

Cabinet

Date: 19 October 2015

Subject: Financial Report 2015/16 – August 2015

Lead officer: Paul Dale

Lead member: Mark Allison

Urgent report:

Reason for urgency: The chair has approved the submission of this report as a matter of urgency as it provides the latest available monitoring information for 2015/16. This requires consideration as it has implications for current and future years' budget monitoring and management

Recommendations:

- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £2.9million, 1.9% of the net budget.
- B. That Cabinet approve the following adjustments to the Capital Programme

Schemes	2015-16
	£
Street scene	(150,000)
Phase B Non- Planning Mitigation ERF	150,000
Priests House	(300,000)
Total	(300,000)

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the financial monitoring report for period 5 ending 31st August 2015.

This financial monitoring report provides:-

- The income and expenditure at period 5 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2015/16;
- Progress on the delivery of the 2015/16 revenue savings
- An update on the delivery of 2014/15 savings

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

Executive summary – At the end of period 5 to 31st August 2015 the year end forecast is net £2.9m overspend, 1.9% of the net budget.

Summary Position as at 31st August 2015

	Current Budget 2015/16 £000s	Full Year Forecast (Aug) £000s	Forecast Variance at year end (Aug) £000s	Forecast Variance at year end-previous month (July) £000s	Outturn variance 2014/15 £000s
<u>Department</u>					
3A. Corporate Services	14,838	14,511	(327)	(403)	(691)
3B. Children, Schools and Families	52,619	54,332	1,713	2,253	2,663
3C. Community and Housing	61,898	62,973	1,075	1,180	2,774
3D. Public Health	1,154	853	(301)	(234)	(0)
3E. Environment & Regeneration	24,157	27,224	3,067	2,966	1,703
Overheads	0	0	0	0	0
NET SERVICE EXPENDITURE	154,666	159,893	5,227	5,762	6,448
<u>3E. Corporate Items</u>					
Impact of Capital on revenue budget	14,117	14,092	(25)	(137)	205
Central budgets	(14,696)	(16,982)	(2,286)	(2,122)	(2,817)
Levies	926	926	0	0	0
TOTAL CORPORATE PROVISIONS	346	(1,965)	(2,311)	(2,259)	(2,612)
TOTAL GENERAL FUND	155,012	157,928	2,916	3,503	3,836
<u>FUNDING</u>					
Revenue Support Grant	(30,425)	(30,425)	0	0	0
Business Rates	(33,686)	(33,686)	0	0	0
Other Grants	(9,434)	(9,434)	0	0	(154)
Council Tax and Collection Fund	(81,471)	(81,471)	0	0	0
FUNDING	(155,016)	(155,016)	0	0	(154)

The forecast overspend has reduced by £0.59m since last month. The delay to the award for tackling traffic congestion of £2.9m is one of the main reason for the forecast overspends.

Spending needs to be reviewed across all departments as if the outturn remains at this level, General Fund balances will reduce to £11.5m, just above the minimum level. Further savings may need to be found if this continues to ensure a minimum level of General Fund balances are maintained.

	Current Budget 2015/16	Full Year Forecast (Aug)	Forecast Variance at year end (Aug)	Forecast Variance at year end (July)
Expenditure	£000	£000	£000	£000
Employees	97,489	99,323	1,834	2,106
Premises Related Expenditure	8,504	8,112	(392)	(479)
Transport Related Expenditure	14,687	15,210	524	667
Supplies and Services	173,914	172,525	(1,390)	(1,395)
Third Party Payments	89,387	93,214	3,827	3,875
Transfer Payments	104,043	105,537	1,494	1,507
Support Services	31,902	31,901	(1)	(2)
Depreciation and Impairment Losses	16,505	16,505	(0)	0
Corporate Provisions	346	(1,965)	(2,311)	(2,259)
GROSS EXPENDITURE	536,778	540,363	3,585	4,020
Income				
Government Grants	(265,292)	(262,282)	3,010	2,883
Other Grants, Reimbursements and Contribs	(26,030)	(27,757)	(1,728)	(1,469)
Customer and Client Receipts	(57,783)	(60,198)	(2,415)	(2,361)
Interest	(44)	(20)	24	24
Recharges	(32,547)	(32,546)	1	1
Balances	(70)	368	439	406
GROSS INCOME	(381,766)	(382,435)	(669)	(517)
NET EXPENDITURE	155,012	157,928	2,916	3,503

Chart 1 below shows the forecast year end variance for departmental expenditure with a comparison against 2014/15, 2013/14 and 2012/13.

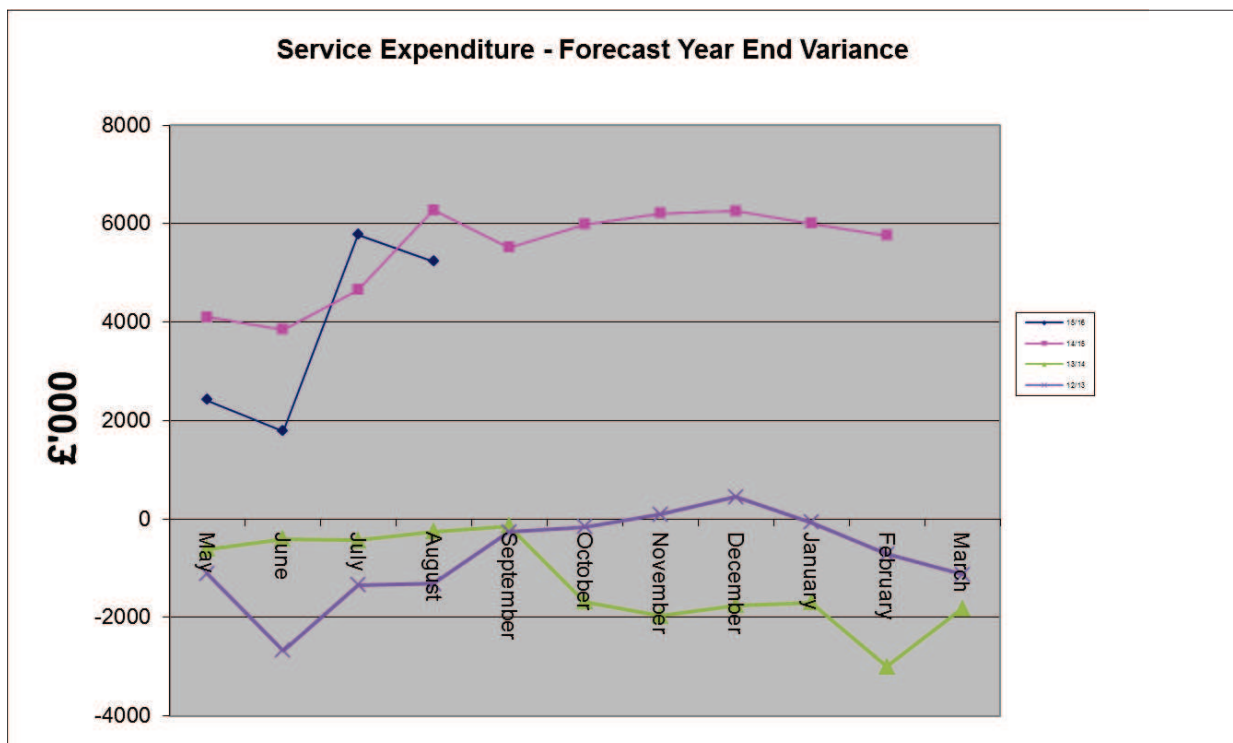
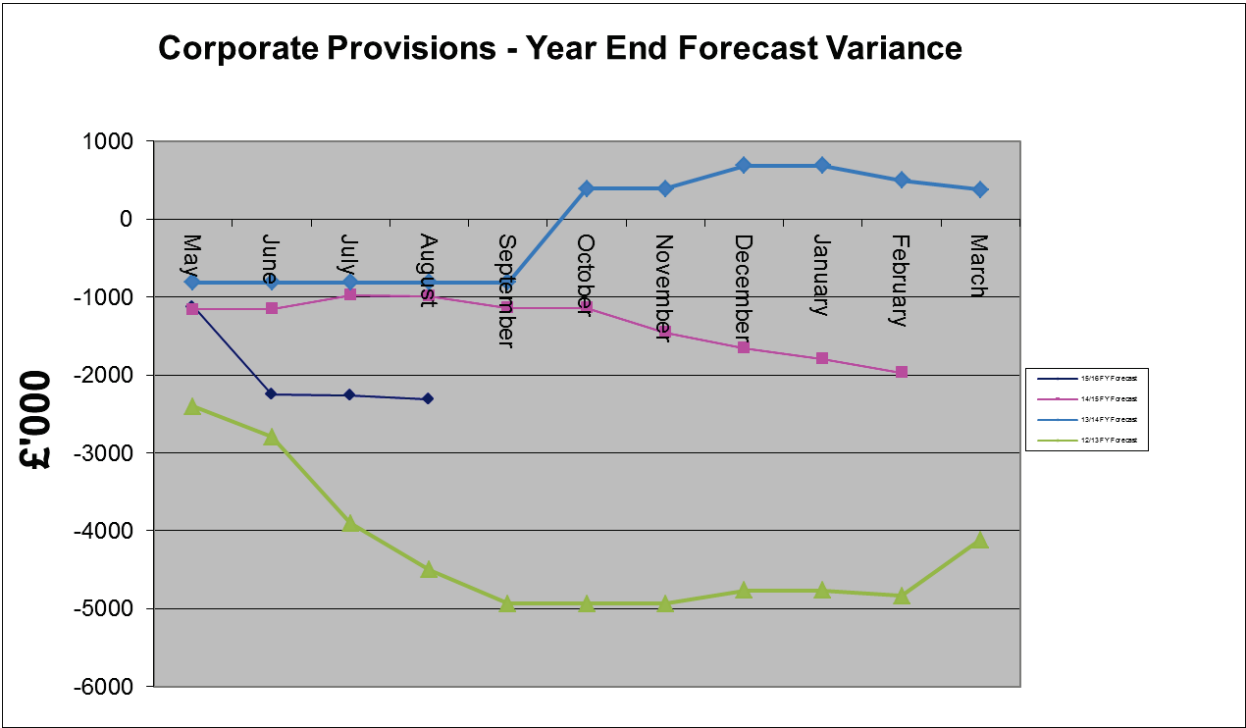


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against 2014/15, 2013/14 and 2012/13.



3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

	2015/16 Current Budget	Full year Forecast August	Forecast variance at year end August	Forecast variance at year end July	2014/15 Outturn Variance
	£0	£0	£0	£0	£0
Business Improvement	4,782	4,621	-161	-164	-259
Infrastructure & Transactions	9,716	9,454	-262	-234	-347
Resources	7,383	7,107	-276	-159	-255
Human Resources	2,380	2,456	76	76	-26
Corporate Governance	3,176	2,879	-297	-297	-433
Customer Services	2,632	2,371	-261	-346	-273
Corporate Items including redundancy costs	1,384	2,238	854	721	1,320
Total (controllable)	31,453	31,126	-327	-403	-273

Overview

At the end of period 5 (August 2015) the Corporate Services department are forecasting an underspend of £327k at year end.

Business Improvement – underspend £161k

The main reasons for the forecast underspend are an overachievement of street naming income of approx. £90k and vacant posts in the new systems and development team structure due to a delay in successful recruitment.

Infrastructure and Transactions – underspend £262k

The forecast underspend relates to the revenue generated from the Corporate Print Strategy and an overachievement of income in the Post service following the introduction of Docqticket system and the renegotiation of the postal and print contracts. Some vacant posts are being held and underspends on non salary budgets to offset savings, whilst alternative savings are identified.

The Civic Centre re-stack cabling works have now been completed. Any further one-off cabling works requested by service departments will be chargeable through SRF's as normal.

Resources – underspend £276k

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

Corporate Governance – forecast underspend £297k

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

The SLLp operate a hard charging model at £55 per hour based on the legal services demanded from the 4 boroughs. This model includes an income target which reduces the hourly rate to £55 per hour. At period 5 there is a shortfall on the income target year to date. This will be monitored and any impact on Merton reported in period 6.

The internal audit team will be TUPE transferred to the London Borough of Richmond from 1st October 2015 when Merton joins the shared audit service between Richmond and Kingston, with Richmond as the host borough.

Customer Services – forecast underspend £261k

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

Additional funding received from the DWP for welfare reforms eases the pressure on the benefits and local tax team and an improvement in court costs charged resulting in a forecast underspend of approx. £135k.

The Merton bailiffs' service is forecasting an overachievement of fee income of £110k but this is offset by a shortfall on the shared bailiffs' income target of £120k.

Translation services are forecasting an overachievement of income of £20k and there are some forecast underspends on the establishment and parking cash collection contracts of £25k.

Corporate items - forecast overspend £854k

The forecast overspend is to provide for a loss of subsidy for the 2015/16 housing benefits grant claim audit based on the results of the previous audit of £350k.

There is also a forecast overspend of approx. £600k for redundancies based on the payments year to date. Further work is being done in this area.

