

SECTION 2: GENERAL FUND REVENUE BUDGET AND COUNCIL TAX STRATEGY

1. Background to Financial Planning

- 1.1 The approach to Medium Term Financial Planning provides a great deal of flexibility in decision making and enables the impact of alternative options to be modeled. This has assisted with progress towards a balanced budget over the four year plan.
- 1.2 The MTFS has been re-priced and rolled forward a year so that each year from 2016/17 to 2019/20 starts from the approved budget 2015/16 and is built up showing the cumulative effect of variations over the period. The initial re-priced MTFS showing the budget gap as reported to Council in March 2015 was as follows:-

Table 1: Initial Re-priced MTFS

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Departmental Base Budget '15/16	150,913	150,913	150,913	150,913
Departmental Budget Changes	(14,592)	(15,063)	(12,557)	(7,481)
Re-Priced Departmental Budget	136,321	135,850	138,356	143,432
Treasury/Capital financing	14,029	15,828	17,091	18,220
Other Corporate items	(8,894)	(8,539)	(7,860)	(9,048)
Levies	632	632	632	632
Sub-total: Corporate provisions	5,767	7,921	9,863	9,804
Use of Reserves	643	(6,727)	(474)	0
BUDGET REQUIREMENT	142,731	137,044	147,745	153,236
TOTAL FUNDING	(142,731)	(137,044)	(133,378)	(131,519)
GAP (Cumulative)	0	0	14,367	21,717

- 1.3 Since then, reports to Cabinet on 14 September 2015, 19 October 2015, 7 December 2015, and 18 January 2016 have presented updated information to Members, setting out the financial implications as assumptions have been reviewed and decisions made.
- 1.4 The decisions made in respect of each element of the MTFS impact on the overall financial position of the Authority and need to be taken into account as part of an overall package of decisions to balance the budget over 2016-20. In addition to the normal review of the base position, an appraisal of options and variables has been undertaken this year which has enabled the impact of different scenarios to be modeled.

1.5 Setting a Balanced Budget

1.5.1 Resource and expenditure projections have been continually updated throughout the year to inform Members and officers of the overall position for 2016-2020. A four-year forward plan is presented, but it is still a legal requirement that a balanced (i.e. fully funded) budget is achieved for 2016/17. There are a number of ways in which a balanced budget is achieved:

- Reducing expenditure/costs;
- Identifying new savings or additional income;
- Adjusting the level of Council Tax ;
- Using unallocated reserves as a temporary measure pending the implementation of the options above.

1.5.2 Budget savings and growth proposals have been formulated within the overall constraints of the resource projections. The proposals have been approved in principle by the Cabinet and then considered by Overview and Scrutiny Panels as part of the scrutiny process. Scrutiny Panels have met again during January 2016 and their feedback on the Council's spending proposals is set out in a separate report elsewhere on the agenda for this meeting.

1.5.3 The Medium Term Financial Strategy (MTFS) for the Council supports the achievement of the business plan and any financial implications arising from the agreed plan are included in financial planning for 2016/17 and beyond. The MTFS brings together all of the key elements relating to the Council's financial position which are reflected in the General Fund, and the Capital Programme.

1.5.4 The last detailed MTFS which was reported to Cabinet on 18 January 2016 showed that the budget gap was:-

Table 2: Budget Gap Cabinet 18 January 2016

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Gap remaining (cumulative)	0	0	0	5,668

1.5.5 There have been further changes to some of the key budget variables as more information has become available and the details are set out in this report.

1.6 Review of previous year's Savings

1.6.1 As with previous years, the business planning process is a multi-year approach and this includes a review of total expenditure and income over the period 2016-20.

- 1.6.2 Cabinet on 19 October 2015 and 7 December 2015 considered revisions to current savings proposals . The overall impact of these proposed amendments on the MTFS is as follows:-

Table 3: Net Revisions to current savings

Net Revisions to current savings (cumulative)	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Corporate Services	582	458	0	0
Children, Schools & Families	0	0	0	0
Environment and Regeneration	744	0	0	0
Community and Housing	178	648	0	0
Net Cumulative total	1,504	1,106	0	0

- 1.6.3 The current MTFS includes the following amounts in respect of the full year effects of previous year's savings.

Table 4: Full Year Effects of previous years savings

Full Year Effects of previous years savings	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
Corporate Services	2,840	1,656	165	0	4,661
Children, Schools & Families	2,191	621	0	0	2,812
Environment and Regeneration	5,514	935	(212)	0	6,237
Community and Housing	5,357	2,220	1,195	0	8,772
Total	15,902	5,432	1,148	0	22,482
Total - Cumulative	15,902	21,334	22,482	22,482	

- 1.6.4 One of the key objectives is to balance the budget and there has been a major improvement in recent years in the ability to look over a long-term period and identify significant savings over more than one year.
- 1.6.5 The Business planning framework aims to enable strategic resource allocation and investment decisions to be made that allow for services to transform and change at different times in the future and which would otherwise be very difficult to plan under an annual planning framework.
- 1.7 Growth
- 1.7.1 There is no additional growth included in the MTFS at the current time.

1.8. **Better Care Fund (BCF) and Implementation of Care Act Funding**

- 1.8.1 The BCF creates a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their well-being as the focus of health and care services. This funding is ring-fenced to Adult Social Care.
- 1.8.2 It has been assumed that the amount available to Adult Social Care will be the same for 2016/17.
- 1.8.3 The latest information on Adults' Personal Social Services funding allocations to local authorities for 2016/17 is summarised in Appendix 2. Further details of specific funding allocations for Merton are still to be announced.

2. **Local Government Finance Settlement 2016-17**

2.1 Local Government Finance Settlement

- 2.1.1 The financial projections in the report to Cabinet on 18 January 2016 were based on the information as announced in the provisional Local Government Finance Settlement on 17 December 2015. Information in this report has been updated as more information has become available.
- 2.1.2 The final Settlement allocations were confirmed by the Minister for Local Government on 8 February 2016 and by the House of Commons on 10 February 2016. The details were very similar to the provisional Settlement with some extra funding. Merton will receive RSG transition grant of £0.567m in 2016/17 and £0.557m in 2017/18.
- 2.1.3 Details of the Final Local Government Settlement are included in Appendix 2.
- 2.1.4 The Local Government Finance Settlement provides an indicative figure for the amount of business rates (NNDR) Merton could expect to have available in 2016/17. This is based on a baseline amount notified in 2013/14 when the Business Rates Retention Scheme was first introduced, uprated for inflation. However, the actual amount available to use is based on the latest NNDR information available to the Council as identified in its NNDR1 return which was completed and provided to the DCLG by the deadline of 31 January 2015. Details of the methodology and calculation are included in Appendix 3. The Business Rates implications are summarised in the following table:-

Table 5: Implications of NNDR1 2016/17 for Merton in 2016/17

	MTFS (January 2016) £000	NNDR1 £000	Difference £000
NNDR 2016/17	26,422	26,324	(98)
- Top-Up 2016/17	8,010	7,906	(104)
	34,432	34,230	(202)
Collection Fund Surplus/(Deficit) 2015/16	(1,469)	(1,721)	(252)
	32,963	32,509	(454)
Section 31 Grant	0	822	822
Total	32,963	33,331	368

2.2 Details of the Council Tax Base calculation, the resource implications arising from current business rates projections and impact on the Collection Fund are included elsewhere in this report and in Appendix 3.

3. **Review of Corporate and Technical Provisions**

3.1 Previous reports to Cabinet have set out the details and assumptions on which the budget has been formulated. The latest information is set out in the following paragraphs.

3.2 Review of Technical and Corporate Provisions

3.2.1 Technical and corporate adjustments incorporated in the MTFS have been reported to Cabinet throughout the business planning process for 2016/17.

3.2.2 The key assumptions included in the MTFS have been continually reviewed and updated as the budget process has developed. It should be noted that any one-off adjustments will need to be addressed in future years. The latest information is set out in the following paragraphs:-

3.3 Inflation

3.3.1 Predicting the level of inflation over a four year period with accuracy is not easy, particularly in the current economic climate and given the size of the Council's budget can lead to large variances if the actual inflation levels vary from the assumptions.

3.3.2 Pay

As reported to Cabinet in September 2015, in the Summer Budget 2015, which the government presented on 8 July 2015, it was announced that public sector pay awards will be funded for a pay award of 1% for 4 years from 2016/17 onwards. There is no further change proposed.

Table 6: Provision for Pay Inflation:

	2016/17	2017/18	2018/19	2019/20
Revised pay inflation (%)	1.0%	1.0%	1.0%	1.0%
Provision for Pay inflation (cumulative £000)	883	1,767	2,650	3,534

Following negotiations with the unions, the Local Government Employers made their final offer on 9 December 2015 concerning a pay deal that would cover the two years from April 2016. For the lowest paid (those on spinal points 6-17) this would mean a pay rise of between 6.6% and 1.01% in the first year, and between 3.4% and 1.3% in the second. Those on spinal points 18-49 would receive 1% in year one and the same again the following year. The increases at the bottom end of the pay scale are designed to meet the employers' legal obligations to comply with the Chancellor's 'national living wage' (that will be £7.20 an hour next April and £9 an hour by the end of the Parliament). The employers also refused the unions' demand that other workforce terms and conditions such as annual leave and sick pay be protected. However they did agree to a joint review of term-time working for school support staff if their pay offer were to be accepted. The employers say that the pay offer would increase the total local government pay bill by 2.4% (£364.2m) over the two years. Following consultation with their members, the three NJC unions (i.e. Unison, Unite and GMB) will meet in February 2016 to consider the outcome of their respective consultation processes and to decide next steps.

3.3.3 Prices

The Consumer Prices Index (CPI) rose by 0.2% in the year to December 2015, compared with a 0.1% rise in the year to November 2015. Although this is the first month since January 2015 for which the rate has exceeded 0.1%, this continues the trend since early 2015 of the rate being very close to zero. Movements in transport costs, particularly air fares and to a lesser extent motor fuels, were the main contributors to the rise in the rate. Downward pressures from prices for alcohol and tobacco along with food and non-alcoholic beverages partially offset the rise. CPIH grew by 0.5% in the year to December 2015, up from 0.4% in November 2015. RPI annual inflation stood at 1.2% in December 2015, up from 1.1% in November 2015.

Outlook for inflation:

On 14 January 2016, the Bank of England's Monetary Policy Committee (MPC) voted by a majority of 8-1 to maintain the Bank Base Rate at

0.5%. The Committee voted unanimously to continue with its programme of asset purchases totalling £375 billion, financed by the issuance of central bank reserves.

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

The quarterly inflation report for November 2015 set out the MPC’s most recent detailed assessment of the economic outlook . In the minutes on 14 January 2016 the MPC commented that “at that time, the Committee’s central view was that, if Bank Rate were to follow the gently rising path implied by the prevailing market yields, CPI inflation would slightly exceed the 2% target in two years’ time and then rise further above it, reflecting modest excess demand. The MPC judged that the risks to this projection lay a little to the downside in the first two years, reflecting global factors. Since then, the data regarding international activity have evolved broadly as expected ..., Domestically, the most recent data suggest that, after faster growth over the previous two years, output growth was steady during 2015 at rates a little below pre-crisis norms. Although indicators of private domestic spending appear healthy, business surveys imply that the near-term outlook for aggregate activity is slightly weaker than in the MPC’s November central projection... Despite continued reductions in the rate of unemployment, pay growth remains restrained and appears to have dipped slightly in the most recent data. Overall, while domestic cost growth over the past year has been below that necessary for inflation to return sustainably to the 2% target, its pace can be expected to increase over time.”

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

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

Table 7: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (January 2016)

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

The current assumptions regarding price inflation incorporated into the MTFS are

Table 8: Price inflation assumptions in MTFS

	2016/17	2017/18	2018/19	2019/20
Price inflation in MTFS (%)	0.5%	1.5%	1.5%	1.5%
Revised estimate (cumulative £000)	741	2,964	5,187	7,410

Given the downward trend for inflation and analysts recent forecasts for the coming months, it is anticipated that the current provision in the MTFS is adequate. Clearly, this will be treated as a cash limit and if 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.

3.3.4 Inflation > 1.5% on volatile budgets

There is also a corporate provision which is held to assist services that may experience price increases greatly in excess of the 0.5% and 1.5% inflation allowance provided when setting the budget. This will only be released for specific demonstrable demand but there are likely to be some requests to meet the National Living Wage on some contracts. There is no further change proposed.

Table 9: Inflation exceeding 1.5%

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Inflation exceeding 1.5%	540	536	536	536

The cash limiting strategy is not without risks but if current levels of inflation were applied un-damped across the period then the budget gap would not change significantly by 2019/20.

3.3.5 Income

The MTFS does not include any specific provision for inflation on income from fees and charges. However, service departments can identify increased income as part of their savings proposals.

3.4 Collection Fund

3.4.1 The Collection Fund is a statutory fund separate from the General Fund. It accounts for income from Council Tax and from NNDR (Business Rates).

3.4.2 The Collection Fund accounts are kept on an accrual basis and a surplus or deficit for the year in the collection fund is estimated accordingly. The audited accounts for 2014/15 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2015:-

Table 10: Collection Fund Surplus/Deficit as at 31 March 2015

	Surplus/ (deficit) as at 31/03/15 Outturn	Surplus/ (deficit) as at 31/03/15 Outturn	Total surplus/ (deficit) as at 31/03/15
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(3,102)	(3,102)
GLA	1,274	(1,241)	33
Merton	4,716	(1,862)	2,854
Total	5,990	(6,205)	(215)

3.4.3 A review of the Collection Fund, related bad debt provisions, write offs and anticipated collection rates in 2016/17 has been undertaken. With respect to Business Rates, the NNDR1 return has been submitted (31 January 2016 deadline) which analyses the estimated Business Rates for 2016/17, estimated deficit as at 31st March 2016 and estimated Section 31 Grant for 2016/17, and the allocations between Merton, Central Government, and the GLA

3.4.4 As a result of the further analysis, the estimated surplus/deficit on the Collection Fund as at 31st March 2016 is as follows:-

Table 11: Collection Fund Surplus/Deficit as at 31 March 2016

	Surplus/ (deficit) as at 31/03/16 Estimate	Surplus/ (deficit) as at 31/03/16 Estimate	Total surplus/ (deficit) as at 31/03/16
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(2,868)	(2,868)
GLA	853	(1,721)	(868)
Merton	3,200	(1,147)	1,479
Total	4,053	(5,736)	(1,683)

A more detailed summary of the calculations relating to the Collection Fund is included in Appendix 3 together with a copy of Merton's NNDR1 form for 2016/17.

3.5 Taxicards and Freedom Passes

3.5.1 These schemes are administered by London Councils on behalf of London boroughs. Initial information from London councils indicates that there is more than sufficient provision in the latest draft MTFS to fund the cost of these schemes in 2015/16. The latest available details are set out in the following table:-

Table 12: Freedom Passes and Taxicards 2016/17

<u>Budget 2015/16</u>	£000
Freedom Passes	9,009
Taxicards	170
Total Budget 2015/16	9,179
Increase allowed for in MTFS in 2016/17	450
Total Provision 2016/17 in latest draft MTFS	9,629
<u>Latest Details from London Councils</u>	
Charge to Merton for Freedom Passes	(9,298)
Charge to Merton for Taxicards	(93)
Latest Estimated Cost for 2016/17	(9,391)
Estimated Surplus Provision in MTFS	(238)

3.6 Contingency

- 3.6.1 The latest MTFS includes provision of £1.5m as a contingency to meet unforeseen cost and demand pressures, particularly those arising as the economy recovers from the recession.
- 3.6.2 As for the current financial year, there is a need for temporary resources, potentially up to £0.460m for Children, Schools and Families to be able to respond to the Children and Families Act, extended statutory duties associated with 0-25 agenda and transition. This need will be kept under quarterly review.

