278)	(715)	(715)	(1,278)	0	0
Appropriations: CSF Reserves	44	44	(16)	(60)	(60)	(16)	0	0
Appropriations: C&H Reserves	1,146	1,146	1,146	0	0	1,146	0	0
Appropriations: Public Health Reserves	0	0	(28)	(28)	(28)	(28)	0	0
Appropriations: Corporate Reserves	2,394	2,394	2,394	0	0	2,394	0	0
Appropriations/Transfers	1,693	1,693	624	(803)	(803)	624	0	0
Depreciation and Impairment	(17,638)	(17,638)	(17,638)	0	0	(17,638)	0	0
Central Items	7,681	7,681	5,566	5,150	4,494	2,970	(2,596)	(1,547)
Levies	928	928	928	300	300	928	0	0
TOTAL CORPORATE PROVISIONS	8,608	8,608	6,494	5,450	4,794	3,898	(2,596)	(1,547)

Pay and Price Inflation as at June 2016

In 2016/17, the budget includes 1% for increases in pay and 0.5% for increases in general prices, with an additional amount of £0.540m which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. It will only be released when it is certain that it will not be required.

Pay:

The local government pay award for 2016/17 has been agreed and will cover the two years from April 2016. For the lowest paid (those on spinal points 6-17) this means a pay rise of between 6.6% and 1.01% in the first year, and between 3.4% and 1.3% in the second. Those on spinal points 18-49 will receive 1% in year one and the same again the following year. The offer also includes a joint review of the NJC pay spine and term-time working for school support staff. The budget has now been reallocated to services.

Prices:

The Consumer Prices Index (CPI) rose by 0.5% in the year to June 2016, compared with a 0.3% rise in the year to May. The June rate is a little above the position seen for most of 2016, though it is still relatively low historically.

Rises in air fares, prices for motor fuels and a variety of recreational and cultural goods and services were the main contributors to the increase in the rate. These upward pressures were partially offset by falls in the price of furniture and furnishings and accommodation services.

CPIH, a measure of UK consumer price inflation that includes owner occupiers' housing costs, rose by 0.8% in the year to June 2016, up from 0.7% in May.

The RPI 12-month rate for June 2016 stood at 1.6%, up from 1.4% May 2016.

Outlook for inflation:

At its meeting ending on 13 July 2016, the MPC voted by a majority of 8-1 to maintain Bank Rate at 0.5%. The Committee also voted unanimously to maintain the stock of purchased assets financed by the issuance of central bank reserves at £375 billion.

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. In the minutes to the meeting, the MPC noted that "looking further forward, the MPC made clear in its May Inflation Report, and again in the minutes of its June meeting, that a vote to leave the European Union could have material implications for the outlook for output and inflation. The Committee judges that a range of influences on demand, supply and the exchange rate could lead to a significantly lower path for growth and a higher path for inflation than in the central projections set out in the May Report. The Committee will consider over the coming period how the outlook for the economy has

changed in light of the referendum result and will publish its new forecast in its forthcoming Inflation Report on 4 August.”

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

Source: HM Treasury - Forecasts for the UK Economy (July 2016)			
	Lowest %	Highest %	Average %
2016 (Quarter 4)			
CPI	0.2	3.0	1.3
RPI	1.1	3.4	2.2
LFS Unemployment Rate	5.0	5.9	5.3
2017 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.5	4.0	2.4
RPI	2.1	4.5	3.0
LFS Unemployment Rate	4.9	6.6	5.6

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 2016 to 2020 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (May 2016)					
	2016	2017	2018	2019	2020
	%	%	%	%	%
CPI	0.7	1.6	1.9	2.0	2.0
RPI	1.8	2.6	3.1	3.1	3.3
LFS Unemployment Rate	5.0	4.9	4.8	4.8	4.7

Treasury Management: Outlook

The Bank Base Rate has been kept at its low of 0.5% since March 2009. At its meeting ending on 13 July 2016, the MPC voted by a majority of 8-1 to maintain Bank Rate at 0.5%. The Committee also voted unanimously to maintain the stock of purchased assets financed by the issuance of central bank reserves at £375 billion.

In the minutes to the July meeting, the MPC noted that in reaching this decision “Committee members made initial assessments of the impact of the vote to leave the European Union on demand, supply and the exchange rate. In the absence of a further worsening in the trade-off between supporting growth and returning inflation to target on a sustainable basis, most members of the Committee expect monetary policy to be loosened in August. The precise size and nature of any stimulatory measures will be determined during the August forecast and Inflation Report round.”

In terms of the economic impact of the decision to leave the EU, it is too soon to be accurate but the MPC noted that “official data on economic activity covering the period since the referendum are not yet available. However, there are preliminary signs that the result has affected sentiment among households and companies, with sharp falls in some measures of business and consumer confidence. Early indications from surveys and from contacts of the Bank’s Agents suggest that some businesses are beginning to delay investment projects and postpone recruitment decisions. Regarding the housing market, survey data point to a significant weakening in expected activity. Taken together, these indicators suggest economic activity is likely to weaken in the near term.”

The MPC’s forecasts of Bank Base Rate in recent Quarterly Inflation Reports which were made pre-Brexit are summarised in the following table:-

	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.4 2018	End Q.1 2019	End Q.2 2019
May '16		0.5	0.4	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8
Feb. '16	0.5	0.5	0.5	0.5	0.5	0.6	0.7	0.8	0.8	0.9	1.0	1.0	1.1	
Nov '15	0.5	0.5	0.6	0.6	0.7	0.8	0.9	1.0	1.1	1.1	1.2	1.3		
Aug.'15	0.6	0.7	0.9	1.0	1.2	1.3	1.4	1.5	1.6	1.7	1.7			
May '15	0.6	0.7	0.8	0.9	1.0	1.1	1.2	1.3	1.3	1.4				
Feb.'15	0.6	0.6	0.7	0.8	0.9	1.0	1.0	1.1	1.1					
Nov '14	1.0	1.1	1.2	1.4	1.5	1.5	1.7	1.7						
Aug.'14	1.5	1.7	1.9	2.0	2.1	2.2	2.3							

Source: Bank of England Inflation Reports

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.

Appendix 5a

Community & Housing Summary Capital Report - June 2016 Monitoring

Scheme Description	Revised Budget	Adjusted YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care						
The Gables Mitcham	0	(26,765)	0	(26,765)	0	0
Adult Social Care IT Projects	131,510	558	558	0	131,510	0
Libraries						
Library Self Service	94,970	(59,399)	0	(59,399)	94,970	0
Colliers Wood Library Re-Fit	50,000	0	0	0	50,000	0
Housing						
8 Wilton Road	0	(4,371)	0	(4,371)	0	0
Western Road	760,000	0	0	0	760,000	0
Disabled Facilities	1,043,170	63,673	66,492	(2,819)	400,000	(643,170)
Community and Housing Total	2,079,650	(26,304)	67,050	(93,354)	1,436,480	(643,170)

Corporate Services Summary Capital Report - June 2016 Monitoring

Scheme Description	Revised Budget	Adjusted YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Business Improvement	2,151,020	0	0	0	2,151,020	0
Corporate Items	3,372,300	0	0	0	0	(3,372,300)
Facilities Management	2,822,020	65,909	34,690	31,219	2,822,020	0
IT Total	1,819,860	80,384	99,698	(19,314)	1,819,860	0
Resources	298,100	(67,472)	0	(67,472)	298,100	0
Corporate Services Total	10,463,300	78,821	134,388	(55,567)	7,091,000	(3,372,300)

Children, Schools & Families Summary Capital Report - June 2016 Monitoring

Scheme Description	Revised Budget	Adjusted YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Aragon expansion	0	(11,083)	0	(11,083)	0	0
Joseph Hood Permanent Expansion	3,720	0	0	0	3,720	0
St Mary's expansion	0	(43,972)	0	(43,972)	0	0
Hillcross School Expansion	3,090	(70,948)	3,090	(74,038)	3,090	0
Merton Abbey Temp Accommodation	0	(23,684)	0	(23,684)	0	0
Pelham School Expansion	10,660	(8,117)	10,660	(18,777)	10,660	0
Dundonald expansion	2,694,410	875,101	310,000	565,101	2,694,410	0
Poplar Permanent Expansion	1,000	(49,144)	1,000	(50,144)	1,000	0
Singlegate expansion	1,014,020	618,205	210,000	408,205	1,014,020	0
Primary School Exp. Overspend Provision	300,330	(449,866)	0	(449,866)	61,481	(238,849)
Wimbledon Park expansion	0	(27,000)	0	(27,000)	0	0
Primary Expansion	4,027,230	809,492	534,750	274,742	3,788,381	(238,849)

Appendix 5a

Children, Schools & Families Summary Capital Report - June 2016 Monitoring Continued ...

Scheme Description	Revised Budget	Adjusted YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Secondary School expansion	30,000	0	0	0	30,000	0
St Marks Expansion	50,000	0	0	0	50,000	0
New School	2,063,250	21,966	0	21,966	2,063,250	0
Harris Merton Expansion	2,225,110	39,793	40,000	(207)	2,225,110	0
Harris Morden Expansion	300,000	0	0	0	300,000	0
Secondary Expansion	4,668,360	61,759	40,000	21,759	4,668,360	0
Cricket Green Site	1,560	(1,200)	1,560	(2,760)	1,560	0
Primary school autism unit	70,730	(41,073)	0	(41,073)	70,730	0
Perseid	201,930	(192,635)	21,930	(214,565)	201,930	0
Secondary School Autism Unit	300,000	0	0	0	300,000	0
Further SEN Units	295,320	0	0	0	295,320	0
SEN Expansion	869,540	(234,908)	23,490	(258,398)	869,540	0
Devolved Formula Capital	367,820	91,959	91,959	0	367,836	16
Free School Meals	0	(24,126)	0	(24,126)	0	0
B698 St Catherine's Fields Fencing	47,000	0	0	0	47,000	0
Schools Cap. Maint. & Accessibility	970,900	(4,745)	0	(4,745)	950,900	(20,000)
Schools Equipment Loans	104,450	0	0	0	104,450	0
Other	1,490,170	63,088	91,959	(28,871)	1,470,186	(19,984)
Children Schools and Families	11,055,300	699,430	690,199	9,231	10,796,467	(258,833)

Environment & Regeneration Summary Capital Report - June 2016 Monitoring

Scheme Description	Revised Budget	Adjusted YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Footways Planned Works	1,000,000	115,190	100,000	15,190	1,000,000	0
Greenspaces	826,350	95,532	177,056	(81,524)	826,350	0
Highways General Planned Works	435,860	0	47,250	(47,250)	435,860	0
Highways Planned Road Works	1,500,000	2,388	200,000	(197,612)	1,500,000	0
Leisure Centres	5,146,440	399,596	289,932	109,664	5,146,440	0
Other E&R	164,920	0	11,250	(11,250)	164,920	0
On and Off Street Parking	9,900	0	0	0	9,900	0
Regeneration Partnerships	3,263,720	81,149	176,870	(95,721)	3,263,720	0
Street Lighting	662,000	169,435	90,000	79,435	662,000	0
Street Scene	105,950	19,305	26,240	(6,935)	105,950	0
Transport for London	2,302,620	78,363	131,000	(52,637)	2,302,620	0
Traffic and Parking Management	1,429,540	26,737	297,775	(271,038)	1,429,540	0
Transport and Plant	541,600	62,389	72,789	(10,400)	541,600	0
Safer Merton - CCTV & ASB	0	0	0	0	0	0
Waste Operations	175,500	1,054	41,375	(40,321)	175,500	0
Environment and Regeneration	17,564,400	1,051,137	1,661,537	(610,400)	17,564,400	0