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	2015/16 Current Budget £000	Full year Forecast (Aug) £000	Forecast Variance at year end (Aug) £000	Forecast Variance at year end (July) £000	2014/15 Outturn Variance £000
Public Protection	(9,415)	(6,195)	3,220	3,105	(53)
Sustainable Communities	12,846	12,737	(109)	(178)	203
Waste Services	15,434	15,150	(284)	(121)	1,440
Other	(876)	(636)	240	161	(291)
Total (Controllable)	17,989	21,056	3,067	2,967	1,299

Description	2015/16 Current Budget £000	Forecast Variance at year end (Aug) £000	Forecast Variance at year end (July) £000	2014/15 Variance at year end £000
Employee underspend within Parking Services	3,177	(141)	(170)	99
Delay in implementation of measures to tackle traffic congestion	(3,214)	3,214	3,214	0
Underachievement of income in Parking Services	(12,266)	85	4	110
Employee overspend within Regulatory Services	2,058	171	153	99
Underspend on third party payments within Safer Merton	251	(29)	(41)	(78)
Other	579	(80)	(55)	(177)
Total for Public Protection	(9,415)	3,220	3,105	(53)
Employee overspend within B&DC	1,710	54	38	200
General Supplies & Services underspend within B&DC	243	(47)	(58)	(64)
Shortfall in Building & Development Control (B&DC) income	(1,893)	140	109	(46)
Employee related overspend within Future Merton	2,721	70	56	(129)
General Supplies & Services underspend within Future Merton	1,570	(76)	(41)	(132)
Premises related underspend within Property Management	283	(55)	(66)	32
Overachievement of rental income within Property Management	(4,060)	(182)	(183)	(181)
Employee related overspend within Greenspaces	2,374	59	41	142
Underachievement of Customer & Client Receipts within Greenspaces	(1,871)	161	114	79
General Supplies & Services underspend within Greenspaces	445	(47)	(57)	(10)
Employee underspend within Senior Mgmt & Support	886	(158)	(159)	(51)
Other	10,438	(28)	28	363
Total for Sustainable Communities	12,846	(109)	(178)	203
Employee overspend within Waste Services	7,552	65	54	316
Transport related underspend within Waste Services	1,927	(242)	(172)	(155)
General Supplies & Services underspend within Waste Services	912	(78)	(110)	(169)
Overspend on 3 rd Party Payments	6,986	119	321	909
Overachievement of Customer & Client Receipts within Waste Services	(2,357)	(97)	(169)	527
Overspend within Transport Services	(876)	240	161	(291)
Other	414	(51)	(45)	12
Total for Street Scene & Waste	14,558	(44)	40	1,149
Total Excluding Overheads	17,989	3,067	2,967	1,299

Overview

The department is currently forecasting an overspend of £3,067k at year end. The main areas of variance are Parking Services, Waste Services, Greenspaces Regulatory Services, Transport Services, Property management, Building & Development Control, and Senior Management & Support.

Pressures

Public Protection

Parking Services

The section is currently forecasting an overspend of £3,151k mainly due a legal challenge to the award of the contract for the provision and maintenance of ANPR cameras, resulting in a suspension of the contract award. The matter is now subject to legal processes through the Technology and Construction Court and a definitive date as to the resolution of the matter at this stage cannot be given. The expected lead-in time for implementation is 4 months from the award of the contract, and the budgeted expectation was for a November 2015 start (4 months from a July 2015 award). Therefore, unless the matter is concluded and the contract awarded by the beginning of November 2015 for commencement by March 2016, the section will not receive any anticipated revenue in the 2015/16 financial year, and as a March 2016 commencement cannot be guaranteed at present, all income and expenditure relating to ANPR is excluded from the current forecast. As soon as the legal position becomes clearer the impact on 2016/17 will need to be assessed.

Regulatory Services Partnership

An overspend of £128k is forecast as a result of a delay in implementing the second phase of the shared service staffing structure, which was budgeted to begin in April but will not be implemented until around October.

Sustainable Communities

Building & Development Control

The section is currently forecasting an overspend of £173k mainly due to an employee overspend of £54k, and an underachievement of income of £140k. This is partially offset by an underspend of £47k in supplies and services.

The employee overspend is the result of both additional temporary staff for the agreed 2-year fixed term enhancement of the service, and the use of agency staff (which are more costly) to cover vacancies whilst a commercial plan is being finalised to improve the market share and competitiveness of the building control service. This is a service where clear plans are needed to bring spending within budget.

Property Management

The section is currently forecasting an underspend of £241k. This is as a result of exceeding their commercial rental income expectations by £180k due to a current high occupancy rate. There is also an NNDR related underspend of £70k whereby the authority is not currently liable for the fee.

Future Merton

The employee overspend is in relation to the recent restructure between Future Merton and Traffic & Highways, which commenced in May. This late commencement means that notice periods and protected allowances results in only a part-year effect seen during this year, and the full effect of this saving will not be realised this year.

However, it is expected that this pressure will be mitigated from underspends elsewhere within the section.

Greenspaces

The section is currently forecasting an overspend of £132k, which is mainly as a result of an underachievement of internment income (£80k), sports income (£30k), income relating to rents (£50k), and the hiring of openspaces e.g. Wimbledon Park athletics track (£20k). These pressures are being partially off-set by an expected supplies and services underspend of £47k. This is a service which has consistently overspent and the projected overspend may well rise later in the year. Clear plans are needed to bring spending within budget.

This forecast includes an estimated £40k surplus from a planned event in Wimbledon Park later in the year. This is now anticipated to have made a loss which will increase the overspend when it is monitored next month.

Senior Management & Support

An underspend of £158k is being forecast due to not filling vacant posts in order to contribute towards the department's mitigating actions.

Street Scene & Waste

Waste Services

The section is currently forecasting an underspend of £284k, which is mainly due to an underspend on transport (£242k), supplies and services (£78k), and customer and client receipts (£97k).

However, the section is also forecasting an overspend relating to the ongoing operational and disposal costs associated with the management of the HRRC and transfer station (£247k). Although the site will be under new management from October, this overspend is due to the part year effect of the current arrangements. However, it is expected that this pressure will not reoccur next year.

Waste services are also working closely with SLWP to manage operational cost associated to both the HRRC and Waste transfer station. In preparation for the second half of the year, the service is looking at the feasibility of the transfer station and undertaking a commercial review to assess its long term viability.

Waste Operations are also currently reviewing the service provision for weekend working (Saturday) with the aim of reducing agency spend. The section is also assessing the financial viability of procuring two additional vehicles to mitigate the need for overtime to cover mechanical breakdowns.

Transport Services

The section is currently forecasting an overspend of £240k which is mainly as a result of a lower than expected user requirement of the Workshop, external income, and a delay in the external use of the tachograph centre.

Management Action

The department is looking into potential actions to mitigate the budget pressures where possible, and all managers are aware of the need to contain expenditure and maximise income wherever possible. Corporate guidance regarding the filling of vacant posts is strictly adhered to.

Children Schools and Families

Children, Schools and Families	2015/16 Current Budget £000	Full year Forecast (Aug) £000	Forecast Variance at year end (Aug) £000	Forecast Variance at year end (Jul) £000	2014/15 Variance at year end £000
Commissioning, Strategy and Performance	8,605	9,495	890	981	1,287
Education	17,268	17,983	715	822	953
Social Care and Youth Inclusion	11,924	12,517	593	935	580
Public Health contribution	0	(328)	(328)	(328)	(415)
PFI	7,999	7,842	(157)	(157)	6
Redundancy costs	2,091	2,091	0	0	39
Total (controllable)	47,887	49,600	1,713	2,253	2,450

Overview

At the end of August Children Schools and Families had a forecast overspend of £1.713m on local authority funded services. The department received growth for placements and transport in the current financial year. Although this reduced the overall overspend, there is still a cost pressure in both these areas due to demographic growth. The overspend has also been netted down by one off Public Health money of £328k making the underlying overspend £2.042m, (£2.581m last month) a reduction of £539k.

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	Aug £000	Jul £000	2014/15 £000
Fostering and residential placements (ART)	4,845	482	600	1,052
Supported lodgings/housing	629	450	446	427
Un-accompanied asylum seeking children (UASC)	60	258	300	193
Procurement & School organisation	545	(287)	(287)	(128)
Other small over and underspends	2,526	(13)	(78)	(257)
Subtotal Commissioning, Strategy and Performance	8,605	890	981	1,287
SEN Transport	3,878	669	681	1,168
Children with disabilities team (CWD) staffing	526	95	95	24
Other small over and underspends	12,864	(49)	46	(236)
Subtotal Education	17,268	715	822	953
No Recourse to Public Funds (NRPF)	20	459	451	441
Independent review and service quality	526	164	176	210
Social Work staffing	2,970	188	391	
Serious case review	77	(77)	(77)	
Other small over and underspends	8,331	(141)	(6)	(71)
Subtotal Children's Social Care and Youth Inclusion	11,924	593	935	580
Public Health contribution	0	(328)	(328)	(415)
Subtotal PFI	7,983	(157)	(157)	6
Subtotal Redundancy cost	2,091	0	0	39
Grand total Children, Schools and Families	47,867	1,713	2,253	2,450

Commissioning, Strategy and Performance Division

While the numbers of Looked After Children (LAC) remain relatively stable, the complexity of a significant proportion of cases is causing the net overspend of £482k. This includes on-going pressures on in-house fostering of £291k and residential placements of £337k which is offset by underspends in mother and baby placements of £3k, independent agency fostering of £92k and secure accommodation costs of £51k.

The budget for semi-independent and supported lodgings/housing placements is estimated to overspend by £450k. This budget is used to finance placements for young people aged 16/17 who require semi-independent provision and for Care Leavers through to independence or, in some cases, through to the age of 21. There has been an increase in forecast expenditure due to increase in caseload as some young people have now reached 18 and funding for their placement has transferred from the LAC placement into this budget. Because of their specific needs, some young people have also needed to move placements and this has resulted in increased expenditure on those placements.

The UASC payments are expected to overspend by £258k this year due to both an increase in cases and an increase in the number of claimants turning 18 which is when central government contribution towards these cases ceases. The number of UASC who have entered and who have been distributed across London has increased from 233 in 2011/12 to 462 in 2014/15.

Procurement and school organisation budgets are expected to underspend by £287k as a result of lower spend forecast on re-venueisation budgets. This budget relates to construction projects that cannot be classified as capital. The majority of this is required for temporary classrooms due to rising pupil demand when it is not viable to provide permanent buildings. This year demand for reception year places is slightly lower than forecast so there has been no need for temporary classrooms.

There are various other small over and underspends forecast across the division netting to a £13k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £890k.

Education Division

SEN and FE transport cost are expected to overspend by £669k. The overspend relates to cost on external home to school transport as additional budget was received to balance the internal transport cost. It is due to an increase in number and complexity of caseload. We are reviewing demand management, cost efficiency of supply and safeguarding of students with E&R who provide the in-house service and commission the taxi service with the aim to urgently reduce this cost pressure.

The CWD team staffing costs is expected to overspend by £95k. 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. One quarter's funding has been included in the forecast 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 £49k underspend. These combine with the item described above to arrive at the total reported divisional overspend of £715k.

Children's Social Care and Youth Inclusion Division

The NRPF budgets are forecast to overspend by £459k for the current financial year. This increase in cost is in response to case law regarding housing families with no recourse to public funds (Zambrano & Clue cases). This is an issue across London.

The independent review and service quality team is expected to overspend by £164k. This is due to the use of agency staff to cover permanent IRO vacancies as well as additional resources above establishment to ensure appropriate caseloads to support the quality assurance function.

The Central Social Work, MASH and Permanency team's staffing costs is expected to overspend by £188k. 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. One quarter's funding has been included in the forecast 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

The serious case review budget is expected to underspend by £77k because there has been no need to commission reviews during the current financial year.

There are various other small over and underspends forecast across the division netting to a £141k underspend. These combine with the item described above to arrive at the total reported divisional overspend of £593k.

Dedicated Schools Grant

DSG funded services is forecast to underspend by £439k. 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 £438k in Independent Residential School provision. This figure is expected to reduce towards year-end as additional placements are made throughout the year.

There are various other smaller over and underspends forecast across the DSG netting to a £1k underspend which, combined with the item above, equates to the net underspend of £439k.

Management Action

Staffing

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

Placements

Our edge of care panel continues to ensure that entry to care thresholds 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.

Transport

We are modelling the potential impact of personal budgets from transport for 15/16 to assist in delivering cost reduction solutions to individual children's transport needs.

We are monitoring tight eligibility thresholds and defending appeals and we have extended our independence travel training which have delivered savings of £34k to date. 5 personal budgets were approved this financial year providing an on-going cost reduction of £34k.

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. However this still leaves a net departmental overspend of £546k. The table below highlights the estimated overspends relating to these duties:

Description	Budget £000	Aug overspend forecast £000	Jul overspend forecast £000
Supported lodgings/housing	629	450	446
Un-accompanied asylum seeking children (UASC)	60	258	300
No Recourse to Public Funds (NRPF)	20	459	451
Total	709	1,167	1,197

These estimates only include services for these children and families including housing cost, they do not include staffing cost. Staff cost related to these clients are estimated to be about £270k.