3.7 Bad Debt Provision

- 3.7.1 The bad debt provision is calculated on the basis of an examination of debts within the council's financial systems to assess the probability of their collection. Due to effective and proactive debt management it is not considered that an increase in contribution will be necessary for 2016/17, even under the current economic circumstances. The level of provision will be kept under review within the MTFS.

3.8 Revenuisation

In recent budgets it has been recognised that some expenditure formerly included in the capital programme could no longer be justified as it did not meet the definition of expenditure for capital purposes. Nevertheless, it is important that some of this expenditure takes place and the following amounts have been included in the latest MTFS for 2015-19:-

Table 13: Revenuisation

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Revenuisation	3,410	2,385	2,380	2,380

The expenditure charged to capital during the current year is being closely monitored and is being reported through the monitoring report.

3.9 Pensions

- 3.9.1 The pension scheme is due for revaluation based on data at 31st March 2016. This will be implemented at 1st April 2017. Given the current volatility of markets it is not feasible to predict what the variation from the figures currently in the MTFS will be so these have been left unchanged.
- 3.9.2 Those staff employed since 1st April 2013 who have opted out will need to be re-enrolled 1st April 2016. This will be contained within existing budgets and should be relatively small. On the 1st October 2017 all staff who were not in the pension scheme at 1st April 2013 and not currently in the pension fund will need to be auto enrolled with the option of then opting out. The salary of staff not in the fund total £5.7m. This has a potential full year cost of £787k and a part year cost in 2017/18 of £394k.

Assuming an 80% retention rate this would cost £315,000 in 2017/18 and £630,000 in a full year. These figures have been built into the MTFS.

3.10 Summary of Corporate and Technical Adjustments

3.10.1 The financial implications of the corporate and technical adjustments discussed in this report are summarised in Appendix 4.

4. **Departmental Savings Proposals 2016-20 and Service Planning**

4.1 In allocating savings targets for each Department, Cabinet has aimed to protect front-line services and services to the vulnerable in line with the 'July principles'. Weightings for each department; Corporate Services, Environment and Regeneration, Community and Housing, and Children, Schools and Families in the ratio 1.5 : 1.5 : 1.0 : 0.75 have been applied which reduces the impact on Adult Social Care, Children's Social Care and vulnerable groups. Cabinet on 14 September agreed departmental targets to be met from savings and income proposals as follows:-

Table 14: Savings targets agreed by Cabinet

SERVICE DEPARTMENT'S SAVINGS TARGETS FOR 2016-2020 BUSINESS PLANNING PROCESS	Total £000
Corporate Services	2,338
Children, Schools & Families	2,580
Environment & Regeneration	6,568
Community & Housing	3,815
Total Savings/Income Proposals	15,301

4.2 Service departments reviewed their budgets and formulated proposals to address their targets. These were considered by Cabinet on 19 October 2015 and 7 December 2015 and referred to Overview and Scrutiny Panels and the Commission for scrutiny in November 2015 (October proposals) and January 2016 (all proposals).

4.3 The proposals submitted by each department are summarised in the following table and set out in detail in Appendix 9.

Table 15: Savings Proposals to Cabinet on 7 December 2015

	Targets	Proposals	Proposals	Balance
	£'000	October	December	£'000
		£'000	£'000	
Corporate Services	2,338	(438)	(659)	1,241
Children, Schools & Families	2,580	(555)	(390)	1,635
Environment & Regeneration	6,568	(2,537)	(533)	3,498
Community & Housing	3,815	(2,435)	0	1,380
Total	15,301	(5,965)	(1,582)	7,754

4.4 Where departments have not met their target or put forward options that are deemed not to be acceptable then the shortfall will be carried forward to later meetings and future years budget processes to be made good.

4.5 Feedback from the Scrutiny Process:-

4.5.1 Comments from the Overview and Scrutiny Commission on 28 January 2016 are provided in a separate report on the agenda for this meeting.

4.5.2 Cabinet are asked to review the feedback from the Scrutiny process and make recommendations as appropriate.

4.6 Financial Implications of Changes arising from response to Scrutiny

4.6.1 The draft MTFS shown in Appendix 7 does not include the impact of any changes recommended by Overview and Scrutiny Commission. If Cabinet decide to accept any or all of the recommendations the MTFS reported to Council will be amended to reflect this.

5. Budgetary Control 2015/16

5.1 The revenue budgetary control information below summarises the corporate position using the latest available information as at 31st December 2015 as shown in a separate report on the agenda for this meeting. As at 31st December 2015, there is a forecast overspend for the Council of £2.605m.

5.2 The overspend of £2.605m is made up as follows :-

▪ departmental overspend	£5.051m
▪ corporate underspend	<u>(£2.446m)</u>
	£2.605m

5.3 Where appropriate these reduced projections are being incorporated into the Medium Term Financial Strategy for 2016-20.

- 5.4 In terms of addressing issues which have been identified as pressures that need to be addressed in 2016/17 the following adjustments have been made to the MTFS:-

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Merton Adult Education	600	0	0	0
Loss of Housing Benefit Admin. Grant	200	200	200	200

6. Capital Financing and Treasury Management

Treasury Management, Capital Financing and Investment Income:

- 6.1 Details are included in Section 5 of this report. Capital financing costs are derived from the draft capital programme which is discussed in Section 4 and estimated revenue funding is built into the MTFS for the level of borrowing that is expected.
- 6.2 Details relating to how the capital programme has changed from that approved by Council in March 2015 to the capital programme for 2016-20 are discussed in Section 4 of this report and related appendices. The capital programme has continued to be subject to major review as part of monthly monitoring and the process of developing the Business Plan for 2016-20.
- 6.3 In addition to reviewing the capital programme, focus has also been maintained on the treasury management aspects of funding the programme, to improve forecasts of available funding and to minimise as far as possible the costs of funding capital. This has included improved cash flow forecasting to enable the programme to be funded from capital receipts and internal resources for as long as possible to take advantage of current low levels of interest. Work is also continuing to ensure that grants and contributions are utilised effectively and this work will continue into the closing of accounts process for 2015/16 to ensure that the revenue impact of the capital programme is minimised in 2016/17 and beyond.
- 6.4 The revenue budget implications of the capital programme 2016-20 compared to those included in the MTFS approved by Council in March 2015 are summarised in the following table:-

Table 16: Summary of Capital Financing Costs and movement since 2015/16

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Budgeted Capital financing costs of Programme approved by Council 4/03/2015	14,029	15,828	17,091	18,220
Change arising from recalculation of charges including financing and review and re-profiling of capital programme as set out in Section 4	(1,124)	(3,458)	(4,891)	(5,129)
Estimated capital financing costs of Capital Programme 2016-20	12,905	12,370	12,200	13,091

6.5 The analysis of the budget for capital financing costs and investment income is set out in the following table:-

Table 17: Details of Budgets for capital financing costs

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
MRP	6,948	6,802	6,660	7,262
Interest	6,696	6,296	6,136	6,316
Capital financing costs	13,644	13,098	12,796	13,578
Investment Income	(739)	(728)	(596)	(487)
Net	12,905	12,370	12,200	13,091

7 GENERAL FUND BALANCES AND RESERVES

7.1 In determining an appropriate level of general fund balances previously, an analysis of the overall expenditure of the authority had been prepared. An updated version of this analysis has been prepared and is attached as Appendix 11. The overall level of balances is summarised below and compares with current GF balances of £15.152m as shown in the final accounts for 2014/15, but will need to be adjusted for outturn, with a projected overspend of £2.6m, leaving a balance of £12.5m.

Table 18: Indicative range of balances

	Min £m	Medium £m	Max £m
Level of balances	12.01	17.59	23.29

7.2 An alternative approach would be to look at a percentage based on the net spending of the authority. From the Audit Commission's report "Striking a Balance", most Chief Officers regarded an amount of between

3 and 5 per cent as a prudent level and the minimum the auditors would consider prudent. There are also some other areas of risk and unknowns in relation to the localisation of business rates and how this impact will flow through, in particular in relation to appeals. There is now an amount calculated for Merton called the safety net, below which income must fall before Merton becomes entitled to funding from central government. This approach is set out below, using an amount of 5 per cent.

Table 19: Indicative level of balances

	£m
Net spending	7.4
Safety Net	2.5
Appeals	5.1
Level of balances	15.0

7.3 The average level of General Fund balances for outer London boroughs for 2014/15 was £17.6m, with a low of £8.0m and a high of £42.0m.

7.4 There has been a regular quarterly update on the use of earmarked reserves for 2015/16 reported through to Cabinet as part of the financial monitoring report. An initial review of their use over the MTFs has been undertaken as is shown in Appendix 8. This shows the level of earmarked reserves falling from £30.2m to £5.2m by 31 March 2020.

7.5 The average level of earmarked reserves for outer London boroughs for 2014/15 was £64.2m, with a low of £20.2m and a high of £123.3m. Merton, with £43.9m (excluding schools) is ranked 8th lowest out of 20 outer London boroughs

8. Revenue Support Grant and Baseline Funding (Non-Domestic Rates)

8.1 In 2013/14 there was a fundamental change in the funding methodology for local government services. This introduced the Business Rates Retention Scheme. Estimates of business rates receivable for 2016/17 have been produced and a summary is provided in Appendix 3.

8.2 The overall changes in formula grant compared to 2015/16, the original MTFs estimate for 2016/17 and the funding announced in the Final Local Government Finance Settlement are summarised in the following table:-

Table 20: Changes in Local Government Finance Settlement

	2015/16 £000	Original 2016/17 £000	Final 2016/17 £000
RSG	30,425	23,161	22,589
RSG – Transition Grant	0	0	567
NNDR	33,686	34,432	34,230*
NNDR - Section 31 Grant	1,134	0	822*
Total	65,245	57,593	57,641

* Based on NNDR1

9. Council Tax Strategy

9.1 In the Annual Residents Survey 2014, the residents' personal concerns over the level of council tax continued to reduce and stood at 21%. The Residents' Survey for 2014 took place from 15 September 2014 until 24 October 2014. Due to the withdrawal of the contractor from delivering the Survey of Londoners package it was not possible to run the usual survey in 2015.

9.2 Council Tax and Council Tax Freeze Grant

9.2.1 There will be no Council Tax Freeze Grant in 2016/17. As happened for previous years, the Government are going to roll the Council Tax Freeze Grant for 2015/16 into RSG for those authorities that qualified for the scheme in 2015/16.

9.2.2 The Settlement sets out the Government's council tax referendum principles for 2016/17. As for previous years, the core threshold for triggering the requirement for a local referendum is 2%.

9.2.3 The Settlement also confirmed the policy outlined in the Spending Review 2015 which enables authorities with adult social care responsibilities to increase Council Tax by up to 2% each year between 2016/17 to 2019/20 to fund adult social care services. Therefore, the effective threshold for local referendums for London boroughs is 4% for 2016/17.

10. Council Tax Base

10.1 Cabinet on 18 January 2016 agreed the Council Tax Base calculation for 2016/17. Details of the calculation are included as Appendix 3.

10.2 For 2016/17 the Council Tax Base has been calculated as:-

Table 21: Council Tax Base 2016/17

Council Tax Base 2016/17	71,327.0
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- 10.3 A separate council tax base calculation has been produced for the properties covered by the Wimbledon and Putney Common Conservators (WPCC) area. For 2016/17 the Council Tax Base for Wimbledon and Putney Commons Conservators has been calculated as:-

Table 22: WPCC Council Tax Base 2016/17

WPCC Council Tax Base 2016/17	11,127.2
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11. Greater London Authority Precept and Other Levies

- 11.1 The Greater London Authority (GLA) sets a budget for itself and each of the four functional bodies: Transport for London, the London Development Agency, the Metropolitan Police Authority, and the London Fire and Emergency Planning Authority. These budgets together form the consolidated budget.

- 11.2 On 21 December 2015, the Mayor of London published his draft revenue budget and capital spending plan for 2016-17 for consultation. This includes his draft budget proposals for the GLA (Mayor and Assembly), the Mayor's Office for Policing and Crime (MOPAC), the London Fire and Emergency Planning Authority (LFEP), Transport for London (TfL), the London Legacy Development Corporation (LLDC) and the new Old Oak and Park Royal Development Corporation (OPDC).

- 11.3 The consultation budget proposes a reduction in the Mayor's Band D council tax precept of £19.00 (6.4 percent) from £295.00 to £276.00 in 2016-17 for council taxpayers in the 32 London boroughs.

- 11.4 The Mayor's final draft budget is scheduled to be considered by the Assembly on Monday 22 February 2016.

11.5 Other Levies

- 11.5.1 The Council is required by statute to pay certain levies to the organisations listed below. The levies for 2016/17 are still to be confirmed but the latest estimates are set out in the following table:-

Table 23: Other Levies

	2015/16 £000	2016/17 £000	2016/17 Change %
London Pension Fund Authority	264	262	(1.0)%
Lee Valley Regional Park	209	204	(2.5)%
Environment Agency	159	162	1.9%

11.6 Wimbledon and Putney Commons Conservators (WPCC)

11.6.1 A separate precept is levied in respect of those residents of properties bordering the Wimbledon and Putney Commons. The amount is calculated on the basis of the amount levied by the Commons Conservators and the Band D Council Tax in respect of the WPCC precept in 2016/17 will be £300,042, an increase of £7,096 from the 2015/16 levy of £292,946.

Table 24: Wimbledon and Putney Commons Conservators Precept

	2015/16 £000	2016/17 £000	Change %
Wimbledon & Putney Commons Conservators	293	300	2.4%

11.6.2 The average Band D cost to a council taxpayer in the WPCC area has changed from £26.93 in 2015/16 to £26.97 in 2016/17.

12. CONCLUSIONS

12.1 It is a statutory requirement that the council sets a balanced budget in 2016/17.

12.2 In accordance with sections 52ZY and 68 of the Local Government Finance Act 1992 ('the 1992 Act'), section 139A of the Local Government Finance Act 1988, and section 230 of the Local Government Act 1972 authorities are required to supply information required to measure whether any proposed Council Tax increase is in excess of the principles laid down requiring a local referendum.

12.3 The Government return is the Council Tax Requirement form CTR1 which was due to be received from the department of Communities and Local Government in the week commencing 1 February 2016 and will need to be returned within 7 days of the Council Tax being set. However, the issue of the form has been delayed until week commencing 12 February 2016.

12.4 The Government are changing the form in response to changes in legislation and in particular the changes relating to potential increases in council tax to fund adult social care.

- 12.5 The Medium Term Financial Strategy assumes that all of the corporate provisions, proposals for growth and proposals for savings, in 2016/17 discussed in this report are agreed and if this is the case, the following financial position is achieved:-

Table 25: Average Band D Council Tax

Average Council Tax Calculation at Band D	2015/16 £m	2016/17 £m
Budget Requirement	155.016	147.596
RSG + Business Rates + Transition	(64.111)	(57.386)
Section 31 Grant (NNDR)	(1.134)	(0.822)
New Homes Bonus	(2.642)	(4.192)
PFI Grant	(4.797)	(4.797)
Council Tax Freeze Grant	(0.861)	0
Collection Fund Surplus	(4.420)	(1.479)
Council Tax Requirement	77.051	78.920
Council Tax Base	69,638.0	71,327.0
Average Council Tax	1,106.45	1,106.45

- 12.5 The calculation of Band D council tax for properties outside the Wimbledon and Putney Commons Conservators area is as follows:

Table 26: Council Tax calculation

Council Tax Calculation Band D	2015/16 £m	2016/17 £m
Budget requirement	155.016	147.596
WPCC	(0.293)	(0.300)
RSG + Business Rates (inc. S.31 grant) + Transition	(65.245)	(58.208)
New Homes Bonus	(2.642)	(4.192)
PFI Grant	(4.797)	(4.797)
Council Tax Freeze Grant	(0.861)	0
Collection Fund Surplus	(4.420)	(1.479)
Balance to be met from Council Tax	76.758	78.620
Implied Council Tax (Band D)	1,102.25	1,102.25

- 12.6 The implications for the level of Council Tax on a Band D property, including the GLA precept are set out as follows:-

Table 27: Band D Council Tax

Council Tax at Band D	2015/16 £	2016/17 £	% change from 2015/16
Merton (exc. WPCC)	1,102.25	1,102.25	0.0%
GLA Precept (Provisional)	295.00	276.0	(6.4)%
Implied Council Tax at Band D	1,397.25	1,378.25	(1.4)%

12.7 A summary Statement of Council Tax requirements and balances based on the proposals set out in this report is attached as Appendix 6, and a revised MTFS summary incorporating the proposed changes set out in this report is provided at Appendix 7.