Virement, Re-profiling and New Funding - June 2016

Appendix 5b

	2016/17 Budget	Virements	Adjusted & New Funding	Reprofiling	Revised 2016/17 Budget	2017/18 Budget	Re-profiling/ New	Revised 2017/18 Budget	Narrative
Corporate Services	£	£	£	£	£	£		£	
					0			0	
Community & Housing									
Colliers Wood Library Re-fit	200,000			(150,000)	50,000	0	150,000	150,000	Scheme expenditure is expected to start in March 2016 and complete by September 2017
Children, Schools and Families									
Secondary School Autism Unit	600,000			(300,000)	300,000	560,000	300,000	860,000	Further review of spend profile in September 2016
St Marks Secondary Expansion	163,060			(113,060)	50,000	948,740	113,060	1,061,800	Further review of spend profile in September 2016
Harris Morden Expansion	543,560			(243,560)	300,000	1,300,000	243,560	1,543,560	Further review of spend profile in September 2016
Environment & Regeneration									
Traffic Schemes	150,000		13,920		163,920	156,000	0	156,000	Section 106 funding for Southey Road School safety (Pelham School).
Deen City Farm Solar System	0		10,700		10,700			0	New Scheme - Section 106 funding for installation of a 7.02Wp Solar System at Deen City Farm.
Parks Investment	331,000			60,000	391,000	216,000	(15,000)	201,000	To purchase 15 Bins in 2016/17 @ £75k – previously bins were leased rather than purchased
WLP Vehicles (2)	0				0	0	4,190,000	4,190,000	New Scheme - Vehicles assumes 7 year life span
WLP Wheelie Bins (2)	0				0	0	1,512,000	1,512,000	New Scheme - Wheelie Bins assumes 15 year life span
Total	1,987,620	0	24,620	(746,620)	1,265,620	3,180,740	6,493,620	9,674,360	

Requires Cabinet Approval

2) Requires Council Approval

Virement, Re-profiling and New Funding - June 2016

Appendix 5b

	2018/19 Budget	Reprofiling	Revised 2018/19 Budget	2019/20 Budget	Reprofiling	Revised 2019/20 Budget	Narrative
Environment & Regeneration	£	£	£	£	£	£	
Parks Investment	322,500	(15,000)	307,500	325,000	(30,000)	295,000	To purchase 15 Bins in 2016/17 @ £75k
Total	322,500	(15,000)	307,500	325,000	(30,000)	295,000	

Capital Programme Funding Summary 2016/17

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Cabinet - July 2016	27,749	14,197	41,945
<u>Community and Housing</u>			
Colliers Wood Library Re-fit	(150)	0	(150)
<u>Children, Schools and Families</u>			
Secondary School Autism Unit	(300)	0	(300)
St Marks Secondary Expansion	(113)	0	(113)
Harris Morden Expansion	(243)	0	(243)
<u>Environment & Regeneration</u>			
Parks Investment	60	0	60
Traffic - Safety Pelham Sch/Southey Rd	14	0	14
Deen City Farm Solar System	10		10
Cabinet - September - June 2016 Mon.	27,027	14,197	41,223

Capital Programme Funding Summary 2017/18

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Cabinet - July 2016	23,886	16,309	40,195
<u>Community and Housing</u>			
Colliers Wood Library Re-fit	150	0	150
<u>Children, Schools and Families</u>			0
Secondary School Autism Unit	300	0	300
St Marks Secondary Expansion	113	0	113
Harris Morden Expansion	244	0	244
<u>Environment and Regeneration</u>			
Parks Investment	(15)	0	(15)
SWLP Vehicles*	4,190	0	4,190
SWLP Wheelie Bins*	1,512	0	1,512
Cabinet - September - June 2016 Mon.	30,380	16,309	46,689

* Subject to Cabinet, Council and Call In

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- June 2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
	Adult Social Care							
CH02	Promoting Independence - Public Value Review - Efficiencies to be found in hospital discharge process and by enabling customers to regain and maintain independence	100	0	100	A	David Slark	Residential / nursing	Y
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.	125	0	125	A	Kim Carey	May not be achievable.	Y
CH34	Substance Misuse Placements - Actively manage throughput in residential rehab placements - A reduction in the placements available for Substance misuse clients	6	0	6	A	Henrietta Brown		Y
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.	500	500	0	G	Richard Ellis		Y
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.	100	75	25	R	Kim Carey	Due to the delays in submitting the staff re-structure Business Case and subsequent staff consultation this saving will not be fully realised.	Y

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- June 2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
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	468	43	A	Kim Carey	Due to the delays in submitting the staff re-structure Business Case and subsequent staff consultation this saving may not be fully realised.	Y
CH58	Access and Assessment Employees - Staff Savings	700	700	0	A	Kim Carey		Y
CH22 Page 87	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.	156	151	5	A	Richard Ellis	Due to the delays in submitting the staff re-structure Business Case and subsequent staff consultation this saving will not be fully realised.	Y
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.	274	274	0	A	Andy Ottaway-Searle		Y
CH59	Direct Provision Residential and supported living management -staff reductions- We would expect to keep front line support staff but reduce management. This would mean less resource to provide outreach and the emphasis would primarily on providing core services (Bring forward savings -CH37) 2 FTE's	100	100	0	A	Andy Ottaway-Searle		Y
CH23	Directorate- Staff Savings - 0.46 FTE to be deleted- None, post now funded by Public Health	21	21	0	G	Richard Ellis	Saving to be achieved as change of funding	Y

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- June 2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
CH64	Directorate- Staff Savings - (Budget contribution to Joint Public Health consultant post to be deleted)- None, post now funded by Public Health	30	30	0	G	Richard Ellis	Saving to be achieved as change of funding	Y
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.	100	30	70	R	Kim Carey	Pending finalisation of resources for the review team.	Y
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.	400	8	392	R	Kim Carey	Pending finalisation of resources for the review team.	Y
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.	50	0	50	R	Kim Carey	Pending finalisation of resources for the review team.	Y

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- June 2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
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.	76	0	76	R	Henrietta Brown	Pending finalisation of resources for the review team.	Y
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.	387	137	250	R	Kim Carey	Pending finalisation of resources for the review team.	Y
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.	345	0	345	R	Kim Carey	Pending finalisation of resources for the review team.	Y
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.	134	0	134	R	Kim Carey	Pending finalisation of resources for the review team.	Y

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- June 2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
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.	48	0	48	R	Kim Carey	Pending finalisation of reseouces for the review team.	Y
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.	60	0	60	R	Kim Carey	Pending finalisation of reseouces for the review team.	Y
CH60	South Thames Crossroads : Decommission the crossroads service for carers. Replace with domiciliary care service/ Direct Payment offer and commissioned holistic carers support service from voluntary sector.	294	130	164	G	Richard Ellis		
CH61	Meals on Wheels (Sodexo) : Decommissioning service and embed support within community, neighbourhood and voluntary support infrastructure	153	85	68	G	Richard Ellis	Service to be decommissioned from 31st July 2016	Y
CH62	Supported accommodation mental health : Decommission service as a result of Provider notice to cease service in Merton	106	106	0	G	Richard Ellis	The service has been decommissioned & saving achieved.	Y
CH63	Day support Imagine Independence : Decommission service and recommission cost effective peer led day opportunities for people with mental health	84	84	0	G	Richard Ellis	The tender has been awarded and will commence 4th July (which will achieve the saving)	Y
CH51	NHS Income :Negotiate extra NHS funding for extra costs of Hospital Discharges - Circa £150k on packages, £50k on staff.	200	0	200	R	Richard Ellis	Not achievable	Y
	<u>Library & Heritage Service</u>							
CH44	Deletion of all administrative support (Deletion of 1 x FTE)	26	26	0	G	Anthony Hopkins	Reorganisation complete and individual has been slotted into a new post in the council.	Y

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- June 2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
CH45	Reduction in activities programme	2	2	0	G	Anthony Hopkins	Savings identified and budget profiled.	Y
CH46	Withdrawal from annual CIPFA public library user survey (PLUS)	3	3	0	G	Anthony Hopkins	Savings identified and budget profiled. New consultation systems will be in place for autumn 16.	Y
CH47	Reduction in volunteering contract	20	20	0	G	Anthony Hopkins	Contract renegotiated and new arrangements to start from 1 April 2016	Y
CH48	Reduction in media fund	45	45	0	G	Anthony Hopkins	Budget reduction re-profiled to reflect new expenditure.	Y
	<u>Merton Adult Education</u>							
CH15	MAE :Staffing cost reductions -Delivery utilising the use of Information Technology and other efficiencies	8	8	0	G	Yvonne Tomlin - Miller	Saving unlikely to be delivered due to changes in SFA funding	Y
	<u>Housing Needs & Enabling</u>							
CH8	Reduction of Homelessness Prevention Grant:	56	0	56	R	Steve Langley		Y
CH19	Rationalisation of admin budget :	30	30	0	G	Steve Langley		Y
CH40	Housing Strategy officer - deletion of 1 FTE :	43	43	0	G	Steve Langley	Post vacant and will be deleted - saving wil	Y
CH41	Environmental health Technical officer deletion of 1 FTE:	33	33	0	G	Steve Langley		Y
CH42	Housing options adviser deletion of 1.5 FTE :	53	53	0	G	Steve Langley	Post vacant and will be deleted - saving wil	Y
	Total Community & Housing Department Savings for 2016/17	5,379	3,162	2,217				

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
	<u>Commissioning, Strategy and Performance</u>							
CSF2012-04	Reduce expenditure on LAC and SEN placements	50	50	0	A	Paul Ballatt	Although we expect to achieve the savings target, increased cost due to higher and more complex caseload is causing the service area to overspend. Placements are reviewed on a monthly basis and detailed analysis to back up the cost reduction in placement costs through negotiations with providers are reported to DMT every quarter.	Y
CSF2014-02	Reduce the post 16 LAC/CL accommodation.	50	50	0	A	Paul Ballatt	Although we expect to achieve the savings target, increased cost due to higher and more complex caseload is causing the service area to overspend. Placements are reviewed on a monthly basis and detailed analysis to back up the cost reduction in placement costs through negotiations with providers are reported to DMT every quarter.	Y
CSF2014-03	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.	40	40	0	G	Paul Ballatt		
CSF2014-05	Reduction in commissioning of early intervention and prevention services from the VCS.	300	300	0	G	Paul Ballatt		
	<u>Children Social Care</u>							
CSF2012-07	Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE). 2016/17 savings will be achieved by the closure of Insight and deletion of YJ management post.	100	100	0	R	Paul Angeli	Insight was not closed as we were not able to opt out of the lease early. This saving will be delivered in 2017/18 and the short for 2016/17 covered through reduced grant-funded and targeted intervention services.	
CSF2015-01	Serious Case Reviews	77	77	0	G	Paul Angeli		
	<u>Early Years</u>							

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
CSF2013-01	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	17	17	0	G	Jane McSherry		
CSF2014-09	We are working on the detailed proposals which will in essence reduce the service to paid-for childcare (parents and DSG) with a very limited targeted service for highly vulnerable families.	254	254	0	G	Jane McSherry		
CSF2014-06	<u>Youth Service</u> Young people will be signposted to VCS youth provision. Work continues with RSLs and other possible funders to identify some residual funding.	480	480	0	G	Jane McSherry		
CSF2014-07	<u>Public Health</u> Children's centres deliver the widest outcomes for under fives and getting a good start in life is key to narrowing inequalities in health outcomes.	400	400	0	G	Jane McSherry		
CSF2014-08	<u>Schools</u> Increased income from schools and/or reduced LA service offer to schools.	400	400	0	G	Jane McSherry		
CSF2015-02	<u>Cross cutting</u> Service management review across the CSF dept (2/3 FTE depending on grading of posts)	23	23	0	G	Paul Angeli		
	Total Children, Schools and Families Department Savings for 2015/16	2,191	2,191	0				

CSF2012-04 and CSF2014-02 is shown as amber because, although the savings are met, the overall budgets are overspending due to demographic pressures.