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

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

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

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

Community and Housing

Overview

At the end of August 2015 Community and Housing is forecast to overspend by £1.076m as shown in summary table 1 below. Although the Department's budget for 2015-16 included funding of £3.9m for increased integration under the Better Care Fund and to manage the new duties arising from the Care Act 2014 increasing costs in the social care market, A demographic changes to the population which mean we have more people with higher levels of need eligible for services, the new requirements imposed through the Care Act, and other new burdens such as the Cheshire West judgement on Deprivation of Liberty Safeguards.

The majority of planned savings for 2014-15 were not delivered. Therefore, the Department is complementing its 2015-16 savings plan with a number of actions designed to manage these pressures and recoup the shortfall in savings carried forward from 2014-15.

Table 1 Community and Housing	2015/16 Current Budget £000	Full Year Forecast (Aug) £000	2015/16 Forecast Variance (Aug) £000	2015/16 Forecast Variance (Jul) £000	2014/15 Variance at year end £000
Access and Assessment	42,698	44,361	1,663	1610	2,648
Commissioning	4,617	4,328	(289)	(111)	(221)
Direct Provision	4,358	4,561	(203)	381	892
Directorate	1,053	1,031		(8)	(223)
Directorate – Care Act Implementation Expenditure	1,265	664	(600)	(500)	0
Directorate – Care Act Implementation Income	(1,265)	(1,265)	0	0	0
**Contribution from Public Health	0	0	(328)	(328)	(500)
Adult Social Care	52,726	53,680	954	1044	2,595
Libraries and Heritage	2,436	2,416	(20)	(28)	4
Merton Adult Education	(179)	99	278	278	254
Housing General Fund	1,903	1,767	(136)	(114)	(105)
Total (controllable)	56,886	57,962	1,076	1,180	2,748

It should be noted that Adult Social Care forecast overspend has been netted down by £328k of one-off Public Health money giving an underlying overspend of £1.282m.

Additionally, a corporate settlement of £262k budget transfer has been approved to reduce the transport forecast over-spend. This covered the increase in demand but not unachievable savings.

Additional estimated costs of transition from children's to adult services totalling £675k has been included in the Period 5 placements forecast; this will be kept under review to monitor if cases included actually transfer.

It should be noted that the government has decided to delay implementing the cap on care costs until 2020. The delay will allow time to be taken to ensure that everyone is ready to introduce the new system and to look at what more can be done to support people with the costs of care.

Access and Assessment – £1.663k over-spend

Access and Assessment	Forecast Variance (Aug) £000	Forecast Variance (July) £000
Gross Placements overspend	2,934	2,771
Miles Re-ablement under-spend	(230)	(261)
Other A&A under-spends	(846)	(884)
Sub-total Net over-spend	1,858	1,626
Over achievement of Client Contribution	(170)	9
Helping People at home grant **	(25)	(25)
Total Access & Assessment	1,663	1,610

Description	2015/16 Budget £000	Forecast Variance (Aug) £000	Forecast Variance (Jul) £000	2014/15 Variance at year end £000
<u>Access & Assessment</u>				
Gross Placements	38,178	2,934	2,771	3,689
Placements - Other	368	(43)	(43)	0
Transport**	178	40	66	0
Client & CCG Contribution Income	(11,875)	(170)	9	(612)
Helping People at home revenue grant	0	(25)	(25)	(75)
Miles- Reablement	1,568	(230)	(261)	371
Concessionary Fares & Taxi-card	9,203	(157)	(157)	(45)
Care-first	136	(129)	(129)	(117)
Other Access & Assessment	9,369	(557)	(621)	(564)
Better Care Fund – NHS Social Care Transfer Income	(4,427)	0	0	0
Sub-total Access & Assessment	42,698	1,663	1,610	2,648
<u>Commissioning</u>				
Brokerage, Contracts, Performance & Planning & Commissioning	1,188	(140)	(141)	(237)
Voluntary Organisations - grants	756	113	92	138
Voluntary Organisations – Contracts	200	(23)	(23)	(24)
Voluntary Organisations – Dementia contract	230	8	8	11
Pollards Hill Contract	82	(14)	(14)	0
Transport**	133	0	(128)	32
Supporting People Grant	2,128	95	95	(141)
Better Care Fund – NHS Social Care Transfer Income	(100)	0	0	0
Sub-total Commissioning	4,617	39	(111)	(221)
<u>Direct Provision</u>				
Transport **	621	11	132	604
Day Centres	1,828	(28)	(2)	(58)
Supported Living	873	19	19	109
Residential	806	174	194	222
Mascot	368	24	17	5
Other Direct Provision	262	3	21	10
Better Care Fund – NHS Social Care Transfer Income	(400)	0	0	0
Sub-total Direct Provision	4,358	203	381	892
<u>Directorate</u>				
Staffing Costs	934	(22)	(8)	(223)
Adult Social Care Redesign – Projects	300	0	0	0
Better Care Fund – NHS Social Care Transfer Income	(181)	0	0	0
Care Act Implementation	1,265	(600)	(500)	0
Care Act Implementation-Grant	(865)	0	0	0
Better Care Fund – NHS Social Care Transfer	(400)	0	0	0
Subtotal Directorate	1,053	(622)	(508)	(223)
Contribution from Public Health – Ageing Well Grants	0	(328)	(328)	(500)
Sub-total Adult Social Care	Page 17	954	1,044	2,595

Libraries	2,436	(20)	(28)	4
Merton Adult Education	(179)	278	278	254
Housing				
Temporary Accommodation	116	(48)	(48)	84
Homelessness Prevention	320	7	0	(127)
Housing Advice and Options	500	(12)	(15)	(7)
Housing Needs	283	(8)	(8)	(43)
Housing Strategy	139	(13)	(13)	(18)
Housing Supply & Development	266	(8)	(15)	(3)
Housing Environmental Health	228	(54)	(15)	(59)
Merton Action single Homeless	51	0	0	0
Reserves Funding Adjustment	0	0	0	67
Sub-total Housing	1,903	(136)	(114)	(106)
Total Community & Housing	56,866	1,076	1,180	2,648

Budget Pressures

Access and Assessment (£1.663m Forecast Overspend)

Access and Assessment is forecast to overspend by £1.663m in 2015-16. This is the net effect of forecast overspending on the 3rd Party placements budget of £2.934m less forecast under spending on other budgets of £1.271m. These underspends have been planned by management to reduce the impact of external environmental factors beyond our control which place new burdens on Third Party Placements budget is now forecast to overspend in 2015-16. The main new burdens are:

- **Price pressures.** Nationally the market in social care has shown that providers are successfully demanding increases in fees. This is due to pressures such as clarification over the definition of minimum wage and increasing challenges in hiring staff. Merton has in recent years held fees low compared with other boroughs, for example by not offering an increase for inflation for five years. However, providers can now obtain better prices from neighbouring boroughs and/or the NHS. This means that to secure supply and sustain a viable market Merton is having to negotiate new (often higher) fees. The impact of the negotiations so far completed is £581k in 2015-16.

- **New Demographic pressures.** Our best estimate of demographic growth pressures affecting 2015-16 are:
 - £432k in 2015-16 on older people's budgets due to increased aging of the population based on POPPI (Projecting Older People Population Information System) data.
 - £78k in 2015-16 on Working age adults budgets (excluding Learning disabilities) based on PANSI (Projecting Adult Needs and Service Information System) data, and £675k on learning disability services as we anticipate higher levels of transitions from Children's services than PANSI indicates e.g. in 2015-16 we expect young people who make the transition to adult services will cost ASC £675k to support in 2015-16.
 - Demographic data to be formalised by Corporate Services colleagues.
- **NHS pressures.** These pressures, especially on acute hospitals, are well known, and this is leading to the discharge of more people at a greater level of dependency. It can be challenging to find care packages often at short notice. As an indicator of this pressure, the:
 - Number of people needing "double ups" (i.e. two carers at any one time to manage personal care for a customer) increased from 12.1% to 15.3% of domiciliary care customers in 2014/15.
 - The average home care hours per week received per person supported in 2014-15 rose from 15.8 to 17.4 hours.
- **New responsibilities arising from the Cheshire West judgement and the Care Act 2014.** Although the Government has provided some funding to cover the implications of the Care Act (£865k) and the Cheshire West judgement around Deprivation of Liberty Assessments (DOLS) (£80k), risks are that:
 - The costs of the Care Act responsibilities, most notably to sustain a viable care and support market may exceed this funding, and
 - It is already clear that the costs of implementing the Cheshire West judgement are well in excess of £80k as DOLS activity has increased by more than 1000% e.g. there were 40 DOLS cases in 2013-14, 526 in 2014-15 and at the end of August 2015 trends suggest there will be more than 600 in 2015-16. The actual cost of implementing this judgement in 2015/16 is estimated at £290k.
- **Ordinary Residents.** Three new Ordinary Residence cases costing £193k were passed to Merton by neighbouring boroughs.

The budget has a complex pattern of under and overspending and realignments are needed to deal with this.

Commissioning (£39k Forecast Overspend):

Commissioning is forecast to marginally overspend by £39k in 2015-16. The change from the previous month is due to a transfer of transport budget from the commissioning budget to the direct provision budget.

Direct Provision (£203k Forecast Overspend)

Direct provision is forecast to overspend by £203k mainly as a result of unrealisable transport savings and demand for residential/supported living placements not being funded from the commissioning budget less a projected underspend of £28k on day services staff:

- **Transport costs.** A combination of a corporate budget transfer of £262k and a range of management actions described in the management action section below has reduced this overspend to a projected £11k in 2015-16.
- **Direct Provision Residential Care/Supported Living Services.** A number of pressures to Direct Provision staffing costs (including the on-going unfunded impact of Single Status Agreement, an unfunded growth in for our Supported Living Service and extra costs related to the move from the Gables back to Doliffe Close have led to a projected overspend of £193k in these areas.

Directorate (£622k Forecast Underspend)

Delivery of Savings in 2014/15

The savings programme developed for 2014/15 contained a number of savings (£2.265m) which due to external demographic and market related factors proved to be high risk and despite the best efforts of officers could not be delivered in 2014-15.

Merton Adult Education (£278 Forecast Overspend)

- **This projected overspend results from** in year reductions in SFA funding and a shortfall against savings targets of £176K.

This forecast has taken into account funding the new MAE Commissioning Team roles which has added additional pressure to the budget for the remainder of the year as the roles are paid at a higher rate less £51K of savings that have been realised through holding staff vacancies. A re-structure is planned from October 2015 for the remainder of the year

Management action

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

- **Market management/shaping work:** Recognising the challenges posed by the market costs we are undertaking a number of individual negotiations with providers looking at what models of delivery we can design that will enable the services to be delivered in partnership with providers for the lowest costs. In addition, there are some areas where we feel we can negotiate even keener prices and we are actively pursuing those as well. So far in these negotiations we have achieved agreed rate increases, on average of just 38% of what was demanded by providers. The estimated cost impact is £581k versus £1,522k demanded by providers.

New innovative commissioning approaches: Related to the above, as well as delivering the current savings plan and our current commissioning strategy we are working on a number of other innovative ideas to help us meet a growing need in a different way to what we currently do. Ideas being pursued

include new ways of procuring access to care home placements, creating a more flexible market for domiciliary care based on personal assistants and investigating how we can use econometric tools to forecast demand even more accurately and reduce void costs.

- **Strengthening the Resource Panel and cost/activity monitoring systems:** The panels now sit twice a week and there is representation from both the Brokerage and Occupational Therapy teams. Chairing arrangements have been strengthened. Every team is getting a monthly breakdown, with an aim to make it fortnightly, on its performance on activity and finance as against the required trajectory to stay within budget.
- **Re-profile the savings plan** to ensure the delivery of the savings in the MTFs and where possible exceed savings targets and recoup the savings shortfall in 2014-15. The plan is designed to deliver £2.234m of savings in 2015-16 and it includes areas where we will achieve more savings than originally forecast, but as already stated above the £600k of savings related to below inflation contract price increases are not achievable.
- **Taking forward other initiatives under the ASC redesign programme to deliver the target operating model:** The Adult Social Care Redesign Programme is the Department's overarching programme to deliver our Target Operating Model, our savings plan and in response to the Care Act. It has around 30 individual projects that taken together will redesign the way the department manages the support needs of our clients in the most efficient way. Some key elements are described below:
 - **Cost avoidance / delaying costs arising:** the Programme includes a review to ensure that we are using our grant funding, early intervention and universal services most effectively.
 - **Process redesign work:** In response to the Care Act 2014 and to deliver efficiency improvements that underpin staff savings.
 - **Developing staff resources:** Staff resources including structures are being reviewed to ensure they staff consistently work to promote independence and to ensure structure is affordable.
- **Transport.** To mitigate the effects of the rise in costs Direct Provision staff have also taken over escorting duties and staff use self-drive vehicles to collect some of the day service customers. Savings in the use of taxis are being achieved on an on-going basis.
- **Flexible and mobile working:** Like the rest of the Council our staffs are adopting flexible and mobile work approaches to improve productivity. This will enable staff resources to be freed up to implement the Care Act 2014, work in a more integrated way with the NHS and to help us to manage the increased flow of work from the NHS. It will also free up some related implementation government grant funding to pay for increased activity levels arising from these statutory requirements
- **Moving to a commissioning model for adult education** this will end the recurrent overspend in this area since Merton will simply commission as much as is available through central government funding and any other sources of funds.