13. Risk Management

13.1 The management of risk is strategically driven by the Corporate Risk Management Group. This is the central hub of a number of council mechanisms for risk management including a Corporate Key Strategic Risk Register, departmental risk registers and project risk registers. The group collates on a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership, to be put forward for discussion at CMT. Reports on risk are made through the General Purposes to cabinet and council. Developing a corporate business plan and setting a balanced budget 2016-20 and beyond has been highlighted as a key strategic risk on the corporate risk register.

13.2 Currently £8.3 million of savings are being progressed for 2015-16, coupled with a further £30m of savings identified for 2016-20. Current practice is to monitor delivery of savings as part of the monthly Business Plan Monitoring, it is envisaged that given the size of the savings target over the next three years, additional mechanisms may need to be established to monitor more transformational and longer term projects.

14. Summary

14.1 Taking into account the changes that have taken place since the Cabinet meeting in January, before taking into account any changes that Cabinet are minded to make following the feedback from Scrutiny, the budget gap in the MTFS has changed to the following:-

Table 28: Cumulative MTFS Gap 2016-2020

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
MTFS gap (cumulative)	0	0	0	2,169

14.2 There is the offer for authorities to apply for a four year budget and we have until 14 October 2016 to respond. There is a high level of uncertainty about RSG and Business Rates funding in the future, particularly with the review of Business Rates and their retention by local authorities. Current forecasts for the gap beyond 2019/20 indicate that it will be significant.

15. **Future Years**

15.1 As indicated in the updated MTFS there is a gap between the forecast level of resources and budget requirements for later years which will need to be addressed if balanced budgets are to be set for those years. The updated MTFS is set out in Appendix 7.

15.2 The budget process for 2017/18 will commence in the new financial year and some of the options available to the Council to eliminate the budget gaps include:-

- Savings – reduction/deletion of services
- Savings – efficiencies including procurement
- Income – increase in fees and charges/new sources of income
- Council Tax increase
- Adult Social Care Precept
- Use of balances

16. **Positive Assurance Statement**

16.1 Section 25(2) of the Local Government Act 2003 requires the Chief Financial Officer of an authority to report on:

- (a) the robustness of the estimates made for the purposes of the calculations, and
- (b) the adequacy of the proposed financial reserves.

16.2 In doing so, the Director of Corporate Services has had particular regard to the guidance offered by the Chartered Institute of Public Finance and Accountancy and the views of the Council's external auditor.

16.3 One of the Council's stated priorities is to keep council tax low. To achieve this, the Council must have regard to the major risks to its financial position and in particular:

- The current economic position
- Whether budget setting and monitoring processes are robust and effective
- Demand pressures on the budget
- Identifying and achieving cost and income improvements
- Risks to Government funding levels

- Risks to other income streams

- 16.4 Local government finance issues have been dominated in recent times by cuts in government funding and pressure to keep council tax increases down, with the offer of government grant to help do so. The final Settlement confirms the 2% Council Tax referendum threshold in order to keep bills down for hard working people. Alongside this, the longer term position is also made more uncertain by the changes in the way Government Funding is calculated and the changes proposed to Business Rates. Although the MTFs shows significant progress to date towards a balanced budget over the medium term, the longer term position remains extremely challenging. Local authorities have been offered an additional 2% flexibility for the rest of the current Parliament on their current council tax referendum threshold to be used entirely for adult social care. This flexibility is being offered in recognition of demographic changes which are leading to growing demand for adult social care, and increased pressure on council budgets. Final details of how this will work are still to be confirmed. The impact of this and potentially on the level of the council tax threshold will be kept under review during the MTFs. Members should also note that freezing Council Tax levels produces a permanent real terms reduction in Council Tax yield.
- 16.5 With relatively low allowance for demand growth, uncertainty over Government funding, increased concerns over income funding streams, and the need to achieve challenging savings targets, the risks inherent in the revenue budget are inevitably increased. The Council has sufficient reserves to deal with such a position in the short term and will be reviewing transformation of the authority to identify further saving opportunities over the next four year budgeting period.
- 16.6 The Council's reserves and their usage is linked to both the capital and revenue budget. A list of the current reserves held by the Council is attached at Appendix 8. Although reserves are likely to reduce overall, this is a result of their use for the purposes they were established. The overall level therefore remains adequate.
- 16.7 It should be noted that the Pension Fund Reserve is, in common with many other Pension Funds, showing a large deficit. The Council has a long term recovery plan for the fund and expects employer funding requirements to be improved by the outcome of the Governments proposed changes to public sector pension schemes. Balancing this, the expected reducing numbers contributing to the fund over time will increase pressure on employer contribution rates. Officers will be continuing discussions with the fund's actuary and the Council's Pension Fund Committee on how best to address this position in the longer term.
- 16.8 Chief Officers have reviewed their budgets in line with departmental finance officers and are confident that the budgets set for their services are robust and with the corporate contingency will meet the strategic objectives and performance targets set out in the Business Plan.

16.9 In summary, it is the view of the Chief Financial Officer (being the Director of Corporate Services) that the estimates are robust for the purposes of the required budget/council tax calculations and that the Council's reserves are adequate.

17. Business Rates Retail Reliefs

17.1 The transitional relief discount to small and medium businesses who meet the criteria expires on 31 March 2017.

DRAFT RESOLUTIONS**Revenue Report:**

1. Members consider the views of the Overview and Scrutiny Commission set out in a separate report on the agenda (Item 6), and approve the proposed budget for 2016/17 set out in Section 2 of the revenue report, together with the proposed Council Tax levy in 2016/17.
2. That it be noted that at its meeting on 18 January 2016 the Council calculated its **Council Tax Base for the year as 71,327.0** in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012(SI 2012: 2914).
3. That it be noted that the Council calculated the **Wimbledon and Putney Commons Conservators (WPCC) Tax Base for the year as 11,127.2** in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.
4. That the Council agrees 4(a) - 4(i) below, which are calculated in accordance with Section 31A to 49B of the Localism Act 2011, amending Section 32 of the Local Government Finance Act 1992.
 - a) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) (a) to (f) of the Act

	£m
Gross Revenue Expenditure of Service Committees	512.373
Corporate Provisions	6.895
Amounts Payable to the Levying Bodies	0.928
Contribution to/(from) Financial Reserves	1.693
Gross Expenditure	521.889

- b) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act

	£m
Gross Income	442.969

NB: The final analysis of gross expenditure and income may vary from the figures shown above as a result of some minor changes in allocations e.g. overheads

- c) being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 31(4) of the Act, as its Council Tax Requirement for the year

	£m
Council Tax Requirement for the Council's own purposes for 2016/17 (including special expenses re WPCC)	78.920

d) being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of revenue support grant, and baseline funding (NNDR) to constitute the Council's formula grant

	£m
Revenue Support Grant including Transition Grant	(23.156)
Baseline funding NNDR & Section 31 Grant	(35.052)
Formula Grant	(58.208)

e) being the amount at 4(c) above, divided by the amount for Council Tax Base at 2 above, calculated by the Council above, in accordance with Section 31B of the Act as the basic amount of its Council Tax for the year (including special items (WPCC)).

	£
Merton's General Band D Council Tax Levy (including properties within Wimbledon and Putney Commons Conservators area)	1,106.45

f) being the aggregate amount of all special items referred to in Section 34(1) of the Act

	£
Wimbledon and Putney Commons Conservators Special Levy	300,042

g) being the amount at 4(e) above, less the result given by dividing the amount at 4(f) above by the amount of the Council Tax Base at 2 above in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items (WPCC special levy) relates.

	£
Merton's General Band D Council Tax Levy (excluding WPCC)	1,102.25

h) being the amounts given by adding to the amount at 4(g) above, the amounts of the special item or items relating to dwellings in the area of Wimbledon and Putney Commons Conservators (WPCC) mentioned above at 4(f) divided by the amount at 3 above, calculated in

accordance with Section 34(1) of the Act, as the basic amounts of its Council Tax for the year for dwellings in the area of WPCC.

	£
Wimbledon and Putney Commons Conservators Band D	1,129.22

- i) being the amounts given by multiplying the amounts at 4(g) and 4(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 30 and 36 of the Local Government Finance Act 1992, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Part of the Councils Area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Part of the Councils Area	734.83	857.31	979.78	1,102.25	1,347.19	1,592.14	1,837.08	2,204.50
Parts inc. WPCC	752.81	878.28	1,003.75	1,129.22	1,380.16	1,631.10	1,882.03	2,258.44

5. To note that the Greater London Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below, and that the Council agrees the Council Tax levy for 2016/17 by taking the aggregate of 4(i) above and the Greater London Authority precept.

Precepting Authority	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
G L A	184.00	214.67	245.33	276.00	337.33	398.67	460.00	552.00

For information purposes this would result in the following Council Tax Levy for Merton residents:-

Part of the Council's Area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Part of the Council's Area	918.83	1,071.98	1,225.11	1,378.25	1,684.52	1,990.81	2,297.08	2,756.50
Parts inc. WPCC	936.81	1,092.95	1,249.08	1,405.22	1,717.49	2,029.77	2,342.03	2,810.44

Local Government Finance Settlement 2016-17 – Main Issues

The provisional 2016-17 Local Government Finance Settlement was announced on 17 December 2015 with the Final Settlement being issued on 8 February 2016. The Settlement provides final core funding allocations (Settlement Funding Assessment – SFA) for 2016/17 and provisional figures for 2017//18 to 2019/20, for local authorities for the four year period 2016-17 to 2019-20. Councils accepting the provisional figures for the four years will have to publish an efficiency plan and have until 14 October 2016 to decide.

Key Changes between the Provisional Settlement to the Final Settlement

- No council will receive less funding in 2016-17 than outlined in the provisional settlement.
- Over £400 million additional funding has been provisionally allocated: this is “new” money from HM Treasury
- Transitional funding for the first two years of £150 million a year for councils with the “sharpest reductions in Revenue Support Grant”. Merton will receive £0.567m in 2016/17 and £0.557m in 2017/18.
- No authority will have “negative RSG” before 100 per cent retention of business rates
- An increase in Rural Services Grant from £20 million to £85 million in 2016-17.
- District councils will be able to raise a de minimis £5 more a year in Council Tax without triggering a referendum (generating an additional £109 million over the SR period).
- A “Fair Funding” review of needs assessments will be carried out ahead of 100 percent business rates retention.
- Government will consult on allowing well-performing planning departments to increase their fees in line with inflation.
- New Homes Bonus allocations have reduced by £1m since the provisional Settlement

Other Key Points from the Settlement

- The government is proposing a new method for distributing Revenue Support Grant taking into account the relative distribution of each authority’s 2015-16 RSG, Baseline Funding and Council Tax.
- Overall, the Settlement Funding Assessment for England will fall by 12.5% in 2016-17 (11.3% for London Boroughs), and by 30.8% by 2019-20 (28.2% for London Boroughs).
- Core funding from government to London boroughs will have fallen by 63% in real terms between 2010-11 and 2019-20.
- There will be no Council Tax Freeze Grant in 2016-17. Funding for previous years’ grants will continue.
- The council tax referendum threshold will remain at 2%, and as announced in the Spending Review, upper tier authorities will be allowed to raise a further 2% to spend on social care.
- In 2016-17, £1.5bn of New Homes Bonus (NHB) will be awarded nationally. London’s share is £308m (21%). The Government is consulting on options to

reform the NHB – moving from a 6 year to a 4 year rolling scheme and sharpening the incentives (meaning a reduction to annual award) that will save £800m in 2019-20 to partly fund the “improved” Better Care Fund (BCF)

- The new BCF funding will be £105m in 2017-18 rising to £1.5bn by 2019-20.
- Education Support Grant (ESG) will be cut from £564m to £514m nationally (8.8%) and from £94m to £86m across London (8.8%)

Four year settlement

Unlike previous years, the Settlement includes figures for four years (2016-17 to 2019-20). The Government have presented this as an ‘offer’ to local government with the only clear proviso in the consultation being that any council accepting the offer will have to publish an efficiency plan. There are no details about what this would include or when councils will have to submit these plans. However the Government, in the consultation, has indicated that Councils should use their multi-year settlements to “strengthen financial management and efficiency, including by maximising value in arrangements with suppliers and making strategic use of reserves in the interests of residents”. In the final Settlement announcement, Councils were notified that they have until 14 October 2016 to agree funding for the remaining years of the Spending Review period (2017/18 to 2019/20)

Spending Power

There has been a definitional change to revenue spending power compared with previous years. From 2016-17 onwards it will be known as “Core Spending Power” and is defined as the sum of:

- Settlement Funding Assessment
- Estimated Council Tax excluding Parish Precepts
- Potential additional Council Tax revenue from Adult Social Care flexibility
- Potential additional Council Tax revenue from £5 referendum principle for districts with lower quartile Band D Council Tax levels
- Proposed Improved Better Care Fund (from 2017-18 onwards)
- New Homes Bonus; and
- Rural Services Delivery Grant.

Core Spending Power for England will reduce by 2.8% in 2016-17 (from £6.8 billion to £6.6 billion), and by 0.5% (7.6% in real terms) over the four year period. It will reduce by 3.0% in 2016-17 and by 1.9% over the four (8.9% in real terms) across London boroughs.

Changes to the distribution of central resources

The main changes to local government funding in 2016-17 include:

- £1.275 billion to be held back to fund the New Homes Bonus
- £50 million to be held back for the business rates safety net; and
- Additional funding of £20 million for the most rural authorities.

There are a number of transfers of funding into the 2016-17 settlement including:

- £307.7 million funding for the Care Act 2014, alongside existing provision for the 2014 Act.
- Council Tax Freeze Grant, ensuring those councils that chose to freeze their council tax in 2015-16 continue to receive the benefit of the funding in future years
- Efficiency Support Grant for 2015-16, ensuring those councils that received it continue to benefit
- £10 million funding, combined with the existing £20.6 million of funding within the settlement, for lead local flood authorities and £1.9 million for lead local flood authorities to act as statutory consultees in planning Sustainable Drainage Systems to also be rolled into the settlement. This funding will also be supplemented by a new section 31 grant

The settlement also incorporates funding additional to the settlement which includes:

- Compensation to continue in 2016-17 for the 2% cap on the small business rates multiplier announced at the 2013 and 2014 Autumn Statements, calculated on the basis of the reduction to estimated retained income, as in 2014-15, and;
- Unspecified funding for the Improvement & Development Agency (IDeA) which is still to be agreed.