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
Customer Services								
CS13	Reduction in discretionary relief (replacement of CS12 and CS13 which had both been deferred until 2016/17)	81	81	0	G	David Keppler/Sean Cunniffe		N
CS36	Re tendering of Cash Collection Contract	10	10	0	G	David Keppler/Sean Cunniffe		N
CS39	Impact of Customer Service Review	30	0	30	R	David Keppler/Sean Cunniffe	Unlikely to be achieved due to delay in Customer Contact Implementation	N
CS61	Dividend income from CHAS 2013 Limited	58	58	0	G			N
CS62	Recharges to Public Health	70	70	0	G			N
CSD9	Ending of e-Capture Service	9	9	0	G	David Keppler/Sean Cunniffe		N
CSD10	Ending of Risk Based Verification	22	22	0	G	David Keppler/Sean Cunniffe		N
CSD11	Terminate the Experian trace and search system contract	10	10	0	G	David Keppler/Sean Cunniffe		N
CSD14	Reduction of 1 FTE Revenues Officer	30	30	0	G	David Keppler/Sean Cunniffe		N
CSD15	Increase in Court Costs (council tax) - Increase from £110.00 to £115.00	40	40	0	G	David Keppler/Sean Cunniffe		N
CSD16	Reduction in discretionary relief	231	231	0	G	David Keppler/Sean Cunniffe		N
CSD18	My Merton and staff reductions - Renegotiate supplier costs for My Merton	32	32	0	G	Sophie Poole		N
CSD19	My Merton and staff reductions - Delete 1 FTE - Communication Asisstant	25	25	0	G	Sophie Poole		N
Business Improvement								
CS5	Review and challenge of the procurement of Support & Maintenance & Licence Contracts	21	21	0	G	Sophie Ellis		N
CS63	Reorganisation of systems development and support arrangements.	88	0	88	R	Sophie Ellis	Recruitment difficulties in new structure	Y
CSD37	PO Restructure	64	64	0	G	Sophie Ellis		N
CSD38	Reduction in support budget	5	5	0	G	Sophie Ellis		N
CSD39	Business Systems Team Restructure Phase 2	50	50	0	G	Sophie Ellis		N
CSD40	Secure additional income generated through gazetteer maintenance and street naming and numbering	30	30	0	G	Sophie Ellis		N
CSD41	Consolidation of systems support	20	20	0	G	Sophie Ellis		N
IT Service Delivery								
CS5	Review and challenge of the procurement of Support & Maintenance & Licence Contracts	29	29	0	G	Mark Humphries		N
CS7	Reduction of costs through re-procurement of Mobile Telephones Contract against a number of revenue budgets spread across the Council	20	20	0	G	Mark Humphries		N
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	20	20	0	G	Mark Humphries		N
CS10	Outsourcing - Service Desk	20	0	20	R	Mark Humphries	Saving found from supplies budget	N
CS12	Information Governance Vacant Post	37	37	0	G	Mark Humphries		N

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CS16	Surrender of remainder of ITSD Overtime budget	35	35	0	G	Mark Humphries		N
CS23	Outsourcing - Building Services & Security Service	50	50	0	G	Mark Humphries		N
CS28	M&E Term Contract (Amalgamation) of Intruder Alarms	20	20	0	G	Mark Humphries		N
CSD2	Energy Savings (Subject to agreed investment of £1.5m)	150	0	150	R	Mark Humphries	Full saving unlikely to be achieved due to delay in implementation. Alternative saving in current year to be identified	N
CSD3	Rationalise IT Service Delivery support & maintenance contracts.	86	86	0	G	Mark Humphries		N
CSD4	Rationalise Facilities Management Building Repairs & Maintenance budgets	15	15	0	G	Mark Humphries		N
CSD5	Increase income generation from external bookings at Chaucer centre	40	40	0	G	Mark Humphries		N
CSD6	Reduction in the number of vehicles operated by Infrastructure & Transactions division from three to two	5	5	0	G	Mark Humphries		N
CSD8	Restructure IT Service Delivery section and delete 1 FTE post.	40	40	0	G	Mark Humphries		N
	Resources							
CS46	Resources -Deletion of 3 Posts within the Division	25	25	0	G	Paul Dale		N
CS64	Reduction of treasury running costs through review, improvement and efficiency	20	20	0	G	Paul Dale		N
CS65	Consolidation of various budgets within Resources division	66	66	0	G	Paul Dale		N
CS67	Reduction in bank and giro charges	12	12	0	G	Paul Dale		N
CSD20	Increased income	16	16	0	G	Paul Dale		N
CSD21	Rephase existing Savings	42	42	0	G	Paul Dale		N
CSD23	Cut running costs budgets	30	30	0	G	Paul Dale		N
CSD24	Consultancy budget	100	100	0	G	Paul Dale		N
CSD25	Increased charge to Pension Fund	20	20	0	G	Paul Dale		N
CSD47	Delete 1 Policy post	50	50	0	G	Paul Dale		N
	Human Resources							
CS49	Introduction of new application tracking system	10	10	0	G	Kim Brown		N
CS50	Occupational Health & Employee Assistance programme	40	40	0	G	Kim Brown		N
CS74	Review of L&D spend	69	69	0	G	Kim Brown		N
CSD32	Review of HR business support (printing and stationery)	5	5	0	G	Kim Brown		N
CSD35	Learning and Development Budget	18	18	0	G	Kim Brown		N
	Corporate Governance							
CS73	Saving from 4 borough shared legal service	60	60	0	G	Paul Evans		N

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSD44	Stop web casting meetings, remove scrutiny support fund and reduce other supplies and services	35	35	0	G	Paul Evans		N
CSD45	Share audit and investigation service	60	60	0	G	Paul Evans		N
	<u>Other</u>							
CSD48	CHAS Dividend	145	145	0	G			N
	Total Corporate Services Department Savings for 2016/17	2,316	2,028	288				

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2016-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Unders pend? Y/N
SUSTAINABLE COMMUNITIES								
ER23	Staff savings from 6th month review following the merger of the traffic and highways and the FutureMerton team in to one team and further budget savings/adjustments within the controllable expenditure budgets	130	130	0	G	James McGinlay		N
ER23	Restructure of team to provide more focus on property management and resilliance within the team.	52	52	0	A	James McGinlay	Commencing July 2016 to complete by October 2016, with saving expected to be achieved.	N
EN27	Reduction in the Lining Budget	10	10	0	G	James McGinlay		N
EN30	Reduction in supplies and Services Costs	20	20	0	G	James McGinlay		N
EN31	Reduction in energy costs	30	30	0	G	James McGinlay		N
EN32	Renegotiation of J C Deceaux Contract	10	10	0	G	James McGinlay		N
EN35	Various Budgets - Increased Income through various charging increases where the service provided will still be purchased eg Increases % commercial uplift from 30% to 50% per hr; increases in charges in halls and at watersports centre, etc	14	14	0	G	James McGinlay		N
EN36	Various Budgets - Increased Income through sale of advice & guidance from senior professional officers and sale of specialist arts & leisure developed service packages to groups and organisations e.g private care homes, etc	10	10	0	G	James McGinlay		N
EN37	Merton Active Plus - Increased Income	5	5	0	G	James McGinlay		N
EN42	Consultancy Income. This is based on an average daily rate of £300 per day (15/16 equates to 7 days per year for each chargeable member of staff and 16 days in 16/17) based on the consultancy project mangement working practices adopted by FutureMerton team.	50	0	50	R	James McGinlay		Y
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.	13	0	13	R	James McGinlay	This saving Is not currently being achieved. However, it 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 from 2017/18.	Y
E&R1	Arts Development - further reduce Polka Theatre core grant	5	5	0	G	James McGinlay		N
E&R2	Water sports Centre - Additional income from new business - Marine College & educational activities.	10	10	0	G	James McGinlay		N
E&R6	Reduced costs incurred as a result of sub-leasing Stouthall until 2024.	39	39	0	G	James McGinlay		N
E&R24	Reduction in current levels of staffing in the Greenspaces grounds maintenance and horticulture and sports teams.	130	130	0	A	James McGinlay		N
E&R26	Introduction of P&D within certain parks responding to demand for the management of parking and controlling excess demand for spaces/ commuter parking	60	10	50	R	James McGinlay	Due to a delay in implementation, this saving will nto be achieved this year. It is currently expected to be implemented around January 2017.	N

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2016-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Unders pend? Y/N
E&R27	Additional property rental income	44	0	44	R	James McGinlay	An alternative saving is being worked upon, and will be presented to Cabinet in due course.	N
E&R31	Senior management and support-Deletion of the 2 management support posts and absorption into existing resources.	70	70	0	G	Chris Lee		N
E&R32	Wifi Concessionary Contract-Income from wifi concessionary contract to be let from 2015/16	20	20	0	G	James McGinlay		N
E&R33	Various Budgets - Increase in income from commercialisation of services	250	180	70	R	James McGinlay/ Cormac Stokes	The £70k saving relating to the Live at Wimbledon Park event is not expected to be achieved this year.	N
E&R35	Reduce street lighting contract costs	25	25	0	G	James McGinlay		N
E&R36	Reduction in reactive work budget	60	60	0	G	James McGinlay		N
E&R38	Income from Section 278/Developers agreements where traffic works are required as part of development . Charging for work currently not charged for	50	50	0	A	James McGinlay		N
E&R39	Pre-application income. This is in addition to any previous pre-app savings proposal.	50	0	50	R	James McGinlay	An alternative saving is being worked upon, and will be presented to Cabinet in due course.	N
E&R40	Consultancy income. This is in addition to any previous savings proposal.	60	60	0	G	James McGinlay		N
E&R41	Align Vestry Hall income budget with current levels of income being achieved.	20	20	0	G	James McGinlay		N
PUBLIC PROTECTION								
EN02	Introduction of unattended automatic number plate recognition CCTV parking enforcement cameras at fixed locations.	226	226	0	G	John Hill		N
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	John Hill		N
E&R7	Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	260	260	0	A	John Hill	The current estimates for new CPZ permit income is 170k. No estimates for PCN and P&D income have been made as we have not been advised on the hours of operation. We are also awaiting information on the increase in properties to CPZ extensions to GC, CW and MP1 zones. When we have received the numbers of properties and the hours of operation we will be in a position to provide a more accurate forecast.	N
E&R8	In response to residents concerns about traffic congestion, enforcement of moving traffic contraventions, following the Implementation of ANPR.	1,700	1,700	0	G	John Hill		N
E&R9	Change in on-street bay suspension pricing structure.	500	250	250	R	John Hill	due to elasticity of demand shortfall of £250k expected (will be offset by E&R11)	N
E&R10	Back office reorganisation	80	50	30	G	John Hill		N
E&R11	Enforcement of pavement parking	60	310	-250	G	John Hill	expected to exceed target by at least £250k and will be used to offset shortfall on E&R9.	N
E&R12	End lease of Wycliffe Road	14	14	0	G	John Hill		N