Placements Activity Data

The table below details the current number of clients and care packages numbers

Activity Data – Care Package Numbers	No of Care Packages (No's)	No of Clients (No's)	Total Yearly Commitment August
Service Area			£000
Mental Health	138	121	1,527
Physical and Sensory	327	220	4,555
Learning Disabilities **	420	338	13,062
Older People	1807	1228	21,581
Substance Misuse	8	7	162
No recourse to public funds	18	9	225
TOTAL Gross placement expenditure	2,718	1923	£41,112

Learning Disability Commitment includes estimated transition costs of £675k. Details of the estimated costs are:-

1. At 18 when the young person comes to ASC - £250k,
2. At 19 when they leave school - £125k
3. At 21/22 (or possibly older with the recent Children and Families Act) when they leave college. £300k

Public Health

Public Health is forecast to under-spend by £301k.

Public Health	2015/16 Budget £000	Period 5 (Aug) Forecast £000	Forecast Variance (Aug) £000	Forecast Variance (Jul) £000	2014/15 Final Out-turn Variance £000
PH - Directorate	1,246	1,127	(119)	(143)	(305)
PH- Contraception	713	713	0	0	(26)
PH - STI Testing and Treatment (GUM)	2,060	2,194	134	134	110
PH - SH Advice, Prevent and Promotion	217	219	2	2	(97)
PH - NHS Health check	322	322	0	0	17
PH - Falls Prevention	66	66	0	0	(1)
PH – Non Recurrent Project	1,154	1,154	0	0	0
PH – Obesity	539	521	(18)	(41)	(28)
PH – Live well (including	345	331	(14)	(14)	(35)

smoking cessation)					
PH - Substance Misuse (drugs and alcohol)	2,098	1,849	(249)	(131)	(422)
PH - School Nursing (including National Child Measurement programme)	849	849	0	(16)	(4)
PH - Surveillance and Control of Infectious Diseases	10	1	(9)	0	(9)
PH- Determinants	160	149	(11)	(11)	0
PH - Community Services Contract Estates	285	284	0	0	0
PH - New Investments	154	138	(16)	(14)	(275)
Total Public Health (controllable)	10,218	9,917	(301)	(234)	(1,075)

There is a potential risk of an in-year claw back on the Public Health grant allocation as a result of the recent budget announcement by the chancellor. The consultation sets out possible options on how the £200 million of savings might be spread across LA's. One suggestion is a straight 6.2% cut to all LA's. This equates to a reduction of £573k on the PH grant and £91k on the 0-5 (Health Visiting) allocation due to transfer in October (Total £664k)

Details of how this reduction if applied will be allocated across PH projects or how it will be taken back in year have not been agreed.

(E) Corporate Items

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

Corporate Items	Current Budget 2015/16 £000s	Full Year Forecast (Aug.) £000s	Forecast Variance at year end (Aug.) £000s	Forecast Variance at year end (July) £000s	2014/15 Year end Variance £000s
Cost of borrowing	14,117	14,092	(25)	(137)	205
Use for Capital Programme	0	0	0	0	0
Impact of Capital on revenue budget	14,117	14,092	(25)	(137)	205
Investment Income	(559)	(769)	(210)	(96)	(385)
Pension Fund	5,042	5,042	0	0	(300)
Pay and Price Inflation	575	575	0	0	(883)
Contingencies and provisions	4,592	3,142	(1,450)	(1,400)	64
Income Items	(174)	(800)	(626)	(626)	(914)
Appropriations/Transfers	(7,667)	(7,667)	0	0	(399)
Central Items	1,809	(477)	(2,286)	(2,122)	(2,817)
Levies	926	926	0	0	0
Depreciation and Impairment	(16,506)	(16,506)	0	0	0
TOTAL CORPORATE PROVISIONS	346	(1,965)	(2,311)	(2,259)	(2,612)

There has been a small change (CR£2k) in the net cost of borrowing and investment income which reflects the latest monitoring information on the capital programme. The only other change in August is to the forecast for Single Status which is expected to fully utilise the provision of £298k but only require £50k of the budget of £100k.

4. CAPITAL PROGRAMME 2015-19

4.1 Capital Expenditure

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

Depts.	Spend To August 2012	Spend To August 2013	Spend To August 2014	Spend To August 2015	Variance 2012 to 2015	Variance 2013 to 2015	Variance 2014 to 2015
C&H	404	777	109	267	(137)	(510)	158
CS	1,006	1,049	216	431	(575)	(618)	214
CSF	10,044	2,851	5,854	6,719	(3,325)	3,868	864
E&R	3,854	3,404	1,396	1,645	(2,209)	(1,759)	249
Total Capital	15,308	8,081	7,576	9,062	(6,247)	980	1,486

Outturn £000s	40,487	31,564	36,869	
Budget £000s				44,372
Projected Spend August 15 £000s				40,812
Percentage Spend to Budget				20.42%
Percentage Spend to Outturn/Projection	37.81%	25.60%	20.55%	22.20%
Monthly Spend to Achieve Projected Outturn £				4,536

4.1.2 August is five months of the way through the financial year, departments have only spent 20.4% of their budget or 22.2% of their forecast outturn. The Authority has caught up with prior year spend in 2013-14 and 2014-15 but is behind that achieved in 2012/13. To achieve a projected spend of £40.8m officers will need to spend just over £4.5 million per month for the rest of the financial year. The table below shows that in August 2015 departments have managed to spend just over £3.9 million.

Department	Spend To July 2015 £000s	Spend To August 2015 £000s	Increase £000s
C&H	232	267	35
CS	221	431	209
CSF	4,109	6,719	2,610
E&R	558	1,645	1,087
Total Capital	5,121	9,062	3,941

- 4.2 The Table below shows the movement in the 2015/19 corporate capital programme since the July 2015 financial monitoring report, September challenge meetings will also review the proposed programme for 2016/17 which at £63 million is currently considerably above the level of spend achieved in recent years:

Depts	Current Budget 15/16	Adjustments	Revised Budget 15/16	Current Budget 16/17	Adjustments	Revised Budget 16/17	Current Budget 17/18	Variance	Revised Budget 17/18	Current Budget 18/19	Variance	Revised Budget 18/19
C&H	2,722	(537)	2,185	1,859	465	2,324	340	0	340	340	0	340
CS	8,663	0	8,663	4,890	0	4,890	2,881	0	2,881	2,757	0	2,757
CSF	15,980	70	16,050	29,011		29,011	20,979	0	20,979	20,104	0	20,104
E&R	17,697	(223)	17,474	27,257	(5,100)	22,157	10,327	5,000	15,327	6,379	0	6,379
TOTAL	45,061	(690)	44,372	63,016	(4,635)	58,381	34,526	5,000	39,526	29,579	0	29,579

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

Merton Summary Capital Report - August 2015 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Community and Housing	2,184,830	267,044	312,380	(45,336)	2,184,213	(617)
Corporate Services	8,663,310	430,546	3,267,680	(2,837,134)	5,235,422	(3,427,888)
Children Schools and Families	16,049,640	6,718,871	9,956,664	(3,237,793)	16,049,633	(7)
Environment and Regeneration	17,473,810	1,645,056	5,321,289	(3,676,233)	17,342,235	(131,575)
Total Capital	44,371,590	9,061,517	18,858,013	(9,796,496)	40,811,503	(3,560,087)

- a) Corporate Services – The majority of the projected variance is caused by four major corporate schemes
- the Acquisition Fund £1,542k - this budget is held corporately,
 - Bidding Fund £1,357k
 - Transformation Budget £88k – this budget is held corporately and vired as transformation projects are identified.
 - Customer Contact Programme and Document Management System projects which are being progressed under one contract are currently showing slippage of £420k. Currently this is an estimate of the likely outturn for 2015/16 as the contract milestones for payments have not yet been agreed with the provider and confirmed – this work is still underway and should be concluded shortly.
- 4.3 Appendix 5b details the adjustments being made to the Capital Programme this month. A brief description of the adjustment is provided in this Appendix.

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

Depts.	Original Budget 15/16	Net Slippage 2014/15	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 15/16
Community and Housing	2,161	1,436	129	0		(1,540)	2,186
Corporate Services	7,428	2,408	(126)	0	0	(1,047)	8,663
Children Schools and Families	17,105	1,014	268	130	0	(2,467)	16,050
Environment and Regeneration	15,240	2,345	(447)	534	252	(450)	17,474
Total	41,933	7,203	(176)	664	252	(5,504)	44,372

DELIVERY OF SAVINGS FOR 2015/16

Department	Target Savings 2015/16	Projected Savings 2015/16	Period 5 Forecast Shortfall	Period 5 Forecast Shortfall
	£000's	£000's	£000's	%
Corporate Services	1,170	1,099	(71)	(6.1)%
Children Schools and Families	781	781	0	0.0%
Community and Housing	2,154	1,696	(459)	(21.3)%
Environment and Regeneration	4,192	780	(3,412)	(81.4)%
Total	8,297	4,356	(3,942)	(47.5)%

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

Appendix 8 reports the 2014/15 savings not achieved and projects the full year affect of these savings in 2015/16. Further work will be performed to ensure the 2014/15 savings shortfall is addressed in the current year.

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

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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

APPENDIX 1

	Original Budget 2015/16	Current Budget 2015/16	Year to Date Budget (Aug)	Year to Date Actual (Aug)	Full Year Forecast (Aug)	Forecast Variance at year end(Aug)	Forecast Variance at year end- previous month (July)	Outturn Variance 2014/15
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000
Department	-							
3A. Corporate Services	14,025	14,838	16,358	12,471	14,511	(327)	(403)	(691)
3B. Children, Schools and Families	50,894	52,619	74,964	73,144	54,332	1,713	2,253	2,663
3C. Community and Housing	-							0
Adult Social Care	56,080	56,455	23,527	21,783	57,409	954	1,044	2,593
Libraries & Adult Education	3,169	3,289	1,683	1,564	3,547	258	250	281
Housing General Fund	2,151	2,154	1,000	394	2,018	(136)	(114)	(100)
3D. Public Health	320	1,154	(612)	(2,519)	853	(301)	(234)	(0)
3E. Environment & Regeneration	23,986	24,157	2,950	2,559	27,224	3,067	2,966	1,703
Overheads	0	0	0	0	0	0	0	0
NET SERVICE EXPENDITURE	150,624	154,666	119,871	109,398	159,893	5,227	5,762	6,448
3E. Corporate Items	-							
Impact of Capital on revenue budget	14,117	14,117	2,790	1,729	14,092	(25)	(137)	205
Other Central items	-10,651	-14,696	-7,061	-2,372	-16,982	-2,286	-2,122	(2,817)
Levies	926	926	390	390	926	0	0	0
TOTAL CORPORATE PROVISIONS	4,392	346	-3,881	-253	-1,965	-2,311	-2,259	-2,612
TOTAL GENERAL FUND	155,016	155,012	115,990	109,144	157,928	2,916	3,503	3,836
- Funding	-							
- Business Rates	(33,686)	(33,686)	(3,450)	(3,450)	(33,686)	0	0	0
- RSG	(30,425)	(30,425)	(17,517)	(17,517)	(30,425)	0	0	0
- Council Tax Freeze Grant 2014/15	(861)	(861)	(347)	(347)	(861)	0	0	6
- Section 31 Grant	(1,134)	(1,134)	(431)	(431)	(1,134)	0	0	(160)
- New Homes Bonus	(2,642)	(2,642)	(2,142)	(2,142)	(2,642)	0	0	0
- PFI Grant	(4,797)	(4,797)	(1,199)	(1,199)	(4,797)	0	0	0
Grants	(73,545)	(73,545)	(25,086)	(25,086)	(73,545)	0	0	(154)
Collection Fund - Council Tax Surplus(-)/Deficit	(4,813)	(4,813)	0	0	(4,813)	0	0	0
Collection Fund - Business Rates Surplus(-) /Deficit	393	393	0	0	393	0	0	0
Council Tax								
- General	(76,758)	(76,758)	0	0	(76,758)	0	0	0
- WPCC	(293)	(293)	0	0	(293)	0	0	0
Council Tax and Collection Fund	(81,471)	(81,471)	0	0	(81,471)	0	0	0
FUNDING	(155,016)	(155,016)	(25,086)	(25,086)	(155,016)	0	0	(154)
NET	0	(4)	90,904	84,059	2,912	2,916	3,503	3,682