New RSG distribution

The settlement includes an important change to the way central resources will be allocated in order to ensure that “local councils delivering similar services receive a similar percentage change in ‘settlement core funding’ for those services”. Unlike the last 3 years, when the Government ‘protected’ rolled-in grants on the funding trajectories set out in Spending Review 2010 thereby focusing larger proportionate cuts on upper and lower tier funding element, the new funding distribution method for RSG takes into account the wider resources available to councils including Council tax (including CTFG grants), locally retained business rates and RSG, when distributing RSG. There is no proposed damping or scaling.

Settlement Funding Assessment

The Government has confirmed the local government control total (i.e. total Settlement Funding Assessment) to be £18.6 billion in 2016-17. This comprises £7.2 billion of Revenue Support Grant (RSG) and £11.4 billion of Baseline Funding (i.e. the amount the government expects to be retained locally under the business rates retention net of tariffs and top-ups).

At a national level, Settlement Funding Assessment (SFA) will reduce from £21.3 billion in 2015-16 to £18.6 billion in 2016-17 (12.5%). For the period to 2019/20 the reduction is 30.8% (35.7% real terms) For London boroughs SFA reduces by 11.3% (from £3.8 billion to £3.4 billion) in 2016-17. This is split between an increase of £17 million or 0.8% in baseline funding and a reduction in RSG of £452 million or 24.7%. For London in the period to 2019/20 the reduction is 28.2% and this is a real terms decrease of 33.4%.

Business rates reform

The government's intends, as outlined in the Spending Review, to reform the business rates retention system and move to 100 per cent retention by 2020. The relevant new information relating to business rates devolution from the settlement consultation is that the Government will:

- Conduct a review of what the needs assessment formula will be;
- consider giving more responsibility to councils in England and to Wales, to support older people with care needs, including people who under the current system would be supported through Attendance Allowance and is planning to consult in 2016 on this proposal, including on the right model of devolution and the level of flexibility that councils would need in order to effectively deliver this additional responsibility;
- seek the “earliest opportunity” to legislate on this in 2016/17;
- set up systems to involve councils, businesses and others in the process early in 2016; and
- consult on the implementation of the 100% business rates retention scheme in summer 2016, following a period of extensive engagement with councils and their representatives in the preceding months.

The business rates multiplier will increase by 0.8% (the impact of September's RPI inflation on the Small Business Rates Multiplier). All tariff and top-up payments, business rates baselines and funding baselines will therefore increase by 0.8%. The size and extent of safety net payments for 2016-17 are not yet known – these will be determined by local forecasts reported in the NNDR1 returns in January 2016. The retrospective levy payments due from tariff authorities for 2015-16 will be calculated after the current financial year using the final NNDR3 returns. The safety net threshold will remain at 7.5% meaning authorities are guaranteed 92.5% of their baseline funding. The trigger point for a safety net payment is different for each authority as it depends on the relative size of funding and business rates baselines.

Special and specific grants

The provisional settlement provided details of three special and specific grants (included within the Core Spending Power allocations spread sheet): the proposed Improved Better Care Fund (from 2017-18 onwards); New Homes Bonus allocations; and Rural Services Delivery Grant. London boroughs will receive £312 million from revenue grants in 2016-17, rising to £437 million in 2019-20.

New Homes Bonus

The Spending Review set out the overall envelope for New Homes Bonus payments over the period to 2019-20 as being £1.485 billion for 2016-17, reducing to £900 million by 2019-20. The Government has published provisional allocations for 2016-17 – the final year of the 6 year rolling New Homes Bonus (NHB) scheme. London boroughs' share of the national total has stayed broadly the same at 21%, receiving £308 million of the £1.46 billion national total. The Autumn Statement 2013 announced that local authorities in London would be required to pool £70 million of New Homes Bonus in 2015-16 to support of the work of London's Local Enterprise Partnership. The LEP top slice will not continue in 2016-17.

Alongside the settlement consultation there is a separate consultation on reforms to NHB that were announced at the Spending Review. This consultation seeks views on the options for change to two aspects of the Bonus: reducing overall costs by moving from 6 years to 4 of payments and reform of the Bonus in order to better reflect local authorities' performance on housing growth (i.e. "to sharpen the incentive"). It also considers options for staying within the funding envelope in the event of a sudden surge in housing growth. Further work will be done to understand the implications of these options. The core spending power figures include an estimate for NHB allocations in each of the years to 2019-20. For 2016-17, the funding line includes both New Homes Bonus allocations and returned funding which are the actual allocations. For 2017-18 onwards, the national totals set at the Spending Review are used and are apportioned between local authorities according to local authority shares in 2016-17. These should therefore be treated with caution.

Better Care Fund

Together with the additional council tax flexibility for adult social care, the Government is providing £1.5 billion additional funding for authorities to spend on adult social care by 2019-20, to be included in an improved Better Care Fund. Government proposes to allocate this funding through a separate grant to local government using a methodology which benefits those councils who benefit less from the additional council tax flexibility for social care. For exemplification of core spending power projections to 2020, the methodology adopted is essentially one of allocations of the improved Better Care Fund being adjusted so that where an authority could receive more from the additional council tax flexibility than its share of the national amount of the 2013 adult social care relative needs formula, its allocation is set to zero rather than a notional figure. This affects 12 London boroughs in 2017-18, two in 2018-19 and one (Richmond-upon-Thames) in 2019-20. The Government will invite views on the approach and there will be a separate, formal consultation on the Government's proposed distribution methodology

Independent Living Fund

The settlement did not mention the Independent Living Fund. It must be concluded that the current intention is not to maintain funding for the ILF from 2016-17 onwards.

Council Tax

The provisional settlement sets out the Government's council tax referendum principles for 2016-17. Once again, the core threshold for local referendums will be at 2%. It also confirms the policy outlined in Spending Review 2015 that councils with adult social care responsibilities (upper tier authorities) will be able to increase council tax by up to 2% for each year between 2016-17 and 2019-20 to fund adult social care services. The effective threshold for local referendums for London boroughs is 4% for 2016-17. The threshold for the (51) lowest district councils will be £5 a year. Adult social care authorities can increase their council tax by up to 2% more than the core referendum principle on the following basis: 'Spending on ASC in 2016-17 is £X higher than it would have been, where X= revenue from additional ASC council tax flexibility'.

Section 151 officers in ASC authorities are required to provide information demonstrating that an amount equivalent to the additional council tax has been

allocated to adult social care. This must be done within 7 days of their authority setting its budget and council tax for 2016-17.

ASC authorities must confirm the level of their average Band D (excluding parish precepts) council tax increase for 2016-17, and the proportion of it attributable to funding for adult social care on the Council Tax Requirement form that must be returned to DCLG within 7 days of their council tax having been set.

The amounts allocated to adult social care must be reflected in Revenue Account returns sent to DCLG in April/May 2016; and in the Revenue Outturn forms which will be submitted to DCLG in May 2017.

This information will be required each year that the scheme is in operation. From 2017-18 onwards, the requirement will also encompass the cumulative year-on-year revenue being allocated to adult social care

There is no Council Tax Freeze Grant in 2016-17. The Government intends to roll the 2015-16 Council Tax Freeze grant into RSG (paid only to those authorities who qualified for the scheme in 2015-16) in the same way as the grant in previous years.

School Revenue Funding Settlement: 2015 to 2016

The School Revenue Funding Settlement: 2016 to 2017 was also published on 17th December 2015, confirming details of the Dedicated Schools Grant (DSG), Education Services Grant (ESG) and pupil premium.

Education Services Grant

The overall ESG will be cut by 7.5% from £815 million in 2015-16 to £750 million in 16/17. This is “a first step towards achieving the savings announced in the spending review” of £600 million. The amount paid directly to local authorities will fall 8.8% from £564 million in 2015-16 to £514 million in 2016-17, including an 8.5% cut from £93.6m to £85.7m in London. The remainder is paid directly to academies, which will continue to receive protection against large falls in ESG.7. The retained duties rate of £15 per pupil will be maintained, but general funding rates will be reduced by 11.5% across all school types.

Dedicated Schools Grant (DSG)

The DSG continues to be set out in three notional blocks: the early years block, the schools block and the high needs block. Total DSG will be £40.2 billion in 2016-17, with London receiving 18.5% (£7.4 billion).

Schools block

Per pupil units of funding will be the same as in 15/16, with a slight adjustment for former non-recoupment academies. The minimum funding guarantee will continue to be set at -1.5% per pupil before the pupil premium is applied⁸. The government will consult on proposals for a new national funding formula in the New Year.

High needs block

£92.5million of extra funding on top of the 2015/16 baseline has been provided for the high needs block, distributed using age 2-19 population projections for 2016.⁹

Early years block

Early years per child rates are the same as in 2015-16. The amount per pupil for the early years pupil premium will also remain the same.

Pupil premium

Pupil premium rates for 2016-17 will be the same as in 2015-16, with final allocations published in June 2016.

The provisional Settlement outlined provisional core funding allocations (Settlement Funding Assessment (SFA) for local authorities for the four year period 2016-17 to 2019-20. Four year funding is an offer to local authorities subject to authorities publishing an efficiency plan. Details of what is required in the plan and the deadlines required are still to be provided. The Settlement Funding Assessment is the total of Revenue Support Grant (RSG) and Baseline Funding (BF) from Business Rates. Councils have until 14 October 2016 to agree funding for the remaining years of the Spending Review period (2017/18 to 2019/20)

Settlement Funding Assessment

	Adjusted SFA	Settlement Funding Assessment				Cumulative % change in SFA from 2015-16 to 2019-20				Real terms cumulative
	2015-16	2016-17	2017-18	2018-19	2019-20	2016-17	2017-18	2018-19	2019-20	% change
Merton	64.9	55.5	48.5	44.6	40.7	-14.5%	-25.3%	-31.3%	-37.3%	-41.8%
London Boroughs	3,833.4	3,398.5	3,076.8	2,896.8	2,717.7	-11.3%	-19.7%	-24.4%	-29.1%	-34.2%
England	21,249.9	18,601.5	16,621.6	15,536.0	14,499.7	-12.5%	-21.8%	-26.9%	-31.8%	-36.7%

Settlement Core Funding

	Adjusted SCF	Settlement Core Funding				Cumulative % change in Settlement Core Funding from 2015-16 to 2019-20				Real terms cumulative
	2015-16	2016-17	2017-18	2018-19	2019-20	2016-17	2017-18	2018-19	2019-20	% change
Merton	142.0	132.6	125.6	121.7	117.8	-6.6%	-11.6%	-14.3%	-17.0%	-23.0%
London Boroughs	6,561.8	6,127.0	5,805.3	5,625.3	5,446.2	-6.6%	-11.5%	-14.3%	-17.0%	-22.9%
England	43,281.1	40,632.6	38,652.8	37,567.2	36,527.9	-6.1%	-10.7%	-13.2%	-15.6%	-21.6%

Defined by DCLG as: 2015-16 CT requirement (incl. CTFG) + SFA

Core Spending Power

	Adjusted CSP	Core Spending Power				Cumulative % change in Core Spending Power from 2015-16 to 2019-20				Real terms cumulative
	2015-16	2016-17	2017-18	2018-19	2019-20	2016-17	2017-18	2018-19	2019-20	% change
Merton	145.8	141.4	139.2	140.0	143.2	-3.0%	-4.5%	-3.9%	-1.8%	-8.8%
London Boroughs	6,815.9	6,608.3	6,504.8	6,538.1	6,688.4	-3.0%	-4.6%	-4.1%	-1.9%	-8.9%
England	44,501.3	43,254.8	42,690.1	43,170.3	44,278.9	-2.8%	-4.1%	-3.0%	-0.5%	-7.6%

Defined by DCLG as: SFA + CT requirement* + NHB + BCF + Rural Services Grant

Settlement core funding

The definition of settlement core funding for this purpose takes into account the main resources available to councils, which for this purpose comprise:

- council tax income from 2015-16 (including any Council Tax Freeze Grant)
- the Settlement Funding Assessment, comprising:
 - estimated business rates income (baseline funding level under the rates retention scheme)
 - Revenue Support Grant.

Settlement Funding Assessment

Previously referred to as Start-Up Funding Assessment. It comprises at a national level the total Revenue Support Grant and the local share of Estimated Business Rates Aggregate for the year in question. On an individual council level it comprises each council's Revenue Support Grant for the year in question and its baseline funding level, updated year-on-year in line with the September forecast of the Retail Price Index, unless otherwise decided.

Core Spending Power

Defined by the DCLG as Settlement Funding Assessment plus Council Tax Requirement plus Better Care Fund plus Rural Services Grant.

THE COLLECTION FUND, COUNCIL TAX BASE AND BUSINESS RATES

1. Introduction

- 1.1 This appendix summarises three key areas which are fundamental to the Council's revenue resource generation. It sets out the procedures and calculations that underpin each of them.

2. Collection Fund

- 2.1 The Collection Fund is a statutory fund separate from the General Fund. It accounts for income from Council Tax, including those properties within the Wimbledon and Putney Commons Conservators area. The bodies on whose behalf the income has been raised are the Council and the Greater London Authority (which includes the services of the Metropolitan Police and the London Fire and Emergency Planning Authority (LFEPA)). The Council's demand on the Collection Fund is by its General Fund. The Greater London Authority's demand is expressed as a precept.
- 2.2 Under the localised arrangements for council tax support, the Collection Fund entries for council tax remain unchanged, and council tax discounts reduce the council tax base and the amount of collectable council tax income. The additional resources to cover the loss of council tax income are provided by council tax support grant which is credited to the General Fund.
- 2.3 The Collection Fund also accounts for National Non-Domestic Rates and there have been significant changes to the treatment of NNDR due to the changes to local government funding arising from business rates retention and the Local Government Finance Act 2012 (Section 3, part 2)
- 2.4 The Collection Fund will account for receipts from business ratepayers, together with payments:
- to central government in respect of the central share
 - to/from central government in respect of transitional protection payments where applicable
 - to relevant precepting authorities in respect of their share of rating income
- 2.5 While there remains a single Collection Fund, local authorities now have to be able to separate the elements relating to council tax and non-domestic . rates and calculate separate surpluses and deficits on each.
- 2.6 A billing authority needs to ensure that its collection fund has sufficient resources to meet the demands on it at all times. To the extent that there is insufficient in the collection fund to meet those demands at any time, the billing authority has temporarily to "borrow" from its general fund.

- 2.7 The Collection Fund accounts are kept on an accrual basis and a surplus or deficit for the year in the collection fund is estimated accordingly.
- 2.8 The audited accounts for 2013/14 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2014:-

	Surplus/ (deficit) as at 31/03/15 Outturn	Surplus/ (deficit) as at 31/03/15 Outturn	Total surplus/ (deficit) as at 31/03/15
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(3,102)	(3,102)
GLA	1,274	(1,241)	33
Merton	4,716	(1,862)	2,854
Total	5,990	(6,205)	(215)

2.9 Council Tax

The estimated surplus on the Collection Fund as at 31st March 2016 due to Council Tax is £4.053m. This is to be shared £3.200m (78.95%) to Merton and £0.853m (21.05%) to the GLA.

2.10 NNDR

Since 2013/14, it is necessary to calculate the estimated surplus/deficit on the Collection Fund arising from Business Rates. This estimation is required as part of the council's NNDR1 Return which has to be submitted to the Department for Communities and Local Government (DCLG) by 31 January 2016. Part 4 of this return relates to the calculation of the estimated Collection Fund balance as at 31/3/16.

Based on the calculation in the Council's NNDR1 (Part 4) there is an estimated deficit on the Collection Fund as at 31st March 2016 due to NNDR of £5.736m. This is to be shared £2.868m (50%) to Central Government, £1.721m (30% to Merton) and £1.147m (20%) to the GLA.

3. Council Tax Base 2016/17

- 3.1 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent).
- 3.2 Since 2013/14 the Council Tax Base calculation has been affected by the introduction of the new local council tax support scheme and technical reforms to council tax. On 30 November 2012, new regulations set out in the

Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) came into force. These regulations ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.