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2016-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend? Y/N
E&R13	Increase income from discretionary fees & charges	50	50	0	A	John Hill	Work underway, but potential for slippage and subsequent failiure to achieve full year effect.	N
E&R15	Alter funding of post dedicated to investigating potential recovery of funds under the POCA, to be funded from costs recovered.	50	50	0	G	John Hill		N
STREET SCENE & WASTE								
EN14	Mobile technology including GPS and in cab monitors. Once implemented will reduce back office staff numbers as a result of reducing reliance on paper schedules and in addition the GPS vehicle tracking system will lead to improved service and fuel efficiency.	100	70	30	R	Cormac Stokes	This saving is linked to new CRM project and Environmental asset Management Business case. The system is due to start imminently, and is expected to generate a saving of c£70k. Therefore, an alternative saving for c£30k will be required.	Y
E&R17	To reduce the costs of the service and maintain current standards of cleaning within Merton it is proposed to alter how we deploy our resources by reducing residential solo sweepers and alter the use of mechanical sweepers by investing in electric sweepers	157	157	0	G	Cormac Stokes		N
E&R18	Cease the distribution of food caddy liners	70	70	0	G	Cormac Stokes		N
E&R19	Align income budget to levels of income being generated from the sale of Textiles.	50	50	0	G	Cormac Stokes		N
E&R20	To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	20	20	0	G	Cormac Stokes		N
E&R21	IRRC Site operations procured to external provider. Contractual savings.	30	30	0	A	Cormac Stokes	Although procurement led to significant cost reduction, it may not be sufficient enough to reduce below existing budget level. Work is currently underway to determine this.	N
E&R22	Removal of borough wide dog bins including Parks	42	42	0	G	Cormac Stokes		N
Total Environment and Regeneration Savings 2014/15		4,771	4,434	337				

June'2016								APPENDIX 7	
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2015/16									
Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Savings Achieved £000	Shortfall £000	RAG	16/17 RAG	Responsible Officer	Comments	Budget Manager Comments
	<u>Libraries</u>								
	<u>Merton Adult Education</u>			0					
CH15	Increased income and some staff reductions	14	0	14	R	R	Yvonne Tomlin		
	<u>Housing</u>			0					
	Total Community & Housing Department Savings for 2015/16	14	0	14					
Scrutiny Panels									
	C&YP							Income - increase in current level of charges	
	HC&OP							Income - increase arising from expansion of existing service/new service	
	SC							Staffing: reduction in costs due to efficiency	
	O&SC							Staffing: reduction in costs due to deletion/reduction in service	
								Non - Staffing: reduction in costs due to efficiency	
								Non - Staffing: reduction in costs due to deletion/reduction in service	
								Procurement / Third Party arrangements - efficiency	
								Grants: Existing service funded by new grant	
								Grants: Improved Efficiency of existing service currently funded by unringfenced grant	
								Reduction in Property related costs	

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	15/16 RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	16/17 RAG	Responsible Officer	Comments
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All savings for 2015/16 achieved

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2015-16

Ref		2015/16 Savings Required £000	2015/16 Savings Achieved £000	Shortfall	15/16 RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
ER10	Merton & Richmond shared regulatory services.	230	89	141	R	230	0	G	John Hill	New structure commenced in October 2015, so only a part-year effect saving was achieved in 2015/16. The shortfall is not expected to repeat in 2016/17.	N
EN29	Re-Structure of Traffic and Highway Services	252	146	106	R	252	0	G	James McGinlay	Due to delay in implementation, the full effect of this saving was not realised in 2015/16.	N
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	11	28	R	11	28	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 from 2017/18.	Y
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	4	0	G	John Hill		N
EV12	Production of unattended automatic number plate recognition CCTV parking enforcement cameras at fixed locations.	3,214	0	3,214	R	3,214	0	G	John Hill	The implementation phase of the contract is under way with a start date of early July 2016.	N
Total Environment and Regeneration Savings 2015/16		3,739	246	3,493		3,711	28				

DEPARTMENT: Corporate Services - PROGRESS ON SAVINGS 15-16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Savings Expected £000	Shortfall	15/16 RAG	Responsible Officer	Comments
All savings for 2015/16 achieved							

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2014/15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Actuals Savings £000	2014/15 Shortfall £000	2015/16 Savings Achieved £000	2015/16 Shortfall £000	RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
Adult Social Care													
ASC13/ASC34	Brokerage Efficiencies	300	118	182	118	182	R	187	113	R	Julie McCauley	Negotiations are on-going with existing service providers, however savings are dependent on market pressures and the current market is that prices are increasing, making negotiating reductions more difficult.	Y
ASC8	Optimising the use of block and spot contracts-OP&LD	300	141	159	141	159	R	141	159	R	David Slark	Negotiations are on-going with existing service providers, however savings are dependent on market pressures and the current market is that prices are increasing, making negotiating reductions more difficult.	Y
ASC54	Reduction in Mental Health Placement	50	0	50	0	50	R	0	50	R	Henrietta Brown	There was an increase in customers with higher needs, which led to a greater expense of placements. In addition, there were not sufficient opportunities for people to move to a lower level of support, so savings were not achieved.	Y
CH12	Remove day care costs from residential customers	250	0	250	0	250	R	0	250	R	Andy Ottaway-Searle	Due to the small number of residential customers this target was not able to be achieved.	Y
CH14	All Saints Respite extension	36	0	36	0	36	R	0	36	R	Julie McCauley	Building work not started to accommodate suitable environment for customers with physical disabilities, therefore savings not achieved.	Y
CH15	Assistive Technology	70	0	70	0	70	R	70	0	A	Andy Ottaway-Searle	Assisted technology used with new customers but tracking cost avoidance is difficult to demonstrate as previously these customers have not incurred costs. Work needed to review existing customers to identify if any savings can be made.	Y

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Actuals Savings £000	2014/15 Shortfall £000	2015/16 Savings Achieved £000	2015/16 Shortfall £000	RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CH6	Voluntary Organisation- SLA reduction	150	0	150	0	150	R	150	0	A	Simon Williams	Work on-going with voluntary sector to review funding to meet savings targets.	Y
ASC53	Meals on wheels contract	50	0	50	0	50	R	0	50	R	Simon Williams	Meals on Wheels contract will not be renewed, however the saving on the contract cost is a 16/17 saving.	Y
ASC6/ASC 49/ CH8	Transport	246	0	246	0	246	R	0	246	R	Andy Ottaway-Searle	Use of LBM transport has been reduced through using day centre staff driving and escorting on leased vans to save money. However as Transport costs are re-apportioned this saving has not been met.	Y
Page 105 ASC50/CH	Staffing savings in Direct Provision	216	0	216	0	216	A	216	0	A	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.	Y
	Merton Adult Education Increase income from commercial courses and café, reduction in staff. Admin & marketing cost.	176	0	176	0	176	R	0	176	R	Yvonne Tomlin	Saving not delivered due to changes in SFA funding	
	Total Community & Housing Dep't Savings for 2014/15	1,844	259	1,585	259	1,585		764	1,080				

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

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Achieved £000	2014/15 Shortfall £000	2015/16 Savings Achieved £000	2015/16 Shortfall £000	RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
	<u>Education</u>												
CSF2012-08	Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport	140	100	40	140	0	G	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 £108k was saved from ITT and £111k from PB. The overall transport budget is expected to overspend due to complexity of caseloads and increased prices. A transport board has been set up to review the various cost reduction actions being implemented.	N

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15

Ref		2014/15 Savings Required £000	2014/15 Savings Achieved £000	2014/15 Shortfall £000	2015/16 Savings Achieved £000	2015/16 Shortfall £000	RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
EN45	Further commercialisation and development of sports and allied parks services	96	67	29	71	25	R	71	25	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 from 2017/18.	Y
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	100	0	A	Cormac Stokes	Improved management of the sickness monitoring is in place. All LTA being seen by HofS. The technical establishment is expected to be signed off soon. Once done so, it will be reconciled to the use of temporary staff to confirm if this saving has been met.	N
Total Environment and Regeneration Savings 2014/15		196	67	129	71	125		171	25				

DEPARTMENT: Corporate Services - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	14/15 RAG	Responsible Officer	Comments
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All savings for 2014/15 achieved

Appendix 9

Subject: Miscellaneous Debt Update June 2016

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

1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 June 2016, is shown in column F of Table 1 below.

Sundry Debtors aged balance – 30 June 2016 – 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	Jun 16 arrears f	Mar 16 Arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	1,090,704	369,664	163,672	191,345	1,815,385	1,072,574	↑
Corporate Services	145,725	31,690	64,669	158,931	401,015	403,393	↓
Housing Benefits	655,007	1,150,818	932,188	1,276,545	4,014,558	4,127,431	↓
Children, Schools & Families	1,019,860	36,297	21,309	171,062	1,248,528	409,079	↑
Community & Housing	1,658,569	699,281	1,187,449	1,617,165	5,162,464	4,595,399	↑
Chief Executive's	0	0	0	0	0	0	↓
CHAS 2013	67,551	14,287	16,549	7,580	105,967	93,779	↑
Total	4,637,416	2,302,037	2,385,836	3,422,628	12,747,917	10,701,655	↑
<i>Mar-16</i>	<i>3,630,593</i>	<i>1,735,843</i>	<i>1,955,265</i>	<i>3,287,964</i>	<i>10,609,665</i>		
<i>Variance Jun 15 to Jun 16</i>	<i>1,006,823</i>	<i>566,194</i>	<i>430,571</i>	<i>134,664</i>	<i>2,138,252</i>		<i>↑</i>

1.2 Since the position was last reported in March 2016, the net level of arrears, i.e. invoices over 39 days old, has increased by £2,046,262.

1.3 The net level of level of arrears has increased by £2,138,252 when compared to the position at the end of June 2015.

- 1.4 The above table shows the separate debt owed to CHAS 2013 Ltd.
- 1.5 There is an increase in debt due to the Environmental and Regeneration department of £742,811 since last reported. The majority of this is due to an increased debt to the Town Planning service of £535,000 which is for unpaid Community Infrastructure Levy's.
- 1.6 There is an increase in debt due to the Children Schools and Families department of £839,449 since last reported. The majority of this is due to an increased debt to the departments Finance team of £780,000.
- 1.7 There is an increase in debt due to the Community and Housing department of £567,065 since last reported. The majority of this is due to an increased debt to MASCOT of £260,000 and the departments Finance team of £240,000. MASCOT invoices are issued annually in April and some clients have still not paid their annual charge which has resulted in the increase this quarter.
- 1.8 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

Sundry debt June 2012 to June 2016 – not including debt that is less than 39 days old

Department	June 2012	June 2013	June 2014	June 2015	June 2016
	£	£	£	£	£
Env & Regeneration	315,756	811,346	884,512	896,994	1,815,385
Corporate Services	527,423	623,983	858,227	290,128	401,015
Housing Benefits	2,993,179	3,173,011	2,685,560	3,196,008	4,014,558
Children, Schools & Families	536,458	133,712	367,884	995,833	1,248,528
Community & Housing	3,326,862	4,183,231	4,589,395	5,076,718	5,162,464
Chief Executive's	0	3,000	500	0	0
CHAS 2013	0	0	113,826	153,984	105,967
Total	7,699,678	8,928,283	9,499,904	10,609,665	12,747,917

- 1.9 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 2015/16.