	Current Budget 2015/16	Year to Date Budget (Aug)	Year to Date Actual (Aug)	Full Year Forecast (Aug)	Forecast Variance at year end (Aug)	Forecast Variance at year end (July)
Expenditure	£000	£000	£000	£000	£000	£000
Employees	97,489	40,685	40,545	99,323	1,834	2,106
Premises Related Expenditure	8,504	4,348	2,583	8,112	(392)	(479)
Transport Related Expenditure	14,687	6,029	5,373	15,210	524	667
Supplies and Services	173,914	63,701	61,056	172,525	(1,390)	(1,395)
Third Party Payments	89,387	35,053	30,010	93,214	3,827	3,875
Transfer Payments	104,043	43,177	35,531	105,537	1,494	1,507
Support Services	31,902	0	0	31,901	(1)	(2)
Depreciation and Impairment Losses	16,505	871	0	16,505	(0)	0
Corporate Provisions	346	(3,881)	(253)	(1,965)	(2,311)	(2,259)
GROSS EXPENDITURE	536,778	189,984	174,844	540,363	3,585	4,020
Income						
Government Grants	(265,292)	(44,527)	(37,163)	(262,282)	3,010	2,883
Other Grants, Reimbursements and Contribs	(26,030)	(5,512)	(6,443)	(27,757)	(1,728)	(1,469)
Customer and Client Receipts	(57,783)	(22,093)	(22,024)	(60,198)	(2,415)	(2,361)
Interest	(44)	0	0	(20)	24	24
Recharges	(32,547)	(1,792)	0	(32,546)	1	1
Balances	(70)	(70)	(70)	368	439	406
GROSS INCOME	(381,766)	(73,995)	(65,700)	(382,435)	(669)	(517)
NET EXPENDITURE	155,012	115,991	109,144	157,928	2,916	3,503

APPENDIX 2

3E. Corporate Items	Council 2015/16 £000s	Original Budget 2015/16 £000s	Current Budget 2015/16 £000s	Year to Date Budget (Aug.) £000s	Year to Date Actual (Aug.) £000s	Full Year Forecast (Aug.) £000s	Forecast Variance at year end (Aug.) £000s	Forecast Variance at year end (July) £000s
Cost of Borrowing	14,117	14,117	14,117	2,790	1,729	14,092	(25)	(137)
Use for Capital Programme							0	0
Impact of Capital on revenue budget	14,117	14,117	14,117	2,790	1,729	14,092	(25)	(137)
Investment Income	(559)	(559)	(559)	(234)	(258)	(769)	(210)	(96)
Pension Fund	5,042	5,042	5,042	840	327	5,042	0	0
Corporate Provision for Pay Award	189	189	0	0	0	0	0	0
Provision for inflation in excess of 1.5%	543	543	475	0	0	475	0	0
Utilities Inflation Provision	100	100	100	0	0	100	0	0
Pay and Price Inflation	832	832	575	0	0	575	0	0
Contingency	1,500	1,500	1,381	0	0	381	(1,000)	(1,000)
Single Status/Equal Pay	100	100	100	0	14	50	(50)	0
Bad Debt Provision	500	500	500	0	0	500	0	0
Loss of income arising from P3/P4	400	400	400	0	0	0	(400)	(400)
Revenuisation and miscellaneous	3,525	3,525	2,211	0	0	2,211	0	0
Contingencies and provisions	6,025	6,025	4,592	0	14	3,142	(1,450)	(1,400)
Local Services Support Grant	0	0	0	0	3	0	0	0
Other	(174)	(174)	(174)	0	0	(800)	(626)	(626)
Income items	(174)	(174)	(174)	0	3	(800)	(626)	(626)
Appropriations: CS Reserves	(3,003)	(3,003)	(3,695)	(3,695)	(245)	(3,695)	0	0
Appropriations: E&R Reserves	(1,631)	(1,631)	(1,772)	(1,772)	(13)	(1,772)	0	0
Appropriations: CSF Reserves	(618)	(618)	(1,152)	(1,152)	(1,152)	(1,152)	0	0
Appropriations: C&H Reserves	(545)	(545)	(700)	(700)	(700)	(700)	0	0
Appropriations: Public Health Reserves	(320)	(320)	(1,154)	(1,154)	(1,154)	(1,154)	0	0
Appropriations: Corporate Reserves	806	806	806	806	806	806	0	0
Appropriations/Transfers	(5,311)	(5,311)	(7,667)	(7,667)	(2,458)	(7,667)	0	0
Depreciation and Impairment	(16,506)	(16,506)	(16,506)	0	0	(16,506)	0	0
Central Items	3,466	3,466	(579)	(4,271)	(643)	(2,890)	(2,311)	(2,259)
Levies	926	926	926	390	390	926	0	0
TOTAL CORPORATE PROVISIONS	4,392	4,392	346	(3,881)	(253)	(1,965)	(2,311)	(2,259)

Pay and Price Inflation as at August 2015

In 2015/16, the budget includes 1% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.543m which is held to assist services that may experience price increases greatly in excess of the 1.5% inflation allowance provided when setting the budget. At present it is not anticipated that there will be a significant call on this budget and it will only be released when it is certain that it will not be required.

Pay:

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

Prices:

The Consumer Prices Index (CPI) was unchanged in the year to August 2015, that is, a 12-month rate of 0.0%, down from 0.1% in the year to July 2015. A smaller rise in clothing prices on the month compared with a year ago was the main contributor to the slight fall in the rate. There were also downward effects from changes in motor fuel prices and sea fares. Rising prices for soft drinks and for furniture and furnishings partially offset the fall.

The MPC has identified that “around three quarters of the gap between inflation and the 2% target reflects unusually low contributions from energy, food, and other imported goods prices. The remaining quarter reflects the past weakness of domestic cost growth, and unit labour costs in particular. Although pay growth has recovered somewhat since the turn of the year, the recent increase in productivity means that the annual rate of growth in unit wage costs is currently around 1% – lower than would be consistent with meeting the inflation target in the medium term, were it to persist. Additionally, sterling’s appreciation since mid-2013 is having a continuing impact on the prices of imported goods.”

CPIH grew by 0.3% in the year to August 2015, down from 0.4% in July 2015.

RPI annual inflation stands at 1.1% in August 2015, up from 1.0% in July 2015.

Outlook for inflation:

On 9 September 2015, the Bank of England’s Monetary Policy Committee (MPC) voted by a majority of 8-1 to maintain the Bank Base Rate at 0.5%. The Committee voted unanimously to continue with its programme of asset purchases totalling £375 billion, financed by the issuance of central bank reserves. The MPC reached its decisions in the context of the monetary policy guidance announced alongside the publication of the August 2013 Inflation Report. In its summary of its decision, the MPC noted that “Inflation is below the target and the Committee’s best collective judgement is that there remain at least some underutilised resources in the economy. In that light, the Committee intends to set monetary policy in order to ensure that growth is sufficient to absorb the remaining economic slack so as to return inflation to the target within two years.”

In the August 2015 Inflation Report it was noted that “CPI inflation was 0.0% in June, well below the MPC’s 2% target. That undershoot largely reflects external factors but domestic cost pressures have also been weak. Inflation is projected to rise around the turn of the year as past falls in energy prices begin to drop out of the annual

comparison. Thereafter, domestic pressures are likely to build alongside a steady expansion in demand, which absorbs the remaining economic slack. The MPC judges that it is currently appropriate to set policy so that it is likely that inflation will return to the 2% target within two years.

Conditional on a gradual rise in Bank Rate, such as that currently implied by market yields, that is judged likely to be achieved.”

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

Source: HM Treasury - Forecasts for the UK Economy (August 2015)			
	Lowest %	Highest %	Average %
2015 (Quarter 4)			
CPI	(0.2)	1.0	0.5
RPI	(0.4)	1.6	1.2
LFS Unemployment Rate	4.9	5.6	5.3
2016 (Quarter 4)			
CPI	1.2	2.7	1.7
RPI	1.3	3.5	2.8
LFS Unemployment Rate	3.8	5.8	5.0

September figures will be published on 23 September 2015.

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

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

Source: HM Treasury - Forecasts for the UK Economy (August 2015)					
	2015	2016	2017	2018	2019
	%	%	%	%	%
CPI	0.1	1.4	1.9	2.0	2.0
RPI	1.0	2.2	3.1	3.2	3.4
LFS Unemployment Rate	5.5	5.1	5.0	4.9	4.9

Treasury Management: Outlook

The Bank Base Rate has been kept at its low of 0.5% since March 2009. At its meeting ending on 9 September 2015, the MPC voted by a majority of 8-1 to maintain Bank Rate at 0.5%. The Committee voted unanimously to maintain the stock of purchased assets financed by the issuance of central bank reserves at £375 billion

In the MPC minutes published on 10 September 2015 it was noted that “although the near-term outlook for inflation remained broadly the same as at the time of the August Inflation Report, the recent increased volatility in oil prices, if it persisted, made CPI’s near-term path somewhat less predictable. Excluding energy, food and tobacco, CPI inflation had increased by 0.4 percentage points to 1.2% in July, while the average of a wide range of measures of core inflation had risen more modestly to a little above 1%. Absent further moves in commodity prices or the sterling exchange rate, Bank staff continued to expect CPI inflation itself to increase to around 1% in the early months of 2016 as the impact of sharp falls in energy prices at the end of 2014 dropped out of the twelve-month comparison. The evolution of CPI inflation thereafter would depend mainly upon the path of domestic costs and how the prices of imported products were affected by past movements in the exchange rate.”

The MPC believe that CPI inflation is “likely to remain close to zero for a few more months before picking up around the turn of the year, but volatility in the oil price injected additional uncertainty into this near-term path. Further ahead, the path of inflation would depend upon the evolution of domestic costs and on any medium-term effect of movements in the exchange rate on the prices of imported products”

Uncertainty about the near-term path of inflation has increased, but the MPC still anticipate that an increase around the turn of the year remains likely explaining that “over the month, there had been counter-balancing news of a lower oil price, on the one hand, and signs that core inflation might be firming, on the other. It remained unclear to what extent lower unemployment would translate into accelerating unit wage costs. There was also considerable uncertainty about the extent of pass-through from movements in the exchange rate to inflation.”

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

	End Q.2 2015	End Q.3 2015	End Q.4 2015	End Q.1 2016	End Q.2 2016	End Q.3 2016	End Q.4 2016	End Q.1 2017	End Q.2 2017	End Q.3 2017	End Q.4 2017	End Q.1 2018	End Q.2 2018	End Q.3 2018
August 2015		0.5	0.5	0.6	0.7	0.9	1.0	1.2	1.3	1.4	1.5	1.6	1.7	1.7
May 2015	0.5	0.5	0.5	0.6	0.7	0.8	0.9	1.0	1.1	1.2	1.3	1.3	1.4	
February 2015	0.4	0.5	0.5	0.6	0.6	0.7	0.8	0.9	1.0	1.0	1.1	1.1		
November '14	0.6	0.7	0.8	1.0	1.1	1.2	1.4	1.5	1.5	1.7	1.7			
August 2014	0.9	1.1	1.3	1.5	1.7	1.9	2.0	2.1	2.2	2.3				

Source: Bank of England Inflation Report August 2015

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

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

- The MPC sets policy to achieve the 2% inflation target, and, subject to that, to support the Government's economic policies, including those for growth and employment.
- Despite the sharp fall in unemployment, there remains scope to absorb spare capacity further before raising Bank Rate.
- When Bank Rate does begin to rise, the appropriate path so as to eliminate slack over the next two to three years and keep inflation close to the target is expected to be gradual.
- The actual path of Bank Rate over the next few years will, however, depend on economic developments.
- Even when the economy has returned to normal levels of capacity and inflation is close to the target, the appropriate level of Bank Rate is likely to be materially below the 5% level set on average by the Committee prior to the financial crisis.
- The MPC intends to maintain the stock of purchased assets at least until the first rise in Bank Rate.
- Monetary policy may have a role to play in mitigating risks to financial stability, but only as a last line of defence if those risks cannot be contained by the substantial range of policy actions available to the Financial Policy Committee and other regulatory authorities.