- 3.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 3.4 The relevant amounts are calculated as
- number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
 - adjusted for the number of discounts, and reductions for disability, that apply to those Dwellings
- 3.5 All authorities notify the DCLG of their unadjusted Council Tax Base using a CTB Form and the deadline for return was 16 October 2015 and Merton met this deadline.
- 3.6 The CTB form for 2016/17 includes the latest details about the Council Tax Support Scheme and the technical reforms which impacted on discounts and exemptions.
- 3.7 There is a separate council tax base for those properties within the area covered by Wimbledon and Putney Commons Conservators. The Conservators use this, together with the Council Tax bases from RB Kingston, and Wandsworth to calculate the levy which is charged each year.
- 3.8 Assumptions in the MTFs for calculating the 2016/17 Council Tax Base
- 3.8.1 In producing a forecast of council tax yield in future years, there are two key variables to be considered:-
- the year on year change in Council Tax Base
 - the council tax collection rate
- 3.8.2 The draft MTFs reported to Cabinet assumes that the Council Tax Base increases 0.5% per year and that the collection rate is 97.25% in each of the years.
- 3.9 Details of the Council's Tax Base calculation for 2016/17 were reported to Cabinet on 18 January 2016 and a Council Tax Base for Merton as a whole and for the Wimbledon and Putney Commons Conservators area was agreed as follows:-

Council Tax Base	2015/16	2016/17	Change
			%
Whole Area	69,638.0	71,327.0	2.4%
Wimbledon & Putney Common Conservators	10,880.0	11,127.2	2.3%

3.10 Council Tax Yield 2016/17

3.10.1 Based on the latest information about Council Tax proposals for 2016/17 the estimated Council Tax yield for 2016/17 is:-

Council Tax: Whole area	Tax Base	Band D 2016/17	Council Tax Yield 2016/17	Council Tax Yield 2015/16
Merton	71,327.0	£1,102.25	£78.620m	£76.758m
WPCC	11,127.2	£26.97	£0.300m	£0.293m
GLA	71,327.0	£276.00	£19.686m	£20.543m

The amounts collected for the GLA and WPCC are paid over to each of them as precepts.

4. Business Rates

4.1 Introduction

The Local Government Finance Act 2012 entailed major changes to the funding of local government. From April 2013, the Government reformed the way in which local government is funded through the introduction of the business rates retention scheme. 2016-17 will be the fourth year of the rates retention scheme. From 2013/14 for London boroughs, 50% of the income is paid to central government, the Greater London Authority (GLA) receives 20%, leaving London boroughs with the remaining 30%.

4.2 The 2013-14 local government finance settlement was the first under the new arrangements. It provided each local authority with its starting position under the business rates retention scheme. These are fixed until the first system reset, that the Government intends will take place in 2020. However, they will be uprated for inflation using the annual increase in the small business rates multiplier which is usually based on September RPI.

For 2013/14, the Department for Communities and Local Government (DCLG) calculated a baseline funding level of £31.415m and a “top-up” payment of £7.547m in 2013/14. Based on the uprate for inflation, Merton’s baseline funding level for 2016/17 announced in the Final Local Government Finance Settlement is £32.911m and the top-up is £7.906m.

4.3 The estimates for NNDR income included in the MTFS will be based on Merton’s share of the estimated NNDR income submitted on the NNDR1

form. Merton keeps 30% of any growth in the total business rates collected in the borough but if there is a decline in yield Merton will need to meet 30% of the shortfall. Based on the NNDR1 return for 2016/17 Merton's share is £26.324m which when added to the top-up payment for 2016/17, produces an NNDR estimate for 2016/17 of £34.230m.

4.4 NNDR1

The statutory framework effectively requires a billing authority, before the beginning of a financial year, to forecast the amount of business rates that it will collect during the course of the year and, from this, to make a number of allowable deductions in order to arrive at a figure for its non-domestic rating income. It is the non-domestic rating income that is shared between the parties to the scheme. The framework also sets out how the billing authority is to treat allowable deductions – requiring that either they are paid to major precepting authorities, or transferred to the authority's General Fund.

4.5 The calculations that authorities make before the start of the financial year determine how much they must pay to central government and their major precepting authorities during the course of the year. Since these payments are fixed at the outset of the year, it follows that any difference between forecast amounts and final outturns will result in a surplus, or deficit on the billing authority's Collection Fund. Any such surplus or deficit is shared between government, billing authorities and their major preceptors (excluding policing bodies) in line with their share of the business rates baseline.

4.6 The estimate for the actual income figure (or net rate yield) for 2016/17 is based on the NNDR1 return to the DCLG. This had to be finalised by 31 January 2016, and calculates the amounts to be paid to central government, to the GLA and the amount to be retained by Merton to be used as part of the budget setting process.

4.7 Latest developments

In the Spending Review 2015 and confirmed in the provisional Local Government Finance Settlement, the Government announced that it "will allow local government to keep the rates they collect from business, give councils the power to cut business rates to boost growth, and give elected city-region mayors the power to levy a business rates premium for local infrastructure projects – with the support of local business. By the end of the Parliament local government will retain 100% of business rate revenues to fund local services". The Government will consult on this in summer 2016.

The Settlement also announced that compensation will continue in 2016-17 for the 2% cap on the small business rates multiplier announced at the 2013 and 2014 Autumn Statements, calculated on the basis of the reduction to estimated retained income, as in 2014-15

The September 2015 RPI figure has been announced as 259.6 which gives an inflation rate of 0.8%. This should result in a Small Business Non Domestic Rating Multiplier for 2016/17 of 0.484, so, if the supplement for Small Business Rate Relief (SBRR) remains unchanged at 0.013 then the full multiplier for England in 2016/17 will be 0.497

The multipliers are still classed as Provisional and will not be confirmed until February.

The business rate multipliers for 2015/16 are:-

- Small Business Multiplier 48.4p per £ (48.0p in 2015/16)
- Standard Multiplier 49.7p per £ (49.3p in 2015/16)

Large individual properties in London with a rateable value of more than £55,000 will also be subject to a 2p in the £ business rate supplement to help pay for Crossrail.

4.8 **Estimating the net rate yield for 2016/17**

The starting point is the aggregate rateable value for Merton as at 31 December 2015. (£201.743m) This is a fixed figure based on the VO's valuations for all business properties in Merton at that date. A multiplier is then applied to this rateable value as set by central government (the rate in the pound charged for that year, which for 2016/17 will be 48.4p in the £). This gives a gross rates figure of £97.643m.

4.9 Estimating the income figure is extremely difficult, as there are many factors which can significantly affect the overall figure. These include:

- Changes in rateable value from new properties entering rating or properties being taken out of rating
- Revaluations due to the backlog of appeals which, if successful, will be backdated in most cases to April 2010
- Empty and charitable reliefs
- Losses in collection

4.10 Estimated Surplus or Deficit

Due to the variability of some of the factors, it is inevitable that the final figure at the end of each year will be different to the estimate. Therefore, a further calculation is required at the end of each year to estimate the surplus or deficit on the Collection Fund (as is also done for Council Tax).

4.11 2015-16 was the first year for which authorities had to estimate the non-domestic rating surplus, or deficit on the Collection Fund. The Non-Domestic Rating (Rates Retention) Regulations 2013 (SI 2013/452) require billing authorities to notify the Secretary of State and their major precepting authorities of their calculation of non-domestic rating income for 2016-17 and estimate the surplus/deficit on the Collection Fund by 31 January 2016.

Regulation 13 effectively requires an estimate of the surplus/deficit that the authority believes will exist at 31 March 2016, on the basis of a statutory calculation set out in Schedule 4 to the Regulations. The estimated amount will be shared between the authority, its major preceptors and central Government and will be added (or subtracted) from each party's share of 2016-17 non-domestic rating income.

- 4.12 A copy of Merton's NNDR1 for 2016/17 is attached.
- 4.13 The following table summarises the difference between the estimates from the NNDR1 for 2016/17 and the figures included in the MTFS at the January 2016 Cabinet:-

Implications of NNDR1 2016/17 for Merton in 2016/17

	MTFS £000	NNDR1 £000	Difference £000
NNDR 2016/17	26,422	26,324	(98)
- Top-Up 2016/17	8,010	7,906	(104)
	34,432	34,230	(202)
Collection Fund Surplus/Deficit(-) 2015/16	(1,469)	(1,721)	(252)
	32,963	32,509	(454)
Section 31 Grant	0	822	822
Total	32,963	33,331	368

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2016-17

Please e-mail to: ndr.statistics@communities.gsi.gov.uk by no later than 31 January 2016.
In addition, a certified copy of the form should be returned by no later than 31 January 2016 to the same email address

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Select your local authority's name from this list:

- Melton
- Mendip
- Merton
- Mid Devon
- Mid Suffolk
- Mid Sussex

Authority Name
E-code
Local authority contact name
Local authority contact number
Local authority e-mail address

Merton
E5044
Richard Mason
020 8545 3670
richard.mason@merton.gov.uk

Ver 1.31

PART 1A: NON-DOMESTIC RATING INCOME

COLLECTIBLE RATES

1. Net amount receivable from rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs and accounting adjustments

£

88,018,196

TRANSITIONAL PROTECTION PAYMENTS

2. Sums due to the authority

0

3. Sums due from the authority

0

COST OF COLLECTION (See Note A)

4. Cost of collection formula

272,612

5. Legal costs

0

6. Allowance for cost of collection

272,612

SPECIAL AUTHORITY DEDUCTIONS

7. City of London Offset : Not applicable for your authority

0

DISREGARDED AMOUNTS

8. Amounts retained in respect of Designated Areas. Not applicable for your authority

0

9. Amounts retained in respect of Renewable Energy Schemes (See Note B)

0

of which:

10. sums retained by billing authority

0

11. sums retained by major precepting authority

0

NON-DOMESTIC RATING INCOME

12. Line 1 plus line 2, minus lines 3 and 6 - 9

87,745,584

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2016-17

Please e-mail to: nndr.statistics@communities.gsi.gov.uk by no later than 31 January 2016.
In addition, a certified copy of the form should be returned by no later than 31 January 2016 to the same email address

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Local Authority : Merton

Ver 1.31

PART 1B: PAYMENTS

This page is for information only; please do not amend any of the figures

The payments to be made, during the course of 2016-17 to:

- i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013;
- ii) major precepting authorities in accordance with Regulations 5, 6 and 7; and to be
- iii) transferred by the billing authority from its Collection Fund to its General Fund,

are set out below

	Column 1 Central Government	Column 2 Merton	Column 3 Greater London Authority	Column 4	Column 5 Total
Retained NNDR shares	£	£	£	£	£
13. % of non-domestic rating income to be allocated to each authority	50%	30%	20%	0%	100%
Non-Domestic Rating Income for 2016-17					
14. Non-domestic rating income from rates retention scheme	43,872,792	26,323,675	17,549,117	0	87,745,584
15. (less) qualifying relief in Enterprise Zones	0	0	0	0	0
16. Not used this year					
17. TOTAL:	43,872,792	26,323,675	17,549,117	0	87,745,584
Other Income for 2016-17					
18. add: cost of collection allowance		272,612			272,612
19. add: amounts retained in respect of Designated Areas		0			0
20. add: amounts retained in respect of renewable energy schemes		0	0		0
21. add: qualifying relief in Enterprise Zones		0	0	0	0
22. add: City of London Offset		0			0
23. Not used this year					
Estimated Surplus/Deficit on Collection Fund	£	£	£	£	£
24. Estimated Surplus/Deficit at end of 2015-16	-2,867,945	-1,720,767	-1,147,178	0	-5,735,890
TOTAL FOR THE YEAR	£	£	£	£	£
25. Total amount due to authorities	41,004,847	24,875,520	16,401,939	0	82,282,306

NATIONAL NON-DOMESTIC RATES RETURN - NDR1
2016-17

Please e-mail to: ndr.statistics@communities.gsi.gov.uk by no later than 31 January 2016.
In addition, a certified copy of the form should be returned by no later than 31 January 2016 to the same email address

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Local Authority : Merton

Ver 1.31

PART 1C: SECTION 31 GRANT (See Note C)

This page is for information only; please do not amend any of the figures

Estimated sums due from Government via Section 31 grant, to compensate authorities for the cost of changes to the business rates system announced in the 2013, 2014 & 2015 Autumn Statements

	Column 2 Merton	Column 3 Greater London Authority	Column 4	Column 5 Total
	£	£	£	£
2015-16 Multiplier Cap				
26. Cost of 2% cap on 2015-16 small business rates multiplier	380,714	253,810	0	634,524
Small Business Rate Relief				
27. Cost of temporary doubling SBRR for 2016-17	423,064	282,043	0	705,107
28. Cost to authorities of maintaining relief on "first" property	8,547	5,698	0	14,245
"New Empty" Property Relief				
29. Cost to authorities of giving relief to newly-built empty property	0	0	0	0
"Long Term Empty" Property Relief				
30. Relief on occupation of "long-term empty" property	7,578	5,052	0	12,630
In lieu of Transitional Relief				
31. Payments in lieu of Transitional Relief	1,913	1,275	0	3,188
TOTAL FOR THE YEAR				
32. Amount of Section 31 grant due to authorities to compensate for reliefs	821,816	547,878	0	1,369,694

NB To determine the amount of S31 grant due to it, the authority will have to add / deduct from the amount shown in line 32, a sum to reflect the adjustment to tariffs / top-ups in respect of the multiplier cap (See notes for Line 32)

Certificate of Chief Financial Officer / Section 151 Officer

I confirm that the entries in this form are the best I can make on the information available to me and amounts are calculated in accordance with regulations made under Schedule 7B to the Local Government Act 1988. I also confirm that the authority has acted diligently in relation to the collection of non-domestic rates.