The level of Community and Housing debt over 39 days has increased by just under £1.83 million in the four year period.

1.10 The increase in debt for Environment and Regeneration is mainly due to increases in Town Planning, Environmental Health and Trading Standards and Waste debts. These three service units have seen a total of £1.26 million increase since March 2012.

1.11 The action being taken to recover the largest debts is outlined below

1 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.

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.

2 DEBT OVER ONE YEAR OLD

3.1 Debt over 1 year old has increased by £453,051 since the end of December 2014, an increase of 7.8%.

Debt over 1 year old compared to December 2014

Department	Dec 2014	Mar 2016	Variance	% Variance
Env & Regeneration	£451,983	£355,017	-£96,966	-27.31
Corporate Services	£283,173	£223,601	-£59,572	-26.64
Housing Benefits	£1,781,334	£2,208,733	£427,399	19.35
Childrens, Schools & Families	£263,050	£192,372	-£70,678	-36.74
Community & Housing	£2,565,992	£2,804,615	£238,623	8.51
Chief Executives	£500	£0	-£500	0.00
CHAS 2013	£9,384	£24,129	£14,745	
Total	£5,355,416	£5,808,467	£453,051	7.80

- 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 £238,623 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 £6.175 million. Of this £4.35 million is Community Care debt. Of the Community Care debt £0.38 million is under 39 days and therefore no formal recovery action has taken place other than issuing an invoice and reminder. Of the remaining £3.97 million debt which is older than 39 days just over £0.75 million is secured debts against charging orders or deferred payment arrangements, £0.9 million is where the council has deputyship or awaiting probate, £0.3 where court action is taking place or there are

queries on the invoices and a further £0.46 million has repayment arrangements in place. We are actively working on securing the remaining debt by similar means.

- 3.7 A new working group chaired by the Director of Community and Housing has been set up to monitor Community Care Debt and to work across departments to improve processes and ensure best practice is in place to maximise collection of debts at all stages.
- 3.8 The table below shows the breakdown of Community Care debt by recovery action

Total Community Care Debt by recovery action as at June 2016 compared to March 2016

Community Care Debt	31-Mar-16	Percentage at stage	30-Jun-16	Percentage at stage
Invoice stage	656,084	14%	387,608	9%
Charge & Deferred Payment	995,753	22%	775,880	18%
Payment arrangement	372,108	8%	462,801	11%
Probate, DWP & Deputyship	925,447	20%	944,870	22%
Court action	147,886	3%	141,345	3%
Dept or service query	154,802	3%	182,702	4%
No action secured	1,386,446	30%	1,460,347	33%
Total Debt	4,638,526		4,355,553	

- 3.9 Community Care debt has reduced by £282,973 since the end of March 2016. In the last quarter we have received payment of over £228,000 on one account where we had a deferred payment arrangement in place.
- 3.10 There is £1.8 million of other Community and Housing Debt, this is mainly made up of £275,000 of debt owed to Mascot although the vast majority of this is debt under 39 days old. There is also £1.1 million owed to Housing and Social Services Accountancy team, which is mainly due from Merton CCG and some debt owed from other councils. Just over £350,000 of this debt is over 39 days old and is being pursued.
- 3.11 The total amount of housing benefit debt is £8.046 million, this figure includes £4,014,558 within the sundry debtors system as reported in 1.1 above and the debt still within the housing benefit system.
- 3.12 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.

- 3.13 In May 2015 the second phase of the initiative commenced and we are receiving approximately 150 cases per month.
- 3.14 As at the end of March 2016, £2.625 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.
- 3.15 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 £160,000 set up to recover in this way.
- 3.16 A further tranche of these cases commenced in May 2016.
- 3.17 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 is being extended for 2016/17.
- 3.18 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 the third quarter target was achieved and a further £14,000 additional funding received. The performance for the fourth quarter has still not been received. The Council has committed to continuing this initiative for 2016/17 and has received £49,000 funding to administer this.
- 3.19 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.
- 3.20 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 £2.9 million being recovered from on going benefit by reducing current housing benefit payments. Just over £4.85 million is on a payment arrangement or recovery from on going benefit

- 3.21 The table below shows breakdown of all housing benefit overpayments by recovery action.

Total Housing Benefit Debt by recovery action from June 2015 to June 2016 by quarter

	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16
Invoice and Reminder stage	542,969	814,303	1,571,934	1,205,885	667,690
On-going recovery	3,070,965	2,839,286	3,237,225	3,105,644	2,928,207
Payment Arrangements	1,514,546	1,324,634	1,606,401	1,792,340	1,922,400
No Arrangements secured	2,325,949	2,255,792	1,608,915	1,870,006	2,528,002
Total HB Debt	7,454,429	7,234,015	8,024,476	7,973,875	8,046,299

- 3.22 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.

- 3.23 The table below shows the amount of debt written off in accordance with financial regulations and scheme of management in 2014/15, 2015/16 and 2016/17.

Debt written off in 2014/15, 2015/16 and 2016/17 by debt type

	2014/15	2015/16	2016/17				
	Total	Total	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Debt type							
Sundry Debt	£347,726	£581,419	£129,338				£129,338
Housing benefit overpayments	£1,050,105	£510,352	£116,012				£116,012
Council Tax	£526,881	£951,280	£118,937				£118,937
Business Rates	£790,373	£659,514	£0				£0
Total	£2,715,085	£2,702,565	£364,287	£0	£0	£0	£364,287

- 3.24 Of the business rates debt written off in 2014/15 just over £400,000 related to businesses that went into liquidation and for 2015/16 £392,000 related to businesses that went into liquidation and therefore it was not possible to collect the rates.
- 3.25 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.
- 3.26 Although the debt written off within any of the years does not relate to one specific year it should be noted that in 2015/16 the council was collecting a net debt of £102.6 million in council tax (this includes the GLA portion), a net debt of £92.3 million in business rates (this includes Business Rates Supplement) and approximately £44 million raised through sundry debts.
- 3.27 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 £2.83m for ASH miscellaneous debt and £6.29m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £9.12m. 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 31/03/2015	At 31/03/2016
	£000's	£000's
Env & Regeneration	332	377
Corporate Services	432	342
Housing Benefits	6,344	6,287
Children, Schools & Families	90	121
Community & Housing	1,996	1,995
Total	9,194	9,122

5. EXECUTIVE SUMMARY / CONCLUSION

5.1.1 Merton's total level of miscellaneous debt arrears i.e. invoices over 39 days old, as at 30 June 2016 is £12,747,917. The net level of arrears, when the matter was last reported in March 2016 was £10,701,655.

6. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 June 2016 is detailed in table 6 below.

Total debt outstanding as at 31 March 2016 and compared with previous periods over the past 15 months

	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	14,201,393	10,837,854	10,443,846	11,272,021	16,281,729	12,762,026
Housing Benefit debt	7,070,861	7,454,428	7,234,014	8,024,475	7,973,874	8,046,299
Parking Services	2,143,597	2,197,074	2,120,147	2,026,990	2,236,486	2,475,209
Council Tax Note 2	3,730,152	5,281,972	4,554,084	3,954,459	3,696,585	5,028,749
Business Rates Note 3	638,077	1,758,523	1,741,972	1,502,441	1,112,781	1,696,598
Total	27,784,080	27,529,851	26,094,063	26,780,386	31,301,455	30,008,881

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 Council tax debt does not include the current year council tax collection.

Note 3 Business rates debt does not include the current year business rates collection

- 6.1 The overall debt outstanding has increased by £2.47 million in the past 12 months compared to the end of June 2015.
- 6.2 The areas where there has been the largest increase are miscellaneous sundry debts which has increased by £1.9 million, housing benefit debt by £5.5 million.
- 6.2 Detailed breakdowns of the Council Car Parking figures are shown in the Table 7 below:

Table 7 – Car Parking Aged Debtors – June 2016

Age of Debt	Outstanding £	Number of PCNs
0-3 months	956,943	8,659
3-6 months	419,437	2,857
6-9 months	314,269	2,023
9-12 months	217,471	1,372
12-15 months	202,801	1,220
Older than 15 months	364,288	2,416
Total June 2016	£2,475,209	18,547
Total March 2016	£2,236,486	16,389
Increase	£238,723	2,158

APPENDIX AUTHOR - David Keppler (020 8545 3727/david.keppler@merton.gov.uk)

Description	Jun-16						
	2014/15	2015/16	2016/17 Year to Date (First quarter to June 2016)	2016/17 Jul - March	2016/17 Year end Forecast as at June 2016	2016/17 Previous Forecast at March 2016	Forecast Variance at year end (March/June)
	Actual £000	Actual £000	Actual £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
Payments							
Payroll Related Payments (including Schools)-net pay	104,256	116,209	26,419	91,257	117,676	103,160	14,516
Payroll related-HMRC	37,321	41,600	9,457	33,372	42,829	36,626	6,203
Payroll related-Teachers Pensions Authority	13,010	14,502	3,297	9,890	13,187	12,638	549
Payroll related-pension fund and disbursements and including back funding and added years	36,259	22,712	5,988	17,964	23,952	22,940	1,012
Service payments- (Premises, Transport, Supplies and Services and Third Party payments)	284,626	299,145	76,574	224,405	300,392	352,131	-51,739
Transfer Payments-Housing Benefits	92,065	93,060	25,718	67,342	93,060	96,990	-3,930
Bank Charges & Related Expenditure	252	247	66	198	264	258	6
Precepts- BRATES and CTAX	79,341	80,113	20,831	62,492	83,323	16,978	66,345
Business Rates and CTax Refunds	5,601	5,787	2,067	6,201	8,268	5,772	2,496
Capital Payments	37,118	29,078	1,002	38,293	39,295	32,559	6,736
Total Payments	689,849	702,452	171,419	551,414	722,246	680,052	42,194
Receipts							
Business Rates Receipts	-91,292	-90,733	-28,216	-68,051	-96,267	-91,292	-4,975
Council Tax Receipts	-103,301	-104,431	-30,607	-78,324	-108,931	-103,301	-5,630
DWP - Housing Benefit Subsidy & Admin Grant & Discretionary Housing Payment grant&S31 Grant)	-87,289	-93,310	-24,158	-72,474	-96,632	-99,842	3,210
Grants (Including Public Health Grants)	-228,412	-240,758	-59,771	-179,312	-239,082	-217,758	-21,324
Other receipts-fees and charges	-73,621	-72,025	-18,405	-55,216	-73,621	-57,858	-15,763
Payroll Recoupment	-82,897	-83,440	-21,458	-64,374	-85,832	-76,866	-8,966
VAT Reimbursement	-24,247	-21,830	-5,621	-16,863	-22,484	-24,740	2,256
Total Receipts	-691,059	-706,527	-188,236	-534,613	-722,849	-671,657	-51,192
1. Net Cashflow (Revenue and Capital Cash)	-1,210	-4,075	-16,817	16,801	-603	8,395	-8,998
Interest Received on investments	-798	-942	-288	-662	-950	-617	-333
Interest on Pooled Property Investment	0	-198	-63	-137	-200	-224	24
Interest Paid on Debt inc DME	6,718	6,704	958	5,157	6,702	6,702	0
2. Interest-net (Net cash flow)	5,920	5,564	607	4,358	5,552	5,861	-309
B/F Cash Deposits Balance (SoA Note 9 Financial Instruments)	80,000	86,100	85,400	101,750	85,400	86,100	-700
B/F Bank Balance (SoA Note 14 Cash and cash equivalents)	-182	-252	2,049	-3,091	2,049	-252	2,301
B/F ST Borrowing (SoA Note 9 Financial Instruments)	-1,170	-11,910	-15,000	-10,000	-15,000	0	-15,000
B/Fwd Total	78,648	73,938	72,449	88,659	72,449	73,938	-1,489
Change in cash and investments (1+2)	4,710	1,489	-16,210	21,159	4,949	1,361	3,588
C/F Cash Deposits Balance (SoA Note 14 Financial Instruments)	86,100	85,400	101,750	67,700	67,700	77,558	-9,858
C/F Bank Balance (SoA Note 14 Cash and Cash Equivalents)	-252	2,049	-3,091	-200	-200	19	-219
C/F ST Borrowing (SoA Note 9 Financial Instruments)	-11,910	-15,000	-10,000	0	0	0	0
B/Fwd Total	73,938	72,449	88,659	67,500	67,500	72,577	-5,077
	0	0	0	-0	-0	0	-0