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

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

Community & Housing Summary Capital Report - August 2015 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care						
The Gables Mitcham	576,280	34,446	0	34,446	576,280	0
Other	133,550	1,638	26,940	(25,302)	132,933	(617)
Libraries						
Library Self Service	350,000	0	0	0	350,000	0
Housing						
8 Wilton Road	0	(13,011)	0	(13,011)	0	0
Disabled Facilities	1,125,000	243,971	285,440	(41,469)	1,125,000	0
Community and Housing Total	2,184,830	267,044	312,380	(45,336)	2,184,213	(617)

Corporate Services Summary Capital Report - August 2015 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Business Improvement Total	2,440,570	91,396	1,103,150	(1,011,754)	2,019,940	(420,630)
Corporate Governance	880	0	880	(880)	0	(880)
Corporate Items	2,899,340	0	416,665	(416,665)	0	(2,899,340)
Facilities Management Total	1,700,280	161,606	1,108,035	(946,429)	1,681,432	(18,848)
IT Total	930,550	85,181	335,515	(250,334)	930,550	0
Resources	561,700	0	95,105	(95,105)	561,700	0
IT Transformation Unallocated	129,990	92,363	208,330	(115,967)	41,800	(88,190)
Corporate Services Total	8,663,310	430,546	3,267,680	(2,837,134)	5,235,422	(3,427,888)

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

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Aragon expansion	0	(11,083)	0	(11,083)	0	0
Beecholme expansion	95,000	0	47,500	(47,500)	95,000	0
Cranmer expansion	31,260	(3,845)	31,260	(35,105)	31,260	0
Joseph Hood Permanent Expansn	3,830	(2,965)	3,830	(6,795)	3,830	0
St Mary's expansion	157,080	2,254	19,870	(17,616)	157,078	(2)
All Saints/ South Wim YCC exp	3,550	3,547	3,550	(3)	3,550	0
Hillcross School Expansion	1,560,510	1,088,706	748,595	340,111	1,560,510	0
Merton Abbey Temp Accomodation	1,179,940	798,471	632,920	165,551	1,179,940	0
Pelham School Expansion	3,161,140	1,982,479	1,912,470	70,009	3,161,140	0
Dundonald expansion	3,106,710	1,033,638	2,121,980	(1,088,342)	3,106,712	2
Poplar Permanent Expansion	289,900	160,177	(200,275)	360,452	289,900	0
Singlegate expansion	1,412,810	58,675	1,121,194	(1,062,519)	1,412,803	(7)
Wimbledon Park expansion	70,530	(4,142)	70,530	(74,672)	70,530	0
Primary Expansion	11,072,260	5,105,912	6,513,424	(1,407,512)	11,072,253	(7)

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

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Devolved Formula Capital	568,830	150,730	239,950	(89,220)	568,830	0
Early Years	0	(59,158)	0	(59,158)	0	0
Free School Meals	193,080	162,732	118,080	44,652	193,080	0
Haslemere	0	195	0	195	0	0
Cricket Green Site	137,470	20,530	72,444	(51,914)	137,470	0
Primary school autism unit	1,145,240	518,178	1,160,140	(641,962)	1,145,240	0
Breaks-disabled children grant	0	(7,242)	0	(7,242)	0	0
Perseid	1,139,680	710,475	614,546	95,929	1,139,680	0
Secondary School Autism Unit	0	0	129,165	(129,165)	0	0
Schs Cap Maint & Accessibility	808,860	117,519	413,860	(296,341)	808,860	0
B631 - Solar PV Raynes Prk Pav	0	(1,000)	0	(1,000)	0	0
Raynes Park Sports Pavilion	4,770	0	4,770	(4,770)	4,770	0
Secondary School expansion	770,000	0	620,830	(620,830)	770,000	0
Expansion Inflation Contingency	0	0	17,230	(17,230)	0	0
Schools Equipment Loans	104,450	0	52,225	(52,225)	104,450	0
Admissions IT System	105,000	0	0	0	105,000	0
	4,977,380	1,612,959	3,443,240	(1,830,281)	4,977,380	0
Children Schools and Families	16,049,640	6,718,871	9,956,664	(3,237,793)	16,049,633	(7)

Environment & Regeneration Summary Capital Report - August 2015 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Footways Planned Works	1,060,000	287,302	144,180	143,122	1,060,000	0
Greenspaces	955,840	376,518	249,126	127,392	954,590	(1,250)
Highways General Planned Works	439,860	(7,881)	123,685	(131,566)	439,860	0
Highways Planned Road Works	1,500,000	372,280	122,150	250,130	1,500,000	0
Leisure Centres	1,328,760	23,366	103,080	(79,714)	1,328,760	0
Other E&R	93,260	24,965	27,760	(2,795)	93,260	0
On and Off Street Parking	20,140	10,236	20,140	(9,904)	20,140	0
Plans and Projects	0	0	0	0	0	0
Regeneration Partnerships	5,654,110	76,839	2,419,265	(2,342,426)	5,654,115	5
Street Lighting	600,000	0	0	0	600,000	0
Street Scene	190,690	29,078	79,240	(50,162)	190,690	0
Transport for London	2,622,430	438,922	1,076,230	(637,308)	2,495,200	(127,230)
Traffic and Parking Management	1,462,630	19,271	806,415	(787,144)	1,459,530	(3,100)
Transport and Plant	877,690	(11,172)	3,818	(14,990)	877,690	0
Safer Merton - CCTV & ASB	300,000	0	40,000	(40,000)	300,000	0
Environmental Health	0	0	0	0	0	0
Waste Operations	368,400	5,332	106,200	(100,868)	368,400	0
Environment and Regeneration	17,473,810	1,645,056	5,321,289	(3,676,233)	17,342,235	(131,575)

Virement, Re-profiling and New Funding - August

Appendix 5b

	2015/16 Budget	Virements	Adjusted & New Funding	Reprofiling	Revised 2015/16 Budget	2016/17 Budget	Reprofiling	Revised 2016/17 Budget	Revised 2017/18 Budget	Reprofiling	Revised 2017/18 Budget	Narrative
-	£	£	£	£	£	£		£	£	£	£	
Community & Housing												
Disabled Facilities Grants	1,589,900			(464,900)	1,125,000	724,000	464,900	1,188,900	280,000		280,000	Budget re-profiled to 2016-17
Small Repairs Grants	72,420		(72,420)		0	60,000		60,000	60,000		60,000	Revenue expenditure budget removed
Children, Schools and Families												
Schs Cap Maint & Accessibility(2)	738,860		70,000			650,000		650,000	650,000		650,000	Contributions from 7 schools towards schemes undertaken at their schools
Environment & Regeneration												
B639a Fair Green	22,600		(22,600)		0	0		0	0		0	Scheme removed as Section 106 Funding already incorporated into Rediscover Mitcham
Parks Bin Finance Lease	61,450	(21,000)			40,450	34,000		34,000	34,000		34,000	Funding for this scheme originally transferred from Parks investment - Over-provision for lease payments being returned to priginal budget
Transportation Enhancements	0					5,000,000	5,000,000	0	0	5,000,000	5,000,000	Scheme reprofiled to 2017/18
Phase B Non- Planning Mitigation ERF (1)	0	150,000			150,000	0		0	0		0	This sum will provide the Merton's contribution to the Non Planning Mitigation required by Sutton as part of the South London Waste Partnership's procurement to build energy recovery facility in Beddington
Industrial Estate Investment	0			100,000	100,000	550,000	(100,000)	450,000	0		0	Health and Safety works to a property in Osier Way
Street Scene (1)	233,180	(150,000)			83,180	0		0	0		0	
House Hold Reuse & Recycling Centre	0	30,000			30,000	0		0	0		0	To provide welfare facilities to Garth Road staff
Wheelie Bin Pilot	32,000	(30,000)			2,000	0		0	0		0	Budget not required as item charged to revenue
Priests House (1)	300,000		(300,000)		0	0		0	0		0	Scheme cannot be delivered withn this funding envelope currently considering options
Parks Investment	216,000	21,000			237,000	331,000		331,000	216,000		216,000	Budget from this scheme originally transferred to cover the costs of the Bins Lease - Over-provision for lease payments being returned to original budget
Total	3,266,410	0	(325,020)	(364,900)	1,767,630	7,349,000	4,635,100	2,713,900	1,240,000	5,000,000	6,240,000	

1) Requires Cabinet Approval

2) School Contributions

Capital Programme Funding Summary 2015/16

Appendix 5c

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
July Monitoring - September Cabinet	21,843	23,218	45,061
Disabled Facilities Grant	(465)	0	(465)
Schs Cap Maint & Accessibility	0	70	70
Industrial Estate Investment	100	0	100
Small Repairs Grant	(72)		(72)
Rediscover Mitcham	0	(23)	(23)
Priests House	(300)	0	(300)
August Monitoring - October Cabinet	21,106	23,265	44,371

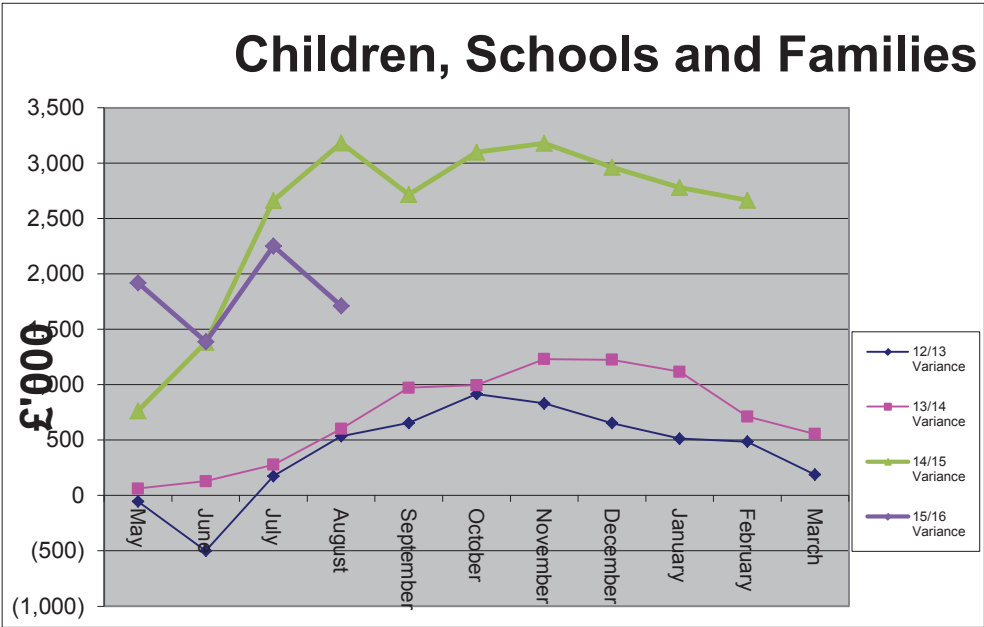
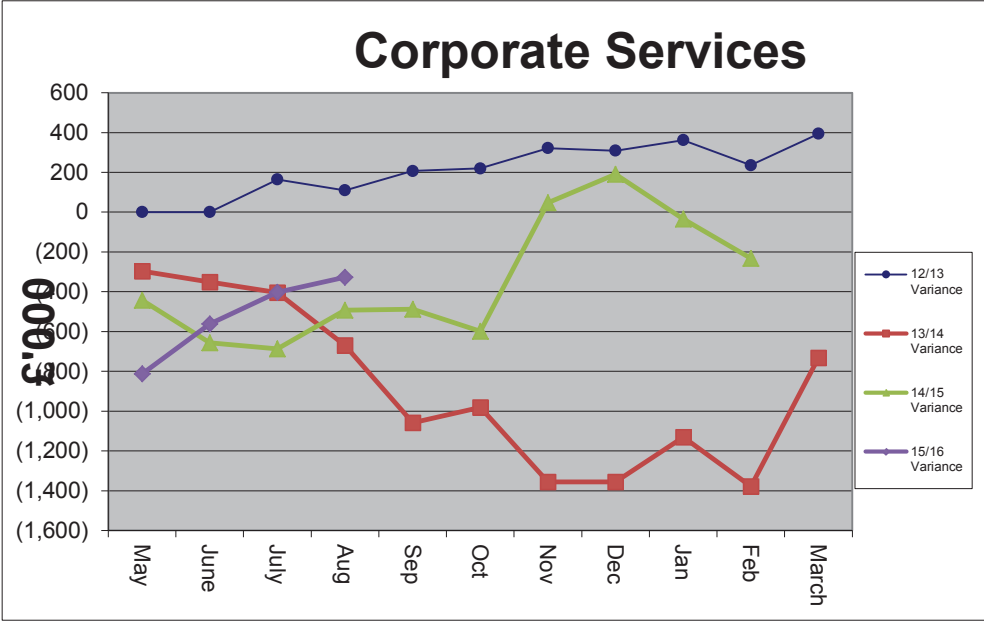
Capital Programme Funding Summary 2016/17

Appendix 5c

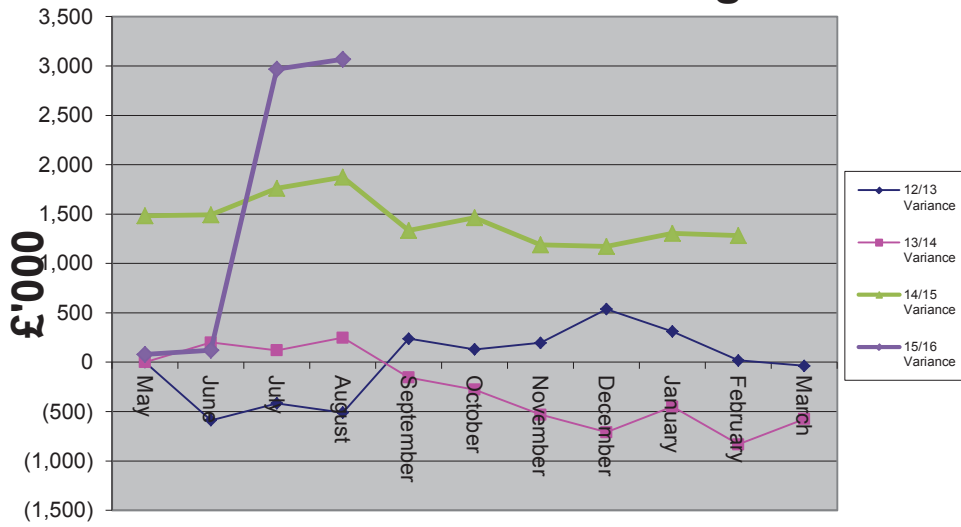
	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Cabinet Sept - July 2015 Monitoring	49,469	13,547	63,016
Disabled Facilities Grant	465		465
Transportation Enhancements	(5,000)		(5,000)
Industrial Estate Investment	(100)		(100)
August Monitoring	44,834	13,547	58,381