Name of Chief Financial Officer or Section 151 Officer : Cecilia Adams

Signature : [Signature]

Date : 29.1.16

**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2016-17**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.31

Local Authority : Merton

PART 2: NET RATES PAYABLE

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas) Complete this column	Column 2 Designated areas Do not complete this column	Column 3 TOTAL (All BA Area) Do not complete this column
	£	£	£
GROSS RATES PAYABLE (All data should be entered as +ve unless specified otherwise)			
1. Rateable Value at <input type="text" value="31/12/2015"/>	<input type="text" value="201,743,435"/>	<input type="text" value="0"/>	<input type="text" value="201,743,435"/>
2. Small business rating multiplier for 2016-17 (pence) <input type="text" value="48.4"/>			
3. Gross rates 2016-17 (RV x multiplier)	<input type="text" value="97,643,823"/>	<input type="text" value="0"/>	
4. Estimated growth/decline in gross rates (+ = increase, - = decrease)	<input type="text" value="0"/>	<input type="text" value="0"/>	
5. Forecast gross rates payable in 2016-17	<input type="text" value="97,643,823"/>	<input type="text" value="0"/>	<input type="text" value="97,643,823"/>
TRANSITIONAL ARRANGEMENTS (See Note E) - Not applicable in 2016-17			
6. Revenue foregone because increases in rates have been deferred (Show as -ve)	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
7. Additional income received because reductions in rates have been deferred (Show as +ve)	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
8. Net cost of transitional arrangements	<input type="text" value="0"/>	<input type="text" value="0"/>	
9. Changes as a result of estimated growth / decline in cost of transitional arrangements (+ = decline, - = increase)	<input type="text" value="0"/>	<input type="text" value="0"/>	
10. Forecast net cost of transitional arrangements	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
TRANSITIONAL PROTECTION PAYMENTS (See Note F) - Not applicable in 2016-17			
11. Sum due to/(from) authority	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
MANDATORY RELIEFS (See Note G) (All data should be entered as -ve unless specified otherwise)			
Small Business Rate Relief			
12. Forecast of relief to be provided in 2016-17	<input type="text" value="-2,808,303"/>	<input type="text" value="0"/>	<input type="text" value="-2,808,303"/>
13. of which: relief on existing properties where a 2nd property is occupied	<input type="text" value="-28,083"/>	<input type="text" value="0"/>	<input type="text" value="-28,083"/>
14. Additional yield from the small business supplement (Show as +ve)	<input type="text" value="2,255,247"/>	<input type="text" value="0"/>	<input type="text" value="2,255,247"/>
15. Net cost of small business rate relief (line 12 + line 14)	<input type="text" value="-553,056"/>	<input type="text" value="0"/>	<input type="text" value="-553,056"/>
Charitable occupation			
16. Forecast of relief to be provided in 2016-17	<input type="text" value="-5,156,574"/>	<input type="text" value="0"/>	<input type="text" value="-5,156,574"/>
Community Amateur Sports Clubs (CASCs)			
17. Forecast of relief to be provided in 2016-17	<input type="text" value="-108,485"/>	<input type="text" value="0"/>	<input type="text" value="-108,485"/>
Rural rate relief			
18. Forecast of relief to be provided in 2016-17	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>

**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2016-17**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.31

Local Authority : Merton

PART 2: NET RATES PAYABLE

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
19. Forecast of mandatory reliefs to be provided in 2016-17 (Sum of lines 15 to 18)	-5,818,115	0	
20. Changes as a result of estimated growth/decline in mandatory relief (+ = decline, - = increase)	-40,727	0	
21. Total forecast mandatory reliefs to be provided in 2016-17	-5,858,842	0	-5,858,842

UNOCCUPIED PROPERTY (See Note H) (All data should be entered as -ve unless specified otherwise)

Partially occupied hereditaments

22. Forecast of 'relief' to be provided in 2016-17

-65,000	0	-65,000
---------	---	---------

Empty premises

23. Forecast of 'relief' to be provided in 2016-17

-769,270	0	-769,270
----------	---	----------

24. Forecast of unoccupied property 'relief' to be provided in 2016-17 (Line 22 + line 23)

-834,270	0	
----------	---	--

25. Changes as a result of estimated growth/decline in unoccupied property 'relief' (+ = decline, - = increase)

-628,175	0	
----------	---	--

26. Total forecast unoccupied property 'relief' to be provided in 2016-17

-1,462,445	0	-1,462,445
-------------------	----------	-------------------

DISCRETIONARY RELIEFS (See Note J) (All data should be entered as -ve unless specified otherwise)

Charitable occupation

27. Forecast of relief to be provided in 2016-17

-402,645	0	-402,645
----------	---	----------

Non-profit making bodies

28. Forecast of relief to be provided in 2016-17

-114,169	0	-114,169
----------	---	----------

Community Amateur Sports Clubs (CASCs)

29. Forecast of relief to be provided in 2016-17

-194	0	-194
------	---	------

Rural shops etc

30. Forecast of relief to be provided in 2016-17

0	0	0
---	---	---

Small rural businesses

31. Forecast of relief to be provided in 2016-17

0	0	0
---	---	---

Other ratepayers

32. Forecast of relief to be provided in 2016-17

-200,000	0	-200,000
----------	---	----------

33. Relief given to Case A hereditaments

0	0	
---	---	--

34. Relief given to Case B hereditaments

0		
---	--	--

of which:

of which:

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2016-17

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.31

Local Authority : Merton

PART 2: NET RATES PAYABLE

You should complete column 1 only

Column 1
BA Area (exc.
Designated areas)

Column 2
Designated
areas

Column 3
TOTAL
(All BA Area)

35. Forecast of discretionary relief to be provided in 2016-17 (Sum of lines 27 to 32)

-717,008

0

36. Changes as a result of estimated growth/decline in discretionary relief (+ = decline, - = increase)

-35,850

0

37. Total forecast discretionary relief to be provided in 2016-17

-752,858

0

-752,858

DISCRETIONARY RELIEFS FUNDED THROUGH SECTION 31 GRANT
(See Note K) (All data should be entered as -ve unless specified otherwise)
"New Empty" properties

38. Forecast of relief to be provided in 2016-17

0

0

0

"Long term empty" properties

39. Forecast of relief to be provided in 2016-17

-24,900

0

-24,900

In lieu of Transitional Relief

40. Payments to ratepayers in lieu of Transitional Relief in 2016-17

-6,286

0

-6,286

41. Forecast of discretionary reliefs funded through S31 grant to be provided in 2016-17 (Sum of lines 38 to 39)

-31,186

0

42. Changes as a result of estimated growth/decline in Section 31 discretionary relief (+ = decline, - = increase)

0

0

43. Total forecast of discretionary reliefs funded through S31 grant to be provided in 2016-17

-31,186

0

-31,186

NET RATES PAYABLE

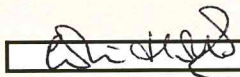
44. Forecast of net rates payable by rate payers after taking account of transitional adjustments, unoccupied property relief, mandatory and discretionary reliefs

£ 89,538,492

£ 0

£ 89,538,492

Checked by Chief Financial / Section 151 Officer :



-1250000
2016-17

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.31

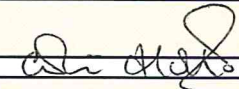
Local Authority : Merton

PART 3: COLLECTABLE RATES AND DISREGARDED AMOUNTS

You should complete column 1 only

	Column 1	Designated areas			Column 5
	BA Area (exc. Designated areas) Complete this column	Column 2 Do not complete this column	Column 3 Do not complete this column	Column 4 Do not complete this column	TOTAL (All BA Area) Do not complete this column
	£	£	£	£	£
NET RATES PAYABLE					
1. Sum payable by rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs	89,538,492	0	0	0	89,538,492
(LESS) LOSSES					
2. Estimated bad debts in respect of 2016-17 rates payable	-1,250,000	0	0	0	-1,250,000
3. Estimated repayments in respect of 2016-17 rates payable	-270,296	0	0	0	-270,296
COLLECTABLE RATES					
4. Net Rates payable less losses	88,018,196	0	0	0	88,018,196
DISREGARDED AMOUNTS					
5. Renewable Energy	0	0	0	0	0
6. Transitional Protection Payment		0	0	0	
7. Baseline		0	0	0	
DISREGARDED AMOUNTS					
8. Total Disregarded Amounts		0	0	0	Total Designated Areas 0

Checked by Chief Financial / Section 151 Officer :



PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2016-17

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

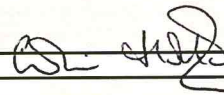
Ver 1.31

Local Authority : Merton

PART 4: ESTIMATED COLLECTION FUND BALANCE

	£	£
OPENING BALANCE		
1. Opening Balance (From Collection Fund Statement)		-6,205,401
BUSINESS RATES CREDITS AND CHARGES		
2. Business rates credited and charged to the Collection Fund in 2015-16	86,061,908	
3. Sums written off in excess of the allowance for non-collection	0	
4. Changes to the allowance for non-collection	-408,877	
5. Amounts charged against the provision for appeals following RV list changes	3,589,000	
6. Changes to the provision for appeals	-6,022,000	
7. Total business rates credits and charges (Total lines 2 to 6)		83,220,031
OTHER RATES RETENTION SCHEME CREDITS		
8. Transitional protection payments received, or to be received in 2015-16	452,217	
9. Transfers/payments to the Collection Fund for end-year reconciliations	0	
10. Transfers/payments into the Collection Fund in 2015-16 in respect of a previous year's deficit	1,309,337	
11. Total Other Credits (Total lines 8 to 10)		1,761,554
OTHER RATES RETENTION SCHEME CHARGES		
12. Transitional protection payments made, or to be made, in 2015-16	-134,524	
13. Payments made, or to be made, to the Secretary of State in respect of the central share in 2015-16	-41,894,896	
14. Payments made, or to be made to, major precepting authorities in respect of business rates income in 2015-16	-16,757,995	
15. Transfers made, or to be made, to the billing authority's General Fund in respect of business rates income in 2015-16	-25,452,047	
16. Transfers made, or to be made, to the billing authority's General Fund; and payments made, or to be made, to a precepting authority in respect of disregarded amounts in 2015-16	-272,612	
17. Transfers/payments from the Collection Fund for end-year reconciliations	0	
18. Transfers/payments made from the Collection Fund in 2015-16 in respect of a previous year's surplus	0	
19. Total Other Charges (Total lines 12 to 18)		-84,512,074
20. Adjustment for 5-Year Spread		0
ESTIMATED SURPLUS/(DEFICIT) ON COLLECTION FUND IN RESPECT OF FINANCIAL YEAR 2015-16		
21. Opening balance plus total credits, less total charges, plus adjustment for 5-year spread (Total lines 1, 7, 11, 19 & 20)		-5,735,890

Checked by Chief Financial / Section 151 Officer :



OTHER CORPORATE ITEMS CABINET FEBRUARY 2016 UPDATE

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Recharge to Education of Past Service				
Deficiency/Redundancy	(463)	(463)	(463)	(463)
Autoenrollment	300	300	300	300
Corporate expenditure (utilities inflation)	300	300	300	300
Changes in Corporate Specific and Special Grants	204	206	209	209
Loss of HB Admin. Grant	200	200	200	200
CHAS IP fee and dividend income	(1,152)	(1,152)	(1,152)	(1,152)
Bad Debt provision	500	500	500	500
Contingency	1,500	1,500	1,500	1,500
Additional Revenuisation	1,134	134	134	134
WPCC Levy	300	300	300	300
Depreciation/Impairment	(17,637)	(17,637)	(17,637)	(17,637)
Transport	0	0	0	0
Redundancy/Pension Strain	1,000	1,000	1,000	1,000
E&R Holding Code -Transport (inc. with revenuisation)	130	130	130	130
Overheads Charge to Non-GF	224	224	224	224
Appropriations to/from Reserves				
Local Election 2018	0	0	350	0
Apprenticeship Levy	0	450	450	450
Merton Adult Education - Year 1 contribution	600	0	0	0
P3/P4	400	400	400	400
Provision for Excess Inflation > 1.5%	540	536	536	536
Other Corporate items	(11,920)	(13,072)	(12,719)	(13,069)

BUDGET TRANSITION FROM MARCH 2015

	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000
Balanced Budget in 2015/16	-	-	-	-
Pay Inflation	883	1,767	2,650	3,534
Price Inflation	741	2,964	5,187	7,410
Inflation > 1.5%	16	12	12	12
Concessionary Fares, Taxicards	212	662	1,113	1,563
FYE of previous years savings	(15,687)	(20,861)	(22,009)	(22,009)
FYE of Replacement savings	1,504	1,106	-	-
ANPR	1,300	1,300	1,300	1,300
National Insurance changes	1,458	1,458	1,458	1,458
PFI Affordability	448	448	448	448
Changes in Specific & Special Grants	351	353	356	356
New Savings	(200)	(4,057)	(7,547)	(7,547)
Overheads	261	261	261	261
Treasury related income & expenditure	(2,454)	(2,987)	(3,158)	(2,267)
CHAS IP	(978)	(978)	(978)	(978)
Corporate expenditure (utilities inflation)	200	200	200	200
Pensions deficit and Lump Sum	190	387	594	810
Local election	-	-	350	-
Merton Adult Education - First Year Redundancies	600	-	-	-
Revenuisation	1,000	-	-	-
Loss of HB Admin. Grant	200	200	200	200
Apprenticeship Levy	-	450	450	450
Other	(174)	729	1,111	1,187
Levies	(5)	(5)	(5)	(5)
Appropriations	2,708	808	(3,896)	(10,093)
RSG - Total	7,269	14,905	20,354	25,349
Business Rates	(232)	(27)	(733)	(1,475)
New Homes Bonus	(1,550)	(2,121)	(351)	(229)
Council Tax income	(1,862)	(2,255)	(2,650)	(3,047)
Council Tax Freeze Grant	861	861	861	861
Collection Fund t/f of surplus/deficit - Council Tax	1,613	4,813	4,813	4,813
Collection Fund t/f of surplus/deficit - Business Rates	1,328	(393)	(393)	(393)
Rounding	1	1	2	-
CABINET 15 March 2016	0	0	0	2,169

STATEMENT OF COUNCIL TAX REQUIREMENTS AND BALANCES

	ORIGINAL BUDGET 2010/11	ORIGINAL BUDGET 2011/12	ORIGINAL BUDGET 2012/13	ORIGINAL BUDGET 2013/14	ORIGINAL BUDGET 2014/15	ORIGINAL BUDGET 2015/16	ORIGINAL BUDGET 2016/17	2010/11 Band D Council Tax Equivalent	2011/12 Band D Council Tax Equivalent	2012/13 Band D Council Tax Equivalent	2013/14 Band D Council Tax Equivalent	2014/15 Band D Council Tax Equivalent	2015/16 Band D Council Tax Equivalent	2016/17 Band D Council Tax
	£m	£m	£m	£m	£m	£m	£m	£	£	£	£	£	£	£
Merton														
Net Cost of General Fund Services	148.599	148.193	145.820	153.491	151.258	149.062	134.496	2,001.34	1,989.55	1,949.04	2,291.55	2,221.53	2,140.53	1,885.63
Contingency	2.900	1.820	2.000	1.500	1.500	1.500	1.500	39.06	24.43	26.73	22.39	22.03	21.54	21.03
	151.499	150.013	147.820	154.991	152.758	150.562	135.996	2,040.39	2,013.98	1,975.77	2,313.95	2,243.56	2,162.07	1,906.66
Levies														
Lee Valley	0.227	0.220	0.215	0.220	0.214	0.209	0.204	3.06	2.95	2.87	3.28	3.14	3.00	2.86
London Pensions Fund	0.283	0.254	0.253	0.268	0.266	0.264	0.262	3.81	3.41	3.38	4.00	3.91	3.79	3.67
Environment Agency	0.148	0.146	0.146	0.157	0.157	0.159	0.162	1.99	1.96	1.95	2.34	2.31	2.28	2.27
Total Levies	0.658	0.620	0.614	0.645	0.637	0.632	0.628	8.86	8.32	8.21	9.63	9.36	9.08	8.80
TOTAL BUDGET (before balances, etc adjustment)	152.157	150.633	148.434	155.636	153.395	151.194	136.624	2,049.25	2,022.31	1,983.98	2,323.58	2,252.91	2,171.14	1,915.46
Provisions, Contributions and Balances														
Appropriations to/from Reserves	0.000	0.000	0.000	0.000	0.000	(4.771)	1.683	0.00	0.00	0.00	0.00	0.00	-68.51	23.60
TOTAL BUDGET REQUIREMENT	152.157	150.633	148.434	155.636	153.395	146.423	138.307	2,049.25	2,022.31	1,983.98	2,323.58	2,252.91	2,102.63	1,939.06
Less: Central Government Support														
Government (Formula) Grant:														
Revenue Support Grant (including Transition Grant)	(8.588)	(15.730)	(1.180)	(47.221)	(39.738)	(30.425)	(23.156)	-115.66	-211.17	-15.77	-704.99	-583.63	-436.90	-324.65
National Non-Domestic Rates inc. Section 31 Grant	(59.145)	(50.888)	(60.841)	(32.020)	(34.371)	(34.820)	(35.052)	-796.56	-683.19	-813.21	-478.04	-504.81	-500.01	-491.43
Total Revenue Support Grant + Baseline NNDR Funding:	(67.733)	(66.617)	(62.021)	(79.241)	(74.109)	(65.245)	(58.208)	-912.23	-894.36	-828.98	-1,183.03	-1,088.44	-936.92	-816.07
Contribution to/(from) Collection Fund	(2.519)	(1.859)	(3.891)	(2.545)	(4.236)	(4.420)	(1.479)	-33.93	-24.96	-52.01	-38.00	-62.21	-63.47	-20.74
Council Tax Requirement														
Merton - General (excluding WPCC)	81.905	82.157	82.522	73.850	75.049	76.758	78.620	1,103.10	1,102.99	1,102.99	1,102.55	1,102.25	1,102.25	1,102.25
Merton - COUNCIL TAX FUNDING REQUIREMENT	81.905	82.157	82.522	73.850	75.049	76.758	78.620	1,103.10	1,102.99	1,102.99	1,102.55	1,102.25	1,102.25	1,102.25
Greater London Authority Precept														
Metropolitan Police Authority	16.657	16.979	17.467	14.753	14.903	14.939	14.750	224.34	227.95	233.46	220.25	218.88	214.52	206.79
Other Non-Police Services	6.347	6.098	5.481	5.543	5.367	5.391	4.636	85.48	81.87	73.26	82.75	80.12	80.48	69.21
Greater London Authority Precept	23.004	23.077	22.948	20.295	20.270	20.329	19.385	309.82	309.82	306.72	303.00	299.00	295.00	276.00
TOTAL COUNCIL TAX REQUIREMENT	104.909	105.234	105.469	94.145	95.319	97.088	98.005	1,412.92	1,412.81	1,409.71	1,405.55	1,401.25	1,397.25	1,378.25