Customer & Client Receipts - £000's			2016/17						
Department	Division/Service	Total Budget	Year to Date Actual (P3)	Year to Date Budget (P3)	Year to Date Over (under) Spend	Latest Forecast	Forecast Variance	Internal Receipts Forecast	External Receipts Forecast
Childrens Schools & Families	Schools Buy Back	-1,192	-553	-30	-523	-1,205	-12	0	-1,205
	Early Years & Childrens Centres	-1,358	-464	-340	-124	-1,287	71	0	-1,287
	Other	-281	42	-37	79	-258	23	0	-258
	CSF Total	-2,831	-975	-407	-569	-2,750	81	0	-2,750
Corporate Services	Business Improvement	-114	-16	-28	12	-328	-214	-85	-243
	Corporate Governance	-2,711	-316	-682	365	-3,373	-662	-18	-3,354
	Customer Services	-2,268	-424	-561	137	-2,200	69	-140	-2,059
	CS Resources	-726	-303	-182	-122	-820	-94	-1	-819
	Human Resources	-569	-142	-142	0	-569	0	-160	-409
	Infrastructure & Transactions	-2,584	-567	-641	74	-2,630	-46	-1,538	-1,092
	Corporate Items	0	-3		-3	0	0		
CS Total	-8,972	-1,772	-2,236	464	-9,920	-948	-1,943	-7,977	
Environment & Regeneration	Street Scene & Waste	-11,392	-2,313	-2,827	514	-11,301	91	-8,812	-2,489
	Public Protection	-17,618	-3,230	-4,405	1,175	-17,704	-86	-85	-17,619
	Sustainable Communities	-10,827	-3,932	-2,601	-1,331	-10,685	142	-477	-10,208
	E&R Total	-39,837	-9,475	-9,833	358	-39,690	147	-9,374	-30,316
Community & Housing	Adult Social Care - Client Contribution & Other Cont	-10,157	-1,490	-1,908	418	-8,861	1,297	0	-8,861
	MAE & Libraries	-1,119	-141	-277	136	-360	759	-6	-354
	Housing	-178	-60	-45	-16	-305	-126	0	-305
	C&H Total	-11,455	-1,691	-2,229	538	-9,525	1,929	-6	-9,519
Grand Total	-63,095	-13,913	-14,705	792	-61,885	1,210	-11,323	-50,562	

Date of meeting: 26 July 2016		Appendix 12
Title of report:	Establishment Control and Vacancy reporting	
Lead Director:	Caroline Holland	
Lead Officer:	Kim Brown	
To which strategic theme(s) does this item relate?	Sustainable communities	
	Safer & Stronger communities	
	Healthier Communities	
	Older People	
	Children & Young People	
	Corporate Capacity	Yes
Is this item for:	Information only?	
	Discussion?	Yes
	Decision?	
If this report is for decision, please list the recommendations that you are making to CMT	1.	
	2.	
	3.	
	4.	
	5.	
Is this report intended to...	Come back to CMT?	No
	Go to Leader's Policy Group?	No
	Go to Cabinet?	No
	Go to Council?	No
	Go to Overview & Scrutiny?	No
	Go to the LSP?	No

Committee: Financial monitoring scrutiny task group

Date: 26 July 2016

Agenda item:

Wards:

Subject: Establishment Control and Vacancy reporting

Lead officer: Kim Brown – interim HR lead

Lead member: Councillor Mark Allison

Contact officer: Kim Brown ext

Recommendations:

A. To note the contents of this report

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. Earlier work on refining the Council's technical establishment was reported to the committee on 1 July 2015, 5 November 2015 and 23 February 2016.
- 1.2. This report provides data as at year end 2015/16 with data as at 31 March 2016. It is intended to provide a quarterly update to committee in future, tied to the financial quarters of 30 June, 30 September, 31 December and 31 March.

2 DETAILS

- 2.1. Appendix 12A shows the position as at 31 March 2016. The format of the appendix has been revised to make it easier to read and interpret, and in particular the data now clearly shows vacancies not filled by direct employees, and vacancies not filled by either a direct employee or an agency worker/consultant. The size of establishment is measured in terms of authorised FTEs, rather than numbers of posts, and therefore the appendix totals FTEs for budgeted posts, employees, agency workers and vacancies.
- 2.2. Further work has been undertaken to ensure the accuracy of the data including close liaison with Heads of Service to review the detailed establishment for their areas. In addition requests for changes of data have been checked to ensure they followed correct change control procedures. Details of change control procedures were included in earlier reports.
- 2.3. The establishment can vary for a number of reasons, including planned budget changes, TUPE transfers in and out of groups of employees, and in-year adjustments due to reorganisations.
- 2.4. Apprentice data has been excluded as they are at present centrally funded on a case by case basis and do not form part of the formal establishment.

- 2.5. Arrangements are being made to report the base data behind these statistics to DMTs on a monthly basis so that they are up to date on the current establishment and vacancy position, and have the opportunity to address any errors or corrections. It is then intended to provide a quarterly update to committee in future, tied to the financial quarters of 30 June, 30 September, 31 December and 31 March.
- 2.6. HR provides information to Standards and General Purposes Committee on agency and interim usage.
- 2.7. HR has strategies in place to address recruitment to hard to fill roles, reduce dependency on agency staff. There will be situations where certain specialist roles can only be covered by agency, and shorter term usage of agency to cover vacancies during periods of planned organisational change.

3 ALTERNATIVE OPTIONS

- 3.1. Without accurate establishment data, the Authority cannot appropriately plan for the future service or workforce needs. There is also a need to be able to report on unfilled substantive posts, and to monitor and control the use of agency workers to cover unfilled vacancies.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Merton Improvement Board is kept up to date on work to refine the technical establishment and ensure robust establishment controls remain in place.

5 TIMETABLE

- 5.1. It is proposed to provide a quarterly update to this committee, based on data as at 31st March, 30th June, 30th September and 31st December each year. Heads of Service will receive a monthly update of establishment details in their area so that they can address any corrections required.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Employees account for 25% of the gross General Fund spend in the authority. Having an accurate establishment helps managers plan their service and financial implications.
- 6.2. As a result of the earlier technical establishment exercise and ongoing establishment controls, each post will be linked to appropriate budgetary provision.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. There are no specific legal implications arising from this report.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. There are no specific human rights, equalities or community cohesion implications arising from this report.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. There are no crime disorder implications arising from this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. There are no specific risk or health and safety issues arising from this report.

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

- Appendix A – establishment analysis including FTE agency workers and vacancies as at 31 March 2016

12 BACKGROUND PAPERS

12.1. 1 July 2015 report to Financial monitoring scrutiny task group on Update on Staffing Position

Column	Explanatory Notes
	The tables have been simplified to focus on FTE establishment, FTE employees and agency workers and FTE vacancies - with the aim of making them easier to read and understand. The data excludes Schools and Apprentices
Budgeted FTE Establishment	The total budget FTE
FTE Employees	Total FTE employees
Vacancies: Budgeted FTE less FTE Employees	Budgeted FTE less FTE employees, i.e. the vacancies before accounting for agency workers
FTE vacancies covered by agency workers	Total FTE agency workers
Unfilled vacancies	Total FTE vacancies not filled by an employee or covered by an agency worker

Department / Team	Sub Team (if any)	Budgeted FTE Establishment	FTE Employees	Vacancies: Budgeted FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies	BP and HR Manager comments	Finance Comments
Chief Exec - Management		2.00	2.00	0.00	0.00	0.00		
Chief Exec - Management Total		2.00	2.00	0.00	0.00	0.00		
Business Improvement (Corporate Services)								
Business Systems Team		31.00	20.60	10.40	5.00	5.40		CS63 - 2FTE (16/17) and 2FTE (17/18), CSD39 - 1FTE (16/17)
Continuous Improvement		4.50	2.50	2.00	1.00	1.00		CSD37 - 1FTE (16/17)
Customer Contact Programme		8.00	3.60	4.40	3.00	1.40		
Social Care Information System Project (SCIS)		9.60	2.00	7.60	6.20	1.40		
Systems Development & Improvement		0.00	1.00	-1.00	0.00	-1.00	Post has no Budgeted hours on iTrent	Funded from FIS project
Management		2.00	1.80	0.20	0.00	0.20		CSD42 - 2FTE (17/18)
Business Improvement (Corporate Services) Total		55.10	31.50	23.60	15.20	8.40		
Corporate Governance								
Democracy Services		13.20	12.70	0.50	0.00	0.50		
Electoral Services		5.00	4.00	1.00	1.00	0.00		
Information		11.01	9.99	1.02	1.00	0.02		CSD43 - 1FTE (16/17)
Legal Services	Merton & Richmond Legal Services	53.29	44.47	8.82	9.00	-0.18		
	RBK / LBS Mirror	36.00	27.19	8.81	8.00	0.81		
Management		1.00	1.00	0.00	0.00	0.00		
Corporate Governance Total		119.50	99.35	20.15	19.00	1.15		
Customer Services								
Customer Contact	Reception - Contact Centre & Cash Office	19.03	13.00	6.03	6.20	-0.17		CS39 - 1FTE(16/17)
	Translation	2.00	2.60	-0.60	0.00	-0.60		
	Web Team	4.00	2.00	2.00	1.00	1.00		
Management & Apprentice	Management	1.00	1.00	0.00	0.00	0.00		
Head of Communications	Communications	9.00	3.80	5.20	1.00	4.20		CSD19-1FTE 16/17
	Community Engagement	2.00	2.00	0.00	0.00	0.00		
Management	Management	1.00	1.00	0.00	0.00	0.00		
Registrars		10.30	8.30	2.00	0.00	2.00		
Revenues and Benefits	Bailiffs	18.60	13.60	5.00	1.00	4.00		
	Council Tax Incl R&B	1.00	1.00	0.00	0.00	0.00		CSD14 - 1FTE (16/17)
	Council Tax Incl R&B Team 2	23.10	22.30	0.80	0.00	0.80		
	HB Support	10.00	9.00	1.00	1.00	0.00		
	Housing Benefits Incl Appeals	43.86	38.36	5.50	0.00	5.50		
	Income Collection C Tax Recovery	11.80	11.80	0.00	0.00	0.00		
Management & Support	Management & Support	2.00	2.00	0.00	0.00	0.00		CS60 - 1FTE (17/18)
Customer Services Total		158.69	131.76	26.93	10.20	16.73		
Executive								
Executive		2.00	2.00	0.00	0.00	0.00		
Executive Total		2.00	2.00	0.00	0.00	0.00		
HR								
HR	Learning & Development - Merton	3.00	2.00	1.00	0.00	1.00		All HR staff savings deferred due to HR redesign programme
	Staff Side - Merton	3.54	3.54	0.00	0.00	0.00		
HR Total		6.54	5.54	1.00	0.00	1.00		
Infrastructure & Transactions								
Client Financial Affairs Team								
Facilities Management	Building Services & Security	1.00	1.00	0.00	0.00	0.00		
	Corporate Contracts & Admin	4.00	4.00	0.00	0.00	0.00		
	Energy & Sustainability	3.00	3.00	0.00	0.00	0.00		
	Facilities Technical	11.90	7.84	4.06	2.00	2.06		
	Post & Print	12.07	11.07	1.00	0.00	1.00		CSD7 - 2FTE (16/17) - deferred to 17/18
	Management	1.00	1.00	0.00	0.00	0.00		
IT Service Delivery	Business Development and Projects	3.00	3.00	0.00	0.00	0.00		
	IT Customer Support & Services	14.00	12.60	1.40	0.40	1.00		CS71 - 2FTE (17/18)
	IT Operations	14.00	10.00	4.00	1.00	3.00		CSD8 - 1FTE (16/17)
	Management	2.00	2.00	0.00	1.00	-1.00	Agency worker left 31/03/2016	CS12 - 1FTE (16/17)
Safety Services		7.50	3.00	4.50	0.00	4.50		
Transactional Services	Trans Services (Accounts)	9.00	9.00	0.00	0.00	0.00		CS2015-03 - 3FTE (18/19)
	Trans Services (Care First)	3.00	2.60	0.40	0.00	0.40		
	Vendor Maintenance Officer	1.71	1.71	0.00	0.00	0.00		
	Management	1.00	1.00	0.00	0.00	0.00		
Management		2.00	2.00	0.00	0.00	0.00		
Infrastructure & Transactions Total		96.18	79.62	16.56	6.40	10.16		
Resources								
Accountancy	Budget Team	16.00	11.40	4.60	0.00	4.60		CS46 - 1FTE (16/17) and 2FTE (17/18), CSD27 £100k - 3 FTE (18/19)
	Corporate Accountancy	8.00	8.00	0.00	0.00	0.00		and CS1015-05 £216k - 4 FTE across Accountancy, Business Planning and BP teams
	Service Financial Adviser CSF	4.50	4.43	0.07	0.00	0.07		
	Treasury & Insurance	4.50	3.50	1.00	1.00	0.00		
	Management	1.00	1.00	0.00	0.00	0.00		
Business Planning		14.00	9.00	5.00	5.00	0.00		
Commercial Services		5.00	1.80	3.20	2.00	1.20		
Policy Strategy & Partnerships		5.60	5.60	0.00	0.00	0.00		CSD 47 - 1FTE (16/17)
Business Partner C&H		1.00	2.00	-1.00	0.00	-1.00	Cover for secondment	
Business Partner CSF		1.00	1.00	0.00	0.00	0.00		CSD26 - 1 FTE (17/18)
Business Partner E&R		1.00	1.00	0.00	0.00	0.00		
Management	Management	2.00	1.71	0.29	0.00	0.29		
Resources Total		63.60	50.44	13.16	8.00	5.16		
Management								
Management		1.00	1.00	0.00	0.00	0.00		
Management Total		1.00	1.00	0.00	0.00	0.00		
Grand Total		504.61	403.21	101.40	58.80	42.60		