APPENDIX 6

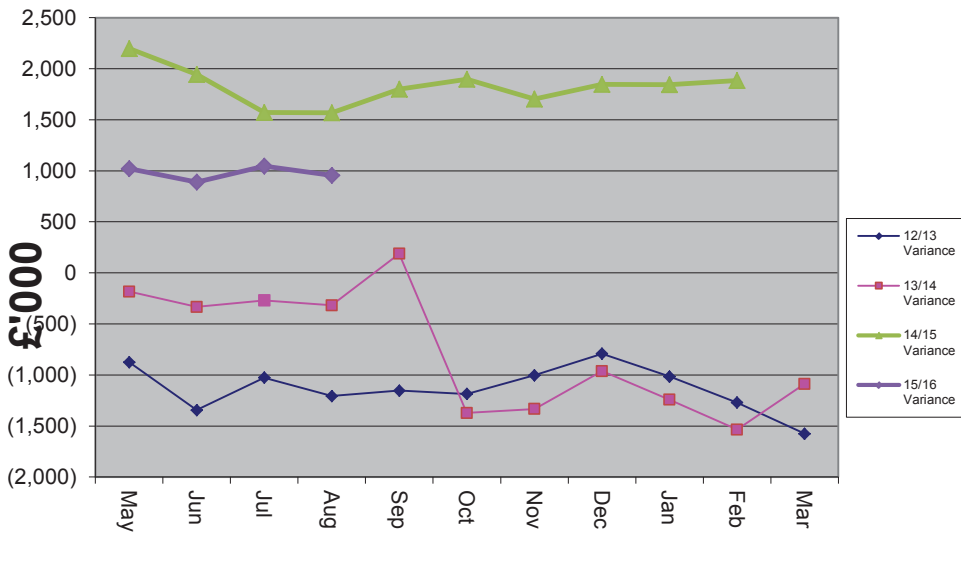
The following charts show the forecast year end variance by department with a comparison for 2012/13, 2013/14, 2014/15 and 2015/16



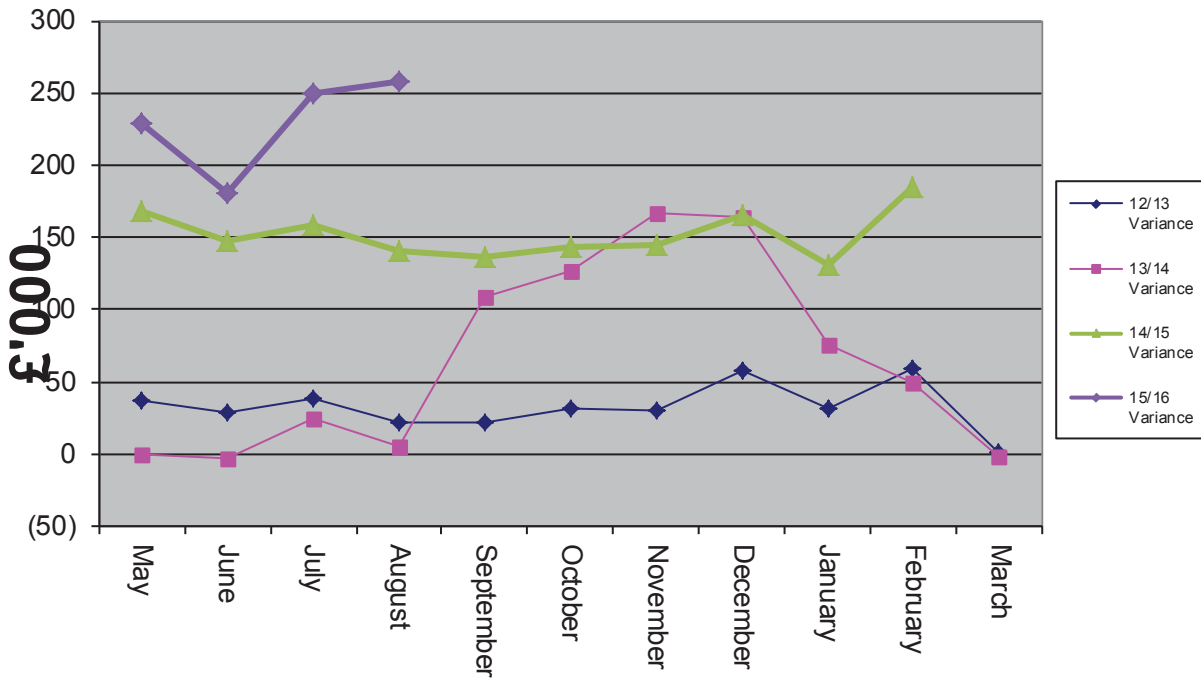
Environment and Regeneration



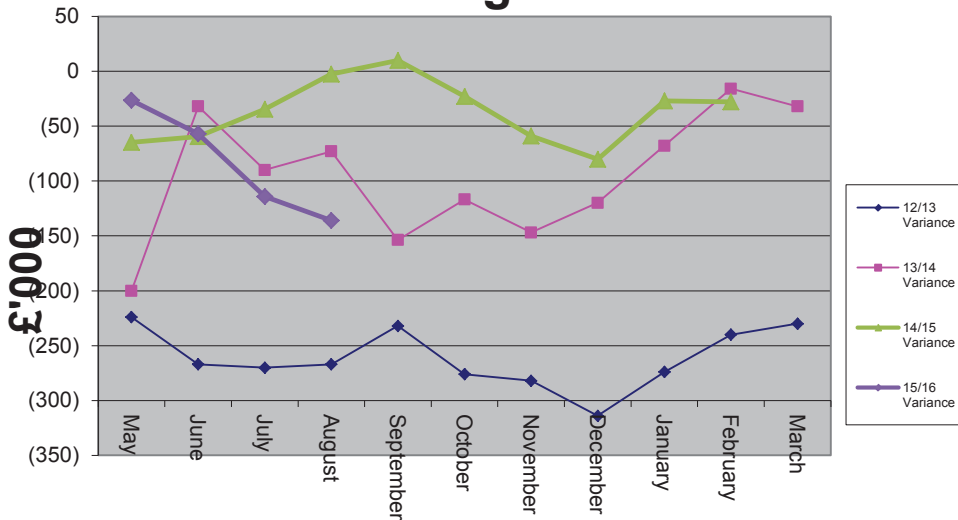
Adult Social Care



Libraries & Adult Education



Housing General Fund



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

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

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

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

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2015/16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Expected Savings £000	Shortfall £000	RAG	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
	Adult Social Care								
ASC7	Below Inflation Uplift to third party suppliers	350	138	(212)	R	R	Rahat Ahmed-Man	The 2015-2016 budget allowed inflation growth of £550k i.e. if actual contract price increases were restricted to £200k or less this saving would be achieved. However, market pressures not envisaged when this target was set and beyond our control means this saving is no longer realistic. To date the commissioning team has only negotiated increased rates where absolutely necessary and overall has negotiated rate increases well below that asked for by providers. The financial impact of negotiations completed to date is estimated at £412k in 2015-16. This compares to requested increases of £1.083m, but means the £350k savings target will not be achieved and it looks likely that actual savings will be around £138k, but this could increase/reduce as and when new price increases are agreed and at least one large contract (Eltandia) is ongoing.	
ASC9	Remodelling and re-procuring the domiciliary care service, following the end of the 3 year contract starting in 2012.	250	(169)	(419)	R	R	Rahat Ahmed-Man	Like ASC7 above market pressures beyond our control have resulted in domiciliary care rates increasing rather than decreasing as envisaged when savings targets were originally set. To date the commissioning team has only negotiated increased rates where absolutely necessary and overall has negotiated rate increases well below that asked for by providers. The financial impact of negotiations completed to date is estimated at £169k in 2015-16. This compares to requested increases of £439k and means the £250k savings target will not be achieved.	

APPENDIX 7

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2015/16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Expected Savings £000	Shortfall £000	RAG	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CH10	Procurement Opportunities	250	362	112	G	G	Rahat Ahmed-Man	The Orchard Hill LD Supported Living Contract was relet from 16th February 2015. The new price assuming care hours do not exceed 1,350 in a year is £980k p.a. This compares to an annual cost under the old contract of £1.391m i.e. whole year savings forecast is £411k. The pro rata savings in 2015-16 are therefore £362k, so the £250k target <u>will be over-achieved in 2015-16 by £112k</u> . This will help compensate for the dom care savings (above) unlikely to be achieved.	
CH1	Brokerage efficiency savings	31	56	25	G	G	Rahat Ahmed-Man	Based on actual savings in previous years which exceeded £100k the Brokerage Manager is confident that this is a feasible savings target from better sourcing/renegotiations in 2015-16 . Projected savings have already gone above the £31k target by £25k and <u>there is a high probability that this target can be substantially exceeded</u> to help recoup 2014-15 savings shortfalls.	
ASC16A	Review of care packages with a view to an overall average reduction in line with promoting independence	100	145	45	G	G	Rahat Ahmed-Man	In 2015-16 reviews will focus on mid-range packages of £400-£1500 p.w. (excl. Dir Payments as these were reviewed in 2014-15). The combined £206k savings target from the reviews in these three savings targets represents just 1% of the annual cost of these packages and reviews between Apr - Aug 2015 have already identified savings of £161k (78% of the target) so we are on track to achieve and in all probability exceed this target. This will help to compensate for any savings shortfalls related to contract price increases. The £161k savings identified so far include £45k identified in 2014-15 but relating to 2015-16 + £42k identified by reviews in Apr-June + £39k identified by reviews in July + £34k identified by reviews in August. RAG rating for CH2 remains amber until cumulative savings identified from all review activity equals or exceeds the £206k target. Anticipated over achievement will help offset dom care savings (above) unlikely to be achieved.	
*ASC18	* Review of care packages	75	75	0	G	G	Rahat Ahmed-Man		
CH2	Domiciliary care service	31	31	0	A	G	Rahat Ahmed-Man		

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DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2015/16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Expected Savings £000	Shortfall £000	RAG	16/17 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Undersp end? Y/N
CH3	Procurement Opportunities (Placement budget)	32	23	(10)	A	G	Rahat Ahmed-Man	So far possible annual savings of £20k to £25k have been identified from changes to night cover arrangements and overhead reduction programmes at Crescent Road and Woodland Way LD Supported Livings Services i.e. £7k to £12k of saving still need to be identified.	
ASC2A	Outsource Reablement Service & realise benefits / efficiencies of the remodelled service	100	100	0	G	G	Sarah Wells	Required restructuring has taken place and the budget has been adjusted i.e. the projected savings will be realised.	
*CH1	* First Contact Service .Reduce in-house provision of a first contact screening and assessment service, and have this provided within the voluntary sector within the overall costs the sector currently operate within.	125	125	0	G	G	Rahat Ahmed-Man	Required restructuring has taken place i.e. projected savings will be realised. MAAT closed and its role is now fulfilled a new Information, Advice and Support Hub will be operated in partnership with the Voluntary Sector.	
*AS18	*Supporting People	300	300	0	A	G	Rahat Ahmed-Man	£212k identified so far so there is still a further £88k to be achieved. This is likely to be achieved through a reduction of the number of subsidy payment customers.	
CH3	Staffing reductions within the Commissioning Team	71	71	0	A	G	Rahat Ahmed-Man	This saving will be delivered by holding staff vacancies in Commissioning. Budget monitor shows this is being achieved.	
CH4	Staffing reductions across Direct Provision	99	99	0	G	G	Andy Ottaway-Searle	The required staff restructuring has already taken place so these savings will be fully achieved.	
*CH3	* Day Care Sevices -Change the day services offer for learning and physically disabled customers who currently use in house day services, mainly High Path and All Saints.	200	200	0	G	G	Andy Ottaway-Searle	Staffing reductions have been made to achieve the savings. This has led to a re-organised day service offer, with the emphasis on a safe and secure service, with fewer activities on offer for customers. We are refining the offer to ensure each customer has as much choice as possible and will continue to seek volunteers to assist in the centres.	
	<u>Libraries</u>								
CH5	Reduction in Media Fund	12	12	0	G	G	Anthony Hopkins		
CH6	Increase income - Libraries	10	10	0	G	G	Anthony Hopkins		