DRAFT MTFS 2016-20:				
	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000
Departmental Base Budget 2015/16	150,913	150,913	150,913	150,913
Inflation (Pay, Prices)	1,624	4,731	7,837	10,944
Autoenrolment/Nat. ins changes	1,480	2,315	2,630	2,630
FYE – Previous Years Savings	(15,686)	(20,861)	(22,009)	(22,009)
Amendments to previously agreed savings	1,504	1,106	0	0
Transport from corporate provision	1,192	1,192	1,192	1,192
Change in Net Appropriations to/(from) Reserves	(4,117)	(5,398)	(5,884)	(5,595)
Revenuisation	20	30	27	27
Taxi card/Concessionary Fares	212	662	1,112	1,562
Change in depreciation/Impairment (Contra Other Corporate items)	1,132	1,132	1,132	1,132
Other	1,821	1,891	1,964	2,040
Re-Priced Departmental Budget	140,095	137,713	138,914	142,835
Treasury/Capital financing	12,905	12,370	12,200	13,091
Pensions	4,395	4,592	4,799	5,015
Other Corporate items	(11,920)	(13,072)	(12,719)	(13,069)
Levies	628	628	628	628
Sub-total: Corporate provisions	6,008	4,518	4,908	5,665
Sub-total: Repriced Departmental Budget +	146,103	142,231	143,822	148,500
Savings/Income Proposals 2016/17	(200)	(4,057)	(7,547)	(7,547)
Sub-total	145,903	138,174	136,275	140,953
Appropriation to/from departmental reserves	(2,000)	(719)	(233)	(522)
Appropriation to/from Balancing the Budget Reserve	3,694	1,785	(2,919)	(9,118)
BUDGET REQUIREMENT	147,597	139,240	133,123	131,314
Funded by:				
Revenue Support Grant	(23,156)	(15,520)	(10,071)	(5,076)
Business Rates (inc. Section 31 grant)	(35,052)	(34,847)	(35,553)	(36,295)
C. Tax Freeze Grant 2015/16	0	0	0	0
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(4,192)	(4,763)	(2,993)	(2,871)
Council Tax inc. WPCC	(78,920)	(79,313)	(79,708)	(80,105)
Collection Fund – (Surplus)/Deficit	(1,479)	0	0	0
TOTAL FUNDING	(147,597)	(139,240)	(133,123)	(129,145)
GAP including Use of Reserves (Cumulative)	0	0	0	2,169

Reserves

Forecast Movement in Reserves 2016/17	Actual Bal at 31/3/15 £'000	Net Movt. in year £'000	Bal. at 31/3/16 £'000	Net Movt. in year £'000	Bal. at 31/3/17 £'000	Net Movt. in year £'000	Bal. at 31/3/18 £'000	Net Movt. in year £'000	Bal. at 31/3/19 £'000	Net Movt. in year £'000	Bal. at 31/3/20 £'000
General Fund Reserve	15,151	(2,605)	12,546	0	12,546	0	12,546	0	12,546	0	12,546
Earmarked Reserves	30,198	(3,565)	26,632	(3,079)	23,554	(4,060)	19,494	(4,869)	14,625	(9,381)	5,244
Grants & Contributions	3,335	(2,377)	958	(566)	392	(40)	352	(19)	333	(19)	314
Total Available Gen. Fund Rev. Reser	48,683	(8,547)	40,136	(3,645)	36,492	(4,100)	32,392	(4,888)	27,504	(9,400)	18,104
Fixed to Contracts	1,954	0	1,954	0	1,954	0	1,954	0	1,954	0	1,954
Total General Fund revenue reserves	50,637	(8,547)	42,090	(3,645)	38,446	(4,100)	34,346	(4,888)	29,458	(9,400)	20,058
Schools Balances & Reserves	17,395	258	17,652	(724)	16,928	(546)	16,382	(714)	15,668	(891)	14,777
Capital Reserves											
Capital Grants	5,409	(4,131)	1,278	(1,038)	240	(240)	0	0	0	0	0
Capital Contributions	185	(48)	137	(40)	97	(37)	60	0	60	0	60
Capital Receipts	31,263	(8,530)	22,733	(20,899)	1,834	(1,834)	0	0	0	0	0
Total	36,857	(12,709)	24,148	(21,977)	2,171	(2,111)	60	0	60	0	60
Revenue Reserves	68,032	(8,289)	59,743	(4,369)	55,374	(4,646)	50,728	(5,602)	45,126	(10,291)	34,835
Capital Reserves	36,857	(12,709)	24,148	(21,977)	2,171	(2,111)	60	0	60	0	60
Overall Useable Reserves	104,889	(20,998)	83,891	(26,346)	57,545	(6,757)	50,788	(5,602)	45,186	(10,291)	34,895

Analysis	Actual Bal at 31/3/15 £'000	Net Movt. in year £'000	Bal. at 31/3/16 £'000	Net Movt. in year £'000	Bal. at 31/3/17 £'000	Net Movt. in year £'000	Bal. at 31/3/18 £'000	Net Movt. in year £'000	Bal. at 31/3/19 £'000	Net Movt. in year £'000	Bal. at 31/3/20 £'000
Earmarked Reserves											
Outstanding Council Programme Board	9,515	(3,987)	5,528	(3,250)	2,278	(234)	2,044	(11)	2,033	0	2,033
For use in future years for budget	5,752	806	6,558	3,694	10,252	1,785	12,037	(2,919)	9,118	(9,118)	0
Revenue Reserves for Capital / Revn.	6,062	1,313	7,375	(571)	6,804	(4,582)	2,222	(1,105)	1,117	0	1,117
Energy renewable reserve	1,441	0	1,441	(1,141)	300	0	300	0	300	0	300
Repairs & Renewal Fund	1,424	(200)	1,224	(500)	724	(500)	224	(224)	0	0	0
Transforming families reserve	414	(298)	116	(116)	0	0	0	0	0	0	0
Pension Fund additional contribution	63	0	63	0	63	0	63	0	63	0	63
Local Land Charges Reserve	1,419	113	1,532	0	1,532	0	1,532	0	1,532	0	1,532
Apprenticeships	648	(347)	301	(210)	91	(91)	(0)	0	(0)	0	(0)
Community Care Reserve	1,385	(250)	1,135	(250)	885	(250)	635	(250)	385	(250)	135
Local Welfare Support Reserve	614	(100)	514	(200)	314	(200)	114	(195)	(81)	0	(81)
Economic Development Strategy	1,148	(609)	539	(539)	0	0	0	0	0	0	0
Wimbledon Tennis Courts Renewal	77	25	102	25	127	25	152	(152)	(0)	0	(0)
Governor Support Reserve	52	(44)	8	(8)	0	0	0	0	0	0	0
Corporate Services Reserves	183	13	196	(13)	183	(13)	170	(13)	157	(13)	144
Earmarked Reserves	30,198	(3,565)	26,632	(3,079)	23,554	(4,060)	19,494	(4,869)	14,625	(9,381)	5,244
Adult Social care contributions	425	(375)	50	(50)	0	0	0	0	0	0	0
Culture and Environment contributions	447	(243)	204	(156)	48	0	48	0	48	0	48
Culture and Environment grant	363	(36)	327	(110)	217	(19)	198	(19)	179	(19)	160
Childrens & Education grant	650	(584)	66	(66)	0	0	0	0	0	0	0
Housing Planning Development grant	189	(84)	105	(84)	21	(21)	0	0	0	0	0
Housing GF grants	106	0	106	0	106	0	106	0	106	0	106
Public Health	1,154	(1,054)	100	(100)	0	0	0	0	0	0	0
Grants & Contributions	3,335	(2,377)	958	(566)	392	(40)	352	(19)	333	(19)	314
Total	33,533	(5,942)	27,591	(3,645)	23,946	0	23,946	0	23,946	0	23,946
Insurance Reserve	1,954	0	1,954	0	1,954	0	1,954	0	1,954	0	1,954
Fixed to Contracts	1,954	0	1,954	0	1,954	0	1,954	0	1,954	0	1,954
DSG Reserve	3,585	297	3,882	(950)	2,932	(500)	2,432	(500)	1,932	(389)	1,543
Refund of School PFI contributions	400	(300)	100	0	100	0	100	0	100	0	100
Schools Reserve	52	(52)	0	0	0	0	0	0	0	0	0
Schools own reserves	8,992	78	9,071	0	9,071	0	9,071	0	9,071	0	9,071
Schools PFI Fund	4,366	235	4,600	226	4,826	(46)	4,780	(214)	4,566	(502)	4,064
Schools Reserves	17,395	258	17,652	(724)	16,928	(546)	16,382	(714)	15,668	(891)	14,777

Draft Departmental Budget Summaries 2016-17

SUMMARY				
FULL TIME EQUIVALENTS		2015/16		2016/17
Total FTE Staff		2,246.0		2,113.0
SERVICE AREA ANALYSIS				
	2015/16		Other	2016/17
	Estimate	Inflation	Variations	Estimate
	£000	£000	£000	£000
Corporate Services	14,025	74	(2,740)	11,359
Education Services				
Children's Services	50,894	293	(1,004)	50,183
Environment and Regeneration	23,985	125	(2,880)	21,230
Adult Social Care				
Cultural Services	61,400	243	(5,425)	56,218
Housing General Fund				
Single Status	100	0	0	100
Pay Award	189	0	693	883
TOTAL NET SERVICE EXPENDITURE	150,593	735	(11,356)	139,972
<i>Corporate Provisions/Appropriations</i>	4,423	0	3,202	7,625
NET EXPENDITURE	155,016	735	(8,154)	147,597
Funded by:				
Revenue Support Grant	(30,425)	0	7,269	(23,156)
Business Rates	(34,820)	0	(232)	(35,052)
New Homes Bonus	(2,642)	0	(1,550)	(4,192)
Council Tax	(76,758)	0	(1,862)	(78,620)
Council Tax Freeze Grant 2015/16	(861)	0	861	0
Council Tax Freeze Grant 2014/15	0	0	0	0
WPCC Levy	(293)	0	(7)	(300)
Collection Fund	(4,420)	0	2,941	(1,479)
PFI Grant	(4,797)	0	0	(4,797)
	(155,016)	0	7,419	(147,597)
NET	0	735	(735)	0
NB				
Public Health	320	0	96	416
Appropriations to/from reserves	(320)		(96)	(416)
Net Public Health	0	0	0	0
Other Variations: Contingency/Other				
Major Items: Corporate Provisions	£000		fte	
Corporate borrowing and Investment	(654)		0.0	
Further provision for revaluation/RCCO	(805)		0.0	
Pension Fund and Auto-enrolment	190		0.0	
Contingency and centrally held provisions	197		0.0	
Change in Grants	134		0.0	
Appropriation to/from Reserves	6,684		0.0	
Depreciation and impairment	(1,132)		0.0	
CHAS - IP	(978)		0.0	
Redundancy/Pension Strain	0		0.0	
Pay provision not yet allocated	(44)		0.0	
Transport - Additional provision	(1,192)		0.0	
Merton Adult Education	600		0.0	
Loss of HB Admin. Grant	200		0.0	
Levies	2		0.0	
TOTAL	3,202		0	

SUMMARY - SUBJECTIVE ANALYSIS

FULL TIME EQUIVALENTS		2015/16	2016/17	
Total FTE Staff		2,246.0	2,113.0	
SUBJECTIVE ANALYSIS OF ESTIMATES				
	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Employees	95,328	23	(3,827)	91,524
Premises	8,196	45	135	8,376
Transport	13,598	34	937	14,569
Supplies and Services	186,924	260	(22,810)	164,375
Third Party Payments	85,029	372	(4,000)	81,401
Transfer Payments	103,934	1	177	104,112
Support Services	30,127	0	251	30,378
Depreciation and Impairment Losses	16,506	0	1,132	17,637
GROSS EXPENDITURE	539,643	735	(28,005)	512,373
Income				
Government Grants	(274,532)	0	17,984	(256,548)
Other Reimbursements and Contributions	(25,190)	0	1,436	(23,754)
Customer and Client Receipts	(58,363)	0	(2,525)	(60,888)
Interest	(2,700)	0	211	(2,489)
Recharges	(28,288)	0	(196)	(28,484)
Reserves	24	0	(262)	(238)
GROSS INCOME	(389,049)	0	16,648	(372,401)
NET EXPENDITURE	150,593	735	(11,356)	139,972
Corporate Provisions	4,423	0	3,202	7,625
NET EXPENDITURE	155,016	735	(8,154)	147,597
Funded by:				
Revenue Support Grant	(30,425)	0	7,269	(23,156)
Business Rates	(34,820)	0	(232)	(35,052)
New Homes Bonus	(2,642)	0	(1,550)	(4,192)
Council Tax	(76,758)	0	(1,862)	(78,620)
Council Tax Freeze Grant 2015/16	(861)	0	861	0
Council Tax Freeze Grant 2014/15	0	0	0	0
WPCC Levy	(293)	0	(7)	(300)
Collection Fund	(4,420)	0	2,941	(1,479)
PFI Grant	(4,797)	0	0	(4,797)
	(155,016)	0	7,419	(147,597)
NET	0	735	(735)	0
Other Variations: Contingency/Other				
Major Items: Corporate Provisions	£000	fte		
Corporate borrowing and Investment	(654)	0.0		
Further provision for revaluation/RCCO	(805)	0.0		
Pension Fund and Auto-enrolment	190	0.0		
Contingency and centrally held provisions	197	0.0		
Change in Grants	134	0.0		
Appropriation to/from Reserves	6,684	0.0		
Depreciation and impairment	(1,132)	0.0		
CHAS - IP	(978)	0.0		
Redundancy/Pension Strain	0	0.0		
Pay provision not yet allocated	(44)	0.0		
Transport - Additional provision	(1,192)	0.0		
Merton Adult Education	600			
Loss of HB Admin. Grant	200			
Change in Corporate Specific and Special Grants	2			
Levies	0	0.0		
TOTAL	3,202	0		