Department / Team	Sub Team (if any)	Budgeted FTE Establishment	FTE Employees	Vacancies: Budgeted FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies	BP and HRBP comments	Finance comments
Children's Social Care & Youth Inclusion								
Family & Adolescent Services	Education, Training & Employment Team	12.80	11.61	1.19	0.00	1.19		0.9 CSF2012-07
	Support Team	7.00	5.60	1.40	1.00	0.40		
	Transforming Families Team	17.24	13.24	4.00	0.00	4.00		
	Youth Offending Team	17.10	14.40	2.70	1.00	1.70		
	Management	2.00	1.00	1.00	0.00	1.00		
MASH & Child Protection Services	Family Support Centre Bond Road	21.80	17.30	4.50	1.50	3.00		
	MASH and First Response Teams	21.00	14.00	7.00	7.00	0.00		
	Support Team	9.00	8.00	1.00	0.00	1.00		
	Vulnerable Children Team	12.60	7.60	5.00	1.00	4.00		
	Management	1.00	1.00	0.00	0.00	0.00		
Permanency, Looked after Children	14+ Looked After & Leaving Care	20.37	15.83	4.54	2.00	2.54		
	Adoption Team	8.00	5.90	2.10	2.00	0.10		
	Fostering Team	5.10	6.00	-0.90	0.00	-0.90		
	Permanency	6.00	5.10	0.90	0.00	0.90		
	Quality Assurance & Panel	1.00	0.80	0.20	0.00	0.20		
	Support Team	8.60	8.50	0.10	0.00	0.10		
Safeguarding Standards & Training	Safeguarding Standards & Training Services	9.20	5.20	4.00	2.00	2.00		
	Support Team	13.60	9.00	4.60	4.00	0.60		
Social Work Intervention Services	Safeguarding and Care Planning Team 1	8.00	3.00	5.00	3.00	2.00		
	Safeguarding and Care Planning Team 2	7.00	6.00	1.00	0.00	1.00		
	Safeguarding and Care Planning Team 3	7.00	6.00	1.00	0.00	1.00		
	Safeguarding and Care Planning Team 4	7.00	4.00	3.00	1.00	2.00		
	Safeguarding and Care Planning Team 5	7.00	5.00	2.00	0.00	2.00		
	Support Team	7.00	6.00	1.00	0.00	1.00		
	Management	2.00	2.00	0.00	0.00	0.00		
Trainee Social Workers	Trainee Social Workers	1.00	1.00	0.00	0.00	0.00		
Management	Management	1.00	1.00	0.00	0.00	0.00		
Children's Social Care & Youth Inclusion Total		241.41	185.08	56.33	25.50	30.83		
Commissioning, Strategy And Performance Division								
Access to Resources		13.24	10.74	2.50	1.00	1.50		
Business Support Team (CSPD)		4.00	3.60	0.40	1.00	-0.60		
Contracts & School Organisation	Capital	4.00	2.00	0.40	2.00	0.00		
	Contracts Management	4.00	4.00	0.00	0.00	0.00		
	Schools Admissions	4.86	6.00	0.40	0.00	-1.14		
	Management	1.00	1.00	0.00	0.00	0.00		
Joint Commissioning & Partnerships		3.44	3.44	0.00	0.00	0.00		
Policy, Planning & Performance	Research & Information	4.66	4.66	0.00	0.00	0.00		
		3.50	3.36	0.14	0.00	0.14		
Management		1.00	1.00	0.00	0.00	0.00		
Commissioning, Strategy And Performance Division Total		43.70	39.80	3.84	4.00	-0.10		
Education Division								
Early Years Childcare and Children's	Business Support Resources and Facilities	6.50	5.71	0.79	1.00	-0.21		1FTE
	Continuous Improvement and Quality Assurance	54.65	47.33	7.32	4.50	2.82		
	Development	1.69	1.69	0.00	0.00	0.00		
	Early Years 0-5s Supporting Families	6.00	3.20	2.80	2.00	0.80		
	Early Years Locality Services Children's Centres	38.80	35.46	3.34	3.00	0.34		
	Funded Places, Sufficiency and Information	4.00	3.50	0.50	1.00	-0.50		
	Systems and Service Development	4.00	4.00	0.00	0.00	0.00		
	Management	1.00	1.00	0.00	0.00	0.00		
Education Inclusion	Education Welfare Service	10.35	9.19	1.16	1.00	0.16		
	Learning Behaviour & Language Team	13.93	13.73	0.20	0.00	0.20		
	Parent Partnership Service	1.00	1.00	0.00	0.00	0.00		
	Virtual Behaviour Service (Youth Inclusion)	9.70	9.60	0.10	0.00	0.10		
	Youth Justice Services	1.00	0.00	1.00	0.00	1.00		
	Youth Service	19.00	13.70	5.30	1.00	4.30		
Merton School Improvement	Management	1.00	1.00	0.00	0.00	0.00		
	Education Support Team	1.60	1.60	0.00	0.00	0.00		
	Equality & Diversity	4.39	3.90	0.49	0.00	0.49		
	Educational Psychology Service (moved from S	10.35	10.45	-0.10	0.00	-0.10		
	Governance Team	3.00	3.00	0.00	0.00	0.00		
	Schools ICT Support Management	6.00	6.00	0.00	0.00	0.00		
	Strategic School Improvement	6.60	6.20	0.40	0.00	0.40		
	Sensory Impairment Service (moved from SEN	5.06	4.40	0.66	0.00	0.66		
	Virtual Team	5.69	4.80	0.89	1.00	-0.11		
Management	1.00	1.00	0.00	0.00	0.00			
SEN & Inclusion Service	Children with Disability Social Work Team	11.00	6.00	5.00	6.00	-1.00		
	Portage, Early Support & Targeted Inclusion Team (PETIT)	3.00	2.00	1.00	0.00	1.00		
	SEN & Inclusion Service Support Team	12.71	9.51	3.20	1.00	2.20		
	SEN Team	9.50	8.66	0.84	1.00	-0.16		
	Short Breaks & Brightwell Team	19.04	15.57	3.47	1.62	1.85		
	Management	2.00	2.00	0.00	0.00	0.00		
	Management	1.00	1.00	0.00	0.00	0.00		
Education Division Total		274.56	236.20	38.36	24.12	14.24		1FTE Schools saving CSF2014-08 could require another 2-3 FTEs
Management & Exec Assistant								
Management & Exec Assistant		2.00	2.00	0.00	0.00	0.00		
Management & Exec Assistant total		2.00	2.00	0.00	0.00	0.00		
Grand Total		561.67	463.08	98.53	53.62	44.97		As part of management action we are holding some posts vacant to reduce overall departmental overspend although this would not be sustainable on an on-going bases.