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2015/16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Expected Savings £000	Shortfall £000	RAG	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
	<u>Merton Adult Education</u>			0					
CH15	Increased income and some staff reductions	14	14	0	R	R	Yvonne Tomlin		
	Housing			0					
CH8	Homelessness Prevention Grant	35	35	0	G	G	Steve Langley		
Trf from E&R	Enviromental Health Salaries	69	69	0	G	G	Steve Langley		
	Total Community & Housing Department Savings for 2015/16	2,154	1,696	(459)					

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 15-16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Savings Expected £000	Shortfall	RAG	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Business Improvement								
CS1	Rationalisation of management costs	50	50	0	G	G	Sophie Ellis		
CS3	Generate income through training	5	0	5	R	G	Sophie Ellis	Alternate saving to be identified	N
CSD36	Business Systems Team Restructure Phase 1	10	10	0	G	G	Sophie		
	Ellis IT Service Delivery								
CS5	Review and challenge of the procurement of Support & Maintenance & Licence Contracts	60	60	0	G	G	Mark Humphries		
CS7	Reduction of costs through re-procurement of Mobile Telephones Contract against a number of revenue budgets spread across the Council	10	10	0	G	G	Mark Humphries		
CS8	Reduction of costs through re-procurement of Wide Area Network (WAN) Links contract. Savings achieved against a number of revenue budgets spread across the Council.	10	10	0	G	G	Mark Humphries		
CS10	Asset and Change Analyst Vacant Part Post (0.8)	24	24	0	G	G	Mark Humphries		
CS17	Delete one Transactional Services Assistant Post (Compulsory Redundancy)	30	30	0	G	G	Mark Humphries		
CS18	Delete Assistant Vendor Maintenance - Part Post 0.7 FTE (Compulsory Redundancy)	24	24	0	G	G	Mark Humphries		
CS20	Energy ReFit Savings (Subject to agreed investment) - Phase 2	100	100	0	G	G	Mark Humphries		
CS21	Increase income targets for building repairs and maintenance works	45	45	0	G	G	Mark Humphries		
CS22	Restructure of Archive Store	15	15	0	A	G	Mark Humphries	Alternate to be identified	Y
CS23	Outsourcing Buildings Services and Security Service	35	35	0	G	G	Mark Humphries		
CS25	Delete one post from the Building Repair and Maintenance team (Compulsory Redundancy)	30	30	0	G	G	Mark Humphries		

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 15-16

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

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 15-16

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

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2015-16

Ref		2015/16 Savings Required £000	2015/16 Savings Expected £000	Shortfall	RAG	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
LEISURE & CULTURE									
EN35	Various Budgets - Increased Income through various charging increases.	14	14	0	G	G	James McGinlay		N
EN36	Various Budgets - Increased Income through sale of advice & guidance.	10	10	0	G	G	James McGinlay		N
EN37	Merton Active Plus - Increased Income	5	5	0	G	G	James McGinlay		N
EV09	Renegotiation of contract with GLL for management of Leisure Centres	120	120	0	G	G	James McGinlay		N
TRAFFIC & HIGHWAYS									
EN29	Re-Structure of Traffic and Highway Services	252	196	56	R	G	James McGinlay	Due to delay in implementation, the full effect of this saving will not be realised this year.	Y
FUTURE MERTON									
EN42	Consultancy Income.	40	40	0	A	A	James McGinlay	No definitive income streams identified as yet.	Y
GREENSPACES									
EN45	Further commercialisation and development of sports and allied parks services (eg. increase in fees and charges (3.75%); cost recovery plus; service bundling; sponsorship of bedding plants,etc), aligned to the emerging strategy for sports.	39	17	22	R	A	James McGinlay	Shortfall based on P3 forecast.	Y
WASTE SERVICES									
EN16	Deletion of a vacant post within our Sheltered Placement team (£20k), and a reduction in transport related budgets.	66	66	0	G	G	Cormac Stokes		N
SAFER MERTON									
EV01	Reprocurement of CCTV maintenance contract leading to efficiency savings.	36	36	0	G	G	John Hill		N
REGULATORY SERVICES									
ER10	Merton & Richmond shared regulatory services.	230	110	120	R	G	John Hill	New structure estimated to commence in October 2015, so only a part-year effect saving will be achieved this year.	Y
PARKING SERVICES									
EN05	Introduction of mobile phone payments for parking	37	37	0	G	G	John Hill		N
EV02	Increase charges for the following types of parking permits Business £5, Trade £5, Teachers £5. Please note no allowance has been made for elasticity of demand this figure could reduce by 10%.	4	4	0	G	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	G	John Hill		N
EV12	Introduction of unattended automatic number plate recognition CCTV parking enforcement cameras at fixed locations.	3,214	0	3,214	R	A	John Hill	A legal challenge to the award of the contract for the provision and maintenance of ANPR cameras has been received from one of the losing bidders resulting in a suspension of the contract award.	Y
Total Environment and Regeneration Savings 2014/15		4,192	780	3,412					

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

APPENDIX 8

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Achieved £000	Shortfall	2015/16 Savings Expected £000	2015/16 Expected Shortfall £000	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Education									
CSF2012-08	Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport	140	100	40	140	0	G	Jane McSherry	The full year effect of the travel training programme and the roll-out of personal budgets will result in achieving this saving during 2015/16. To date £34k has been met from ITT and £34k from PB. The overall transport budget is expected to overspend due to increased caseloads and costs due to complexity of caseloads.	

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2014/15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Actuals Savings £000	Shortfall £000	RAG	2015/16 Savings Expected	2015/16 Expected Shortfall	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
Adult Social Care										
ASC13/AS C34	Brokerage Efficiencies	300	118	182	A	182	0	Julie McCauley	1. The Brokerage savings target in 2015-16 from brokerage is just £31k and since activity will be similar to 2014-15 a similar level of savings are anticipated. The expected over achievement in 2015-16 will substantially cover the shortfall in 2015/16. 2. Additionally the Brokerage team negotiate the best value care packages; including for new customers i.e. some of their value added is through cost avoidance. In 2014-15 this was estimated to be circa £82k for the year. The benefits of these will be reaped in 2015-16 .	Y
ASC16	Transitions	50	46	4	A	4	0	Jonathan Brown	As a response to the shortfall in savings from reviews in the 1st three quarters of 2014-15 extra reviews focused on Direct Payment customers were undertaken in Jan-March 2015. These yielded an additional saving of £57k p.a. Most of this relates to OP, but a small amount relates to LD so the £8k shortfall in 2014-15 will be recovered quickly in 2015-16.	

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Actuals Savings £000	Shortfall £000	RAG	2015/16 Savings Expected	2015/16 Expected Shortfall	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
ASC19	Monitoring of high value/high cost placements (domiciliary)	50	46	4	A	4	0	Jonathan Brown	See above	
Page 54 C8	Optimising the use of block and spot contracts-OP&LD	300	141	159	R	108	51	David Slark	After 5 years of zero % contract price rises suppliers are increasingly powerful as they can sell to other London Boroughs at higher prices than Merton pays. As a consequence planned savings could not be fully achieved in 2014-15. However, contract negotiations enabled off-set savings of £141k from the Supporting People contracts. In 2015-16 a £112k over achievement on the Orchard Hill Contract renegotiation	Y
ASC46	Review Service packages	60	108	(48)	G	60	(108)	Jean Spencer	Actual savings from regular reviews by Period 7 were £51k. Thereafter a far more targeted review process was adopted and this has yielded savings in 2014-15 by focusing on Direct Payments. Since it was initiated in January 2015 the weekly cost of Direct payments reduced with a full year effect of £57K. Most of this (circa £45K) will be saved in 2015-16 and help to compensate for 2014-15 shortfalls in review savings for other client group i.e. this saving will be further over achieved in 2015-16 by £45k	

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Actuals Savings £000	Shortfall £000	RAG	2015/16 Savings Expected	2015/16 Expected Shortfall	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
ASC54	Reduction in Mental Health Placement	50	0	50	R	0	50	Kamla Sumbhoolual	Increased volumes/complexity of care packages for people requiring MH support prevented this saving being achieved. The panel process has been reviewed to ensure all parties now make an appropriate contribution going forward, but this will not deliver new savings as such. Therefore the underachievement in 2014-15 will be off set by over achievement on OP reviews in 2015-16 as explained in ASC 46 above.	Y
Page 55 H12	Remove day care costs from residential customers	250	0	250	R	0	250	Andy Ottaway-Searle	The 2015-16 ASC Redesign Programme includes a full review of in-house day services. It will look at the people in res care and sup living to look at alternative activities that could reduce day service costs to seek to recover the 2014-15 shortfall. However, LD/PD teams place few people in external day care and those who are placed mostly live at home and attend highly specialised day services i.e. anticipated savings are limited and withdrawing people in residential care from day services risks higher charges from residential providers i.e. most of this savings shortfall will be off-set in 2015-16 by the over achievement of other savings targets e.g. by brokerage and from OP reviews.	Y
CH14	All Saints Respite extension	36	0	36	R	0	36	Julie McCauley	A sound plan was developed to release savings by supporting people with PD at All Saints as well as existing LD users. The building however needs minor adaptation and this has not been progressed. These savings cannot be achieved as planned unless the works	Y
CH15	Assistive Technology	70	0	70	R	0	70	Andy Ottaway-Searle	AT is a key part in preventative services e.g. the 'Just Checking' tool allows a more accurate assessment to be made of an individual's needs, enabling a suitably tailored package of care to be prescribed. Work is now being carried out to evaluate figures for both cost	Y

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Actuals Savings £000	Shortfall £000	RAG	2015/16 Savings Expected	2015/16 Expected Shortfall	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CH6	Voluntary Organisation- SLA reduction	150	0	150	R	0	150	Rahat Ahmed-Man	The aim was to reduce placement costs through volunteer sector providers, essentially impacting third party spend. The reduction in volumes and hours will impact, but the savings are hard to validate as the effect is cost avoidance	Y
ASC53	Meals on wheels contract	50	0	50	R	0	50	Rahat Ahmed-Man	A new (joint arrangement with Croydon) was due to commence in July 2015, but, non-compliant bids meant the process	Y
Page 56 C44						0	0			
	Remodelling of reablement service	282	0	282	R	282	0	Sarah Wells	The MILES service has been remodelled and Reablement staff structure has been adjusted. At the end of July 2015 the Reablement budget is forecast to underspend by £261k . Full Savings should be achieved by year end.	
CH2					G	0	0			
	Promoting independence	500	0	500		500	0	Sarah Wells	The delay in implementing the reablement model meant these savings were not fully achieved. Reablement is now in place so savings in 2015-16 will	

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Actuals Savings £000	Shortfall £000	RAG	2015/16 Savings Expected	2015/16 Expected Shortfall	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
ASC6/ASC 49/CH8	Transport	246	0	246	R	0	246	Andy Ottaway-Searle	Action has been taken to reduce volume and to usage of fleet vehicles by Direct Provision staff using self-drive vehicles to collect customers from home. However, significant price increases in Fleet transport and taxi costs have meant that the savings will not be realised. Urgent work to arrange alternative solutions for the most high cost taxi users is to be undertaken to compensate for the shortfall.	Y
ASC50/CH 7	Staffing savings in Direct Provision	216	0	216	R	216	0	Andy Ottaway-Searle	Posts were deleted and budgets reduced at the start of the year, but, increased	Y
	Increase income from commercial courses and café,	176	0	176	R	0	176	Yvonne Tomlin	MAE is forecasting to overspend and is unlikely to achieve this savings target .	
Page 57	Total Community & Housing Dep't Savings for 2014/15	2,989	500	2,489	0	1,518	971		There are a variety of new measures in 2015-16 being designed to recoup this remaining shortfall by the end of the year.	

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

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

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15

Ref		2014/15 Savings Required £000	2014/15 Savings Achieved £000	Shortfall	2015/16 Savings Respo Off £000	2015/16 Expected £000	RAG Shortfall	Responsible Officer	Comments	R / A Included in Forecast Over/Unders pend? Y/N
GREENSPACES										
EN45	Further commercialisation and development of sports and allied parks services	96	67	29	85	11	R	James McGinlay		Y

WASTE SERVICES											
ER17	Consultancy and legal costs cease in relation to new partnership contracts	213	188	25		213	0	G	Cormac Stokes	On track to be delivered in 15/16	N
ER25	Commercial Waste and Recycling	250	0	250		250	0	G	Cormac Stokes	Saving replaced for 2015/16 by EV12.	N
EN15	Improved performance management and implementation of the Council's new sickness policy resulting in a reduction in agency staff usage.	100	0	100		0	100	R	Cormac Stokes	Improved management of the sickness monitoring is in place. All LTA being seen by HofS. However, until such time as the technical establishment has been signed off, it is not possible to confirm if this saving has been met.	Y
PARKING SERVICES											
EN03	Enforcement of new CPZ's (Controlled Parking Zones)	50	10	40		50	0	G	John Hill		Y
EN04	Implementation of Pay & Display machines in new CPZ's (Controlled Parking Zones)	75	15	60		75	0	G	John Hill		Y
Total Environment and Regeneration Savings 2014/15		784	280	504		673	111				