Department / Team	Sub Team (if any)	Budgeted FTE Establishment	FTE Employees	Vacancies: Budgeted FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies	BP and HRBP comments	Finance comments		
Assessment & Commissioning										
Assessment & Commissioning	Assessment & Commissioning	3.00	2.00	1.00	0.00	1.00		CH04, CH20, CH22 & CH58		
Access & Assessment Team	Direct Payments & Financial Assessment -	12.24	9.00	3.24	2.00	1.24				
	East Merton	15.40	7.90	7.50	3.00	4.50				
	Hospital Social Work Team	11.00	6.00	5.00	4.00	1.00				
	Raynes Park	13.90	10.00	3.90	3.00	0.90				
	West Merton	12.10	7.60	4.50	2.00	2.50				
	Management	7.00	2.00	5.00	4.00	1.00				
Adult Soc Care - Commissioning Function - MGM Team	Brokerage	8.81	8.31	0.50	0.00	0.50				
	Commissioning Team	3.00	1.00	2.00	0.00	2.00				
	Community Care General Training	2.00	0.00	2.00	1.00	1.00				
	Planning & Performance Team -	5.71	3.00	2.71	0.00	2.71				
	Pollards Hill Lunch Club	0.50	0.50	0.00	0.00	0.00				
	Procurement Team	6.50	4.50	2.00	0.00	2.00				
Commissioning		1.00	0.00	1.00	1.00	0.00				
Learning Disability Team	LD Transitions Team	3.21	1.00	2.21	1.00	1.21				
	NHS Tupe Transfer	10.89	6.89	4.00	1.87	2.13				
	Specialist Health Professionals	4.48	3.00	1.48	1.00	0.48				
	Management, Admin, Exec	14.99	11.21	3.78	1.00	2.78				
Mental Health Team	Drugs and Alcohol Team	2.00	2.00	0.00	0.00	0.00				
	Early Intervention Service	1.00	1.00	0.00	0.00	0.00				
	Home Treatment Team	2.00	2.00	0.00	0.00	0.00				
	Hospital Discharge Team	1.00	0.00	1.00	0.00	1.00				
	Merton Assessment Team	1.40	2.00	-0.60	0.00	-0.60				
	Mitcham Recovery Support Team	3.00	3.00	0.00	0.00	0.00				
	Morden Recovery & Support Team	1.00	0.00	1.00	0.00	1.00				
	Older Peoples Mental Health Team	4.00	3.00	1.00	1.00	0.00				
	Wimbledon Recovery & Support Team	2.00	1.00	1.00	0.00	1.00				
	Management	4.00	1.00	3.00	2.60	0.40				
	Occupational Therapy		20.67	12.16	8.51	2.00	6.51			
	Assessment & Commissioning Total		177.80	111.07	66.73	30.47	36.26			31.03FTE
	Housing Services									
Housing Needs	Advice & Options	14.50	14.50	0.00	0.00	0.00			(CH42, CH43, CH44)	
	Development	6.00	4.00	2.00	0.00	2.00				
	Environmental Health (Housing) Team	6.03	4.03	2.00	0.00	2.00				
	Housing Strategy	2.00	1.00	1.00	1.00	0.00				
	Management	3.00	3.00	0.00	0.00	0.00				
Housing Services Total		31.53	26.53	5.00	1.00	4.00			3.06	
Libraries & Heritage										
Libraries & Heritage	Donald Hope Library	2.00	2.00	0.00	0.00	0.00			(CH46)	
	Heritage Centre	2.00	2.00	0.00	0.00	0.00				
	Mitcham Library	4.80	4.00	0.80	0.00	0.80				
	Morden Library	8.55	7.26	1.29	1.00	0.29				
	Pollards Hill Library	2.80	2.40	0.40	0.00	0.40				
	Raynes Park Library	3.20	2.50	0.70	0.00	0.70				
	Schools Service	0.00	0.00	0.00	0.00	0.00				
	Resources Team	2.50	1.50	1.00	0.00	1.00				
	West Barnes Library	1.74	1.74	0.00	0.00	0.00				
	Wimbledon Library	12.43	11.93	0.50	0.00	0.50				
	Management & Projects	6.60	5.60	1.00	1.00	0.00				
	Libraries & Heritage (Community & Housing) Total		46.62	40.93	5.69	2.00	3.69			1
Merton Adult Education										
Adult Education Commissioning		4.00	2.00	2.00	0.00	2.00		Tutor / Sessional Posts which are only recruited to seasonally depending upon demand.		
Arts and Community Learning	Art & Craft	0.00	2.43	-2.43	0.00	-2.43				
	Fitness	0.00	0.11	-0.11	0.00	-0.11				
	Performing Arts	0.00	0.00	0.00	0.00	0.00				
	Towards Independence	0.00	0.47	-0.47	0.00	-0.47				
	Management & Office Staff	2.10	1.60	0.50	0.00	0.50				
Business Innovation and Skills for Life Curriculum	Languages	0.00	0.29	-0.29	0.00	-0.29				
	Skills For Life	0.00	1.47	-1.47	0.00	-1.47				
	Management & Curriculum - Susan Taylor	4.20	3.70	0.50	0.00	0.50				
Business Innovation and Vocational Curriculum	Business Development (Adult Education)	0.00	0.00	0.00	0.00	0.00				
	Early Years	1.00	1.00	0.00	0.00	0.00				
	IT & ILT	0.00	0.41	-0.41	0.00	-0.41				
	Vocational Curriculum	0.00	0.00	0.00	0.00	0.00				
Management	3.70	2.20	1.50	0.00	1.50					
Healthy Living	Tutors	0.00	0.00	0.00	0.00	0.00				
Support and Commercial Services		16.12	11.36	4.76	1.00	3.76				
Management		2.50	2.00	0.50	0.00	0.50				
Merton Adult Education Total		33.62	29.04	4.58	1.00	3.58			0.16	
Provider Services										
Provider Services	Management	1.00	1.00	0.00	0.00	0.00		(CH21, CH59)		
All Saints Day Centre		10.00	10.00	0.00	0.00	0.00				
Eastways Day Centre		8.81	8.50	0.31	0.57	-0.26				
Gleblands		9.97	8.97	1.00	0.00	1.00				
High Path Day Centre		10.39	10.43	-0.04	0.00	-0.04				
Jan Malinowski Centre	NHS Tupe	8.59	7.28	1.31	0.00	1.31				
		21.27	20.27	1.00	0.00	1.00				
Mascot		21.01	19.21	1.80	0.00	1.80				
Meadowsweet		9.20	9.12	0.08	0.00	0.08				
Merton Employment Team		3.00	2.71	0.29	0.00	0.29				
Reablement	Admin and Support	3.00	2.80	0.20	0.00	0.20				
	East Merton	13.00	9.86	3.14	1.00	2.14				
	Raynes Park	13.00	9.14	3.86	2.00	1.86				
	West Merton	13.00	8.14	4.86	1.00	3.86				
	Management	1.00	1.00	0.00	0.00	0.00				
Riverside Drive		17.46	15.59	1.87	0.00	1.87				
Service Provision Business Support		3.00	2.00	1.00	0.00	1.00				
Supported Living Service		18.46	13.54	4.92	0.00	4.92				
Provider Services Total		185.16	159.56	25.60	4.57	21.03			11.57	
Redesign										
Redesign		4.00	2.00	2.00	0.00	2.00		Team funded by reserves		
Redesign Total		4.00	2.00	2.00	0.00	2.00				
Management										
Management		2.00	2.40	-0.40	0.00	-0.40		Health Funded post		
Management Total		2.00	2.40	-0.40	0.00	-0.40				
Public Health Team										
Public Health Team		15.92	14.99	0.93	1.00	-0.07				
Public Health Team Total		15.92	14.99	0.93	1.00	-0.07				
Grand Total Community & Housing		496.65	386.52	110.13	40.04	70.09				

Department / Team	Sub Team (if any)	Budgeted FTE Establishment	FTE Employees	Vacancies: Budgeted FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies	BP and HRBP comments	Finance Comments
Public Protection								
Regulatory Services Partnership	Administration and Finance	3.00	2.00	1.00	1.00	0.00		
	Environmental Health (Commercial)	16.20	10.40	5.80	1.00	4.80		
	Environmental Health (Pollution)	10.00	5.00	5.00	2.97	2.03		
	Licensing	5.00	3.00	2.00	0.97	1.03		
	Trading Standards Management	9.00	6.36	2.64	0.00	2.64		
Parking & CCTV Services	Business & Customer Services							
	CCTV							
	Civil Enforcement Team							
	Finance and Infrastructure	96.00	71.66	24.34	6.00	18.34		3FTE
	Parking Services Management & Admin							
Mediation (Safer Merton)	Mediation	1.11	1.11	0.00	0.00	0.00		Note: Posts no longer within LBM from April
Safer Merton - Strategic Team	Safer Merton Strategic Team - TBC	5.86	4.49	1.37	0.00	1.37		
Safer Merton Operations	ASB Team	2.00	2.00	0.00	0.00	0.00		
Management	Management	2.00	2.00	0.00	0.00	0.00		
Public Protection total		151.17	109.02	42.15	11.94	30.21		
Street Scene And Waste								
Transport Services	Finance & Administration Support	6.29	6.29	0.00	0.00	0.00		
	Fleet Maintenance	6.00	7.00	-1.00	0.00	-1.00	2 posts have no budgeted hours on iTrent	
	Training & Road Safety	2.00	2.00	0.00	0.00	0.00		
	Transport & Operations	47.79	41.97	5.82	4.57	1.25		
	Management	0.33	0.00	0.33	1.00	-0.67		
Waste Operations	Business Development & Service Support	13.70	6.00	7.70	6.00	1.70		
	Street Cleansing & Public Realm	120.00	86.09	33.91	4.00	29.91		
	Waste Collection	109.00	80.60	28.40	0.00	28.40		
	Management	1.00	1.00	0.00	0.00	0.00		
Waste Services	Community Waste Partnerships	3.00	2.00	1.00	0.00	1.00		
	Enforcement & Inspection	5.00	5.00	0.00	0.00	0.00		
	Finance & Performance	3.00	3.00	0.00	0.00	0.00		
	Service Development & Strategy	3.69	3.09	0.60	0.00	0.60		
	Management	3.00	2.00	1.00	0.00	1.00		11FTE
Management	Management	6.00	5.03	0.97	0.00	0.97		
Street Scene And Waste Total		329.80	251.07	78.73	15.57	63.16		
Sustainable Communities								
Business Performance (Sustainable Communities)	Business Performance	1.57	1.00	0.57	1.00	-0.43		0.57FTE
Development Control	Admin & Finance	5.00	5.00	0.00	0.00	0.00		
	Building Control	11.61	4.00	7.61	3.00	4.61		
	Enforcement	4.50	3.50	1.00	1.00	0.00		
	Planning Mitcham & Morden	8.00	3.00	5.00	3.00	2.00		
	Planning Wimbledon	6.00	4.00	2.00	0.00	2.00		
futureMerton	Commissioning	10.04	7.89	2.15	2.00	0.15		
	Economy	6.00	6.00	0.00	0.00	0.00		
	Infrastructure	17.50	12.41	5.09	5.00	0.09		
	Programming	13.00	10.00	3.00	3.00	0.00		1.5FTE
	Street Works and Network Co-ordination	9.00	6.80	2.20	0.00	2.20		
Leisure & Culture Development	Management	1.00	1.00	0.00	0.00	0.00		
	Arts Development	2.00	1.69	0.31	0.00	0.31		
	Leisure Development	2.00	2.00	0.00	0.00	0.00		
	Leisure Support Services	5.60	8.37	-2.77	0.00	-2.77		
	Wimbledon Park Watersports Centre	6.00	3.00	3.00	0.00	3.00		
Leisure & Culture Greenspaces	Management	1.00	1.00	0.00	0.00	0.00		
	Arboricultural	2.00	2.00	0.00	0.00	0.00		
	Cemeteries	7.25	11.60	-4.35	0.00	-4.35		
	Events	1.00	1.00	0.00	0.00	0.00		
	Greenspaces Development	7.90	6.10	1.80	0.00	1.80		
	Mitcham Common	0.00	3.00	-3.00	0.00	-3.00	All 3 posts have no budgeted hours	
	Parks Operations	33.00	27.60	5.40	0.00	5.40		4.4FTE
	Parks Support	20.00	18.00	2.00	0.00	2.00		
Property Management	Management	1.00	1.00	0.00	0.00	0.00		
	Estates (Property Management)	3.00	2.00	1.00	0.00	1.00		0.75FTE
	Finance & Admin (Property Management)	1.60	1.60	0.00	0.00	0.00		
Management	Management	2.00	1.60	0.40	0.00	0.40		1FTE
Sustainable Communities Total		190.57	158.16	32.41	18.00	14.41		
Management								
Management		3.00	2.00	1.00	0.00	1.00		
Management Total		3.00	2.00	1.00	0.00	1.00		
Grand Total		674.54	520.25	154.29	45.51	108.78		

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