CORPORATE ITEMS ANALYSIS				
	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Cost of Borrowing including Minimum Revenue Provision	14,117	0	(474)	13,643
Further provision for revaluation/RCCO	1,939	0	(805)	1,134
Pension Fund	3,742	0	190	3,932
Pensions: Auto-enrolment	300	0	0	300
Centrally held provision for Utilities inflation	100	0	200	300
Adjustment re Income re P3/P4	400	0	0	400
Overheads - Charge to non-general fund	194	0	(44)	150
Provision for excess inflation	543	0	(3)	540
Bad Debt Provision	500	0	0	500
Redundancy/Pension Strain	1,000	0	0	1,000
Transport - Additional provision	1,322	0	(1,192)	130
Contingency	1,500	0	0	1,500
Apprenticeship Levy	0	0	0	0
Merton Adult Education	0	0	600	600
Loss of HB Admin. Grant	0	0	200	200
Change in Corporate Specific and Special Grants	70	0	134	204
Levies:-				
Lee Valley	209		(5)	204
London Pensions Fund	264		(3)	261
Environment Agency	159		3	162
WPCC	293		7	300
GROSS EXPENDITURE	26,653	0	(1,192)	25,461
Income				
Investment Income	(559)		(180)	(739)
Depreciation & Impairment	(16,505)		(1,132)	(17,637)
Appropriations to/from reserves (excluding Public Health)	(4,991)		6,684	1,693
CHAS - IP	(174)		(978)	(1,152)
GROSS INCOME	(22,230)	0	4,394	(17,836)
NET EXPENDITURE	4,423	0	3,202	7,625



2016/2017 ESTIMATES

**CORPORATE SERVICES
DEPARTMENT**

SUMMARY: CORPORATE SERVICES DEPARTMENT

FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff
Number of Fixed term contracts
Number of FTE Sutton TUPE staff
Number of FTE Richmond TUPE staff
Total FTE

2015/16	2016/17
454.6	474.9
71.0	57.0
39.0	0.0
0.0	6.0
564.6	537.9

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Employees	26,172	10	(2,415)	23,768
Premises	2,787	12	24	2,823
Transport	139	1	(3)	137
Supplies and Services	11,661	45	(1,142)	10,565
Third Party Payments	1,343	6	524	1,873
Transfer Payments	93,710	0	0	93,710
Support Services	8,432	0	357	8,789
Depreciation and Impairment Losses	2,045	0	278	2,322
GROSS EXPENDITURE	146,290	74	(2,377)	143,986
Income				
Government Grants	(95,165)	0	287	(94,878)
Other Reimbursements and Contributions	(5,531)	0	(59)	(5,590)
Customer and Client Receipts	(6,526)	0	(110)	(6,636)
Interest	0	0	0	0
Recharges	(25,043)	0	(481)	(25,524)
Reserves	0	0	0	0
GROSS INCOME	(132,265)	0	(363)	(132,628)
NET EXPENDITURE	14,024	74	(2,740)	11,359

SUMMARY: CORPORATE SERVICES DEPARTMENT

FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff
Number of Fixed term contracts
Number of FTE Sutton TUPE staff
Number of FTE Richmond TUPE staff
Total FTE

2015/16	2016/17
454.6	474.9
71.0	57.0
39.0	0.0
0.0	6.0
564.6	537.9

SERVICE AREA ANALYSIS

	CHANGE BETWEEN YEARS			2016/17 Estimate £000
	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	
Customer Services	2,394	8	80	2,483
Infrastructure & Transactions	77	25	215	317
Business Improvement	2,272	4	(2,276)	(0)
Corporate Governance	1,793	2	(543)	1,252
Resources	2,225	19	87	2,331
HR	291	5	(295)	1
Corporate Items	4,973	11	(8)	4,976
TOTAL EXPENDITURE	14,025	74	(2,740)	11,359
Contingency / Other	0	0	0	0
Capital Financing Adjustment	0	0	0	0
Levies	0	0	0	0
NET EXPENDITURE	14,025	74	(2,740)	11,359

INFRASTRUCTURE & TRANSACTIONS

The Infrastructure & Transactions Division consists of Facilities Management, IT Service Delivery, Post & Print Room and Transactional services.

FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff

Number of Fixed term contracts

Total FTE

2015/16	2016/17
90.7	88.7
0.0	0.0
90.7	88.7

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Employees	3,655	0	83	3,738
Premises	2,645	11	17	2,673
Transport	36	0	(7)	29
Supplies and Services	2,812	13	(278)	2,547
Third Party Payments	210	1	106	317
Transfer Payments	0	0	9	9
Support Services	837		38	875
Depreciation and Impairment Losses	2,045		278 0	2,322
GROSS EXPENDITURE	12,238	25	247	12,510
Income				
Government Grants	0		0	0
Other Reimbursements and Contributions	0		0	0
Customer and Client Receipts	(2,406)		(63)	(2,469)
Interest	0			0
Recharges	(9,755)		31	(9,724)
Reserves	0			0
GROSS INCOME	(12,161)	0	(32)	(12,193)
NET EXPENDITURE	77	25	215	317

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(567)	(2.0)
Transfer between departments	214	6.0
Technical adjustments	175	(6.0)
Depreciation adjustments	278	
Overheads adjustments	69	
Use of reserves		
TOTAL	169	(2.0)

CUSTOMER SERVICES

The Customer Services Division consists of: Merton Link (including the Cash Office, Translation Services and Contact Centre), Support Team, Local Taxation (including Business Rates, Baliff Team and Recovery Team), Benefits Administration, Registrars, Debt Recovery, Corporate Communications, Web Team and Consultation & Community Engagement

FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff

Number of Fixed term contracts

Total FTE

	2015/16	2016/17
Number of Permanent Staff	137.3	134.0
Number of Fixed term contracts	11.0	9.0
Total FTE	148.3	143.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Employees	5,113	0	60	5,173
Premises	20	0	8	29
Transport	64	0	5	70
Supplies and Services	1,425	6	(342)	1,089
Third Party Payments	458	2	(35)	425
Transfer Payments	0			0
Support Services	1,910		500	2,410
Depreciation and Impairment Losses	0			0
GROSS EXPENDITURE	8,991	8	196	9,196
Income				
Government Grants	(1,519)		287	(1,232)
Other Reimbursements and Contributions	(930)		(40)	(970)
Customer and Client Receipts	(2,184)		(44)	(2,228)
Interest	0			0
Recharges	(1,964)		(319)	(2,283)
Reserves	0			0
GROSS INCOME	(6,597)	0	(116)	(6,713)
NET EXPENDITURE	2,394	8	80	2,483

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(520)	(3.0)
Transfer between departments		
Technical adjustments	372	2.7
Depreciation adjustments		
Overhead adjustments	181	
Use of Reserves	25	(5.0)
TOTAL	58	(5.3)

CORPORATE GOVERNANCE

The Corporate Governance Division consists of the South London Legal Partnership, Internal Audit, Investigations, Democracy Services, Electoral Services and Information Governance. Internal audit joined the Richmond and Kingston shared internal audit service in October 2015.

FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff
 Number of Fixed term contracts
 Number of FTE Richmond TUPE staff
 Total FTE

2015/16	2016/17
123.3	121.0
4.0	2.0
0.0	6.0
127.3	129.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Employees	6,606	0	(825)	5,781
Premises	7	0	(1)	6
Transport	32	0	1	33
Supplies and Services	1,549	2	(57)	1,494
Third Party Payments	0		493	493
Transfer Payments	0			0
Support Services	540		(48)	492
Depreciation and Impairment Losses	0			0
GROSS EXPENDITURE	8,735	2	(437)	8,299
Income				
Government Grants	0			0
Other Reimbursements and Contributions	(4,527)		(19)	(4,545)
Customer and Client Receipts	(530)		0	(530)
Interest	0			0
Recharges	(1,886)		(87)	(1,973)
Reserves	0			0
GROSS INCOME	(6,942)	0	(106)	(7,048)
NET EXPENDITURE	1,793	2	(543)	1,252

Other Variations are analysed as follows:

Major Items	£000	fte
Previous years savings	(155)	
New savings		
Transfer between departments		
Technical adjustments	(23)	0.7
Depreciation adjustments		
Overhead adjustments	(135)	
Use of Reserves	(234)	1.0
TOTAL	(547)	1.7

BUSINESS IMPROVEMENT

The Business Improvement Division consists of IT Business Systems, IT Business Process Re-engineering, Business Improvement and Programme Office.

FULL TIME EQUIVALENTS

Number of Permanent Staff
Number of Fixed term contracts
Total FTE

	2015/16	2016/17
Number of Permanent Staff	31.5	29.0
Number of Fixed term contracts	13.0	20.0
Total FTE	44.5	49.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Employees	3,576	0	(1,214)	2,363
Premises	0	0	0	0
Transport	3	0	0	3
Supplies and Services	1,230	4	(223)	1,011
Third Party Payments	0		0	0
Transfer Payments	0		0	0
Support Services	386		(51)	335
Depreciation and Impairment Losses	0		0	0
			0	
GROSS EXPENDITURE	5,196	4	(1,487)	3,712
Income				
Government Grants	0			0
Other Reimbursements and Contributions	0			0
Customer and Client Receipts	(84)		(30)	(114)
Interest	0			0
Recharges	(2,840)		(759)	(3,599)
Reserves	0			0
GROSS INCOME	(2,924)	0	(789)	(3,713)
NET EXPENDITURE	2,272	4	(2,276)	(0)

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(278.0)	(4.0)
Transfer between departments		
Technical adjustments	39.0	1.5
Depreciation adjustments		
Overheads adjustments	(810.0)	
Use of reserves	(1,227.0)	7.0
TOTAL	(2,276.0)	4.5

RESOURCES

The Resources Division consists of Policy & Strategy, Commercial Services, Business Planning, Accountancy and Business Partners . The Pensions service is managed by LB Wandsworth.

FULL TIME EQUIVALENTS

Number of Permanent Staff
Number of Fixed term contracts
Total FTE

2015/16	2016/17
67.3	58.6
3.0	3.0
70.3	61.6

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Employees	4,071	0	(426)	3,645
Premises	100	0	(1)	100
Transport	4	0	(2)	2
Supplies and Services	4,110	19	(223)	3,906
Third Party Payments	171	0	0	171
Transfer Payments	9		(9)	0
Support Services	602		(65)	537
Depreciation and Impairment Losses	0			0
GROSS EXPENDITURE	9,068	19	(726)	8,361
Income				
Government Grants	0			0
Other Reimbursements and Contributions	(54)			(54)
Customer and Client Receipts	(753)		27	(726)
Interest	0			0
Recharges	(6,036)		786	(5,250)
Reserves	0			0
GROSS INCOME	(6,843)	0	813	(6,030)
NET EXPENDITURE	2,225	19	87	2,331

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(381)	(2.5)
Transfer between departments	(214)	(6.0)
Technical adjustments	107	(0.2)
Depreciation adjustments		
Overhead adjustments	721	
Use of Reserves	(146)	
TOTAL	87	(8.7)

HR

The HR division consists of: Strategic HR, Business Partnerships, Corporate Learning & Development, Diversity, iTrent Client team, Recruitment & Resourcing, Central Operations Team. The function also interfaces with Staff Side. The HR service previously shared with the LB of Sutton but will be brought back in house from April 2016.

FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff
 Number of Fixed term contracts
 Number of FTE Sutton TUPE staff
 Total FTE

2015/16	2016/17
4.5	43.5
40.0	23.0
39.0	0.0
83.5	66.5

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Employees	2,463	2	(94)	2,372
Premises	15	0	0	15
Transport	(0)	0	0	(0)
Supplies and Services	221	1	(15)	207
Third Party Payments	263	1	(40)	224
Transfer Payments	0			0
Support Services	480		(13)	467
Depreciation and Impairment Losses	0			0
GROSS EXPENDITURE	3,442	5	(162)	3,285
Income				
Government Grants	0			0
Other Reimbursements and Contributions	(20)			(20)
Customer and Client Receipts	(569)			(569)
Interest	0			0
Recharges	(2,562)		(133)	(2,695)
Reserves	0			0
GROSS INCOME	(3,151)	0	(133)	(3,284)
NET EXPENDITURE	291	5	(295)	1

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(142)	
Transfer between departments		
Technical adjustments	43	
Depreciation adjustments		
Overheads adjustments	(146)	
Use of reserves	(50)	(17.0)
TOTAL	(295)	(17.0)

CORPORATE ITEMS

Corporate Management is composed of Housing Benefit subsidy payments and entitlements, Agency contract, Coroners Court and Severance payments.

FULL TIME EQUIVALENTS(FTE) Number of Permanent Staff

2015/16	2016/17
0	0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Employees*	688	8	0	696
Premises	0	0		0
Transport	0	0		0
Supplies and Services	313	2	(4)	310
Third Party Payments	242	1		243
Transfer Payments	93,700			93,700
Support Services	3,677		(4)	3,673
Depreciation and Impairment Losses	0			0
GROSS EXPENDITURE	98,620	11	(8)	98,623
Income				
Government Grants	(93,647)			(93,647)
Other Reimbursements and Contributions	0			0
Customer and Client Receipts	0			0
Interest	0			0
Recharges	(0)			(0)
Reserves	0			0
GROSS INCOME	(93,647)	0	0	(93,647)
NET EXPENDITURE	4,973	11	(8)	4,976

Other Variations are analysed as follows:

Major Items	£000	fte
Savings		
Transfer between departments		
Technical adjustments	0	
Overheads adjustments	(4)	
TOTAL	(4)	0.0

* The employee budgets shown here relate to employee redundancy payments. There are no FTE's in Corporate Items



2016/2017 ESTIMATES

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

This Page contains the Budget for the whole Children, Schools and Families Department including funding provided directly to Merton's Schools

FULL TIME EQUIVALENTS

Number of Permanent Staff
Number of DSG Staff
Number of Fixed term contracts
Total FTE

	2015/16	2016/17
Number of Permanent Staff	445.0	430.5
Number of DSG Staff	66.4	75.4
Number of Fixed term contracts	24.5	22.5
Total FTE	535.9	528.4

SUBJECTIVE ANALYSIS OF ESTIMATES**Expenditure**

Employees
Premises
Transport
Supplies and Services
Third Party Payments
Transfer Payments
Support Services
Depreciation and Impairment Losses

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000	2016/17 DSG Estimate £000	2016/17 LA Estimate £000
Employees	26,420	11	141	26,572	4,423	22,149
Premises	1,465	4	79	1,548	73	1,475
Transport	3,375	16	910	4,301	66	4,235
Supplies and Services	164,049	180	(18,936)	145,293	130,036	15,257
Third Party Payments	30,573	82	(2,242)	28,413	12,260	16,153
Transfer Payments	360	0	28	388	0	388
Support Services	4,614	0	223	4,837	258	4,579
Depreciation and Impairment Losses	5,237	0	74	5,311	0	5,311
GROSS EXPENDITURE	236,093	293	(19,723)	216,663	147,116	69,547
Income						
Government Grants	(174,826)	0	17,617	(157,209)	(145,397)	(11,812)
Other Reimbursements and Contributions	(7,327)	0	1,189	(6,138)	(1,238)	(4,900)
Customer and Client Receipts	(3,026)	0	177	(2,849)	(243)	(2,606)
Interest	(44)	0	(2)	(46)	0	(46)
Recharges	0	0	0	0	0	0
Reserves	24	0	(262)	(238)	(238)	0
GROSS INCOME	(185,199)	0	18,719	(166,480)	(147,116)	(19,364)
NET EXPENDITURE	50,894	293	(1,004)	50,183	0	50,183

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(2,191)	-3.4
Overhead adjustments	222	
Depreciation adjustments	74	
Technical adjustments	1,579	
Revenuisation	(27)	
Use of Reserves adjustment	(661)	
TOTAL	(1,004)	(3.4)

SUMMARY: CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

SERVICE AREA ANALYSIS	2015/16	Inflation £000	Other	2016/17	2016/17 DSG	2016/17 LA
	Estimate £000		Variations £000	Estimate £000	Estimate £000	Estimate £000
Senior Management	1,505	2	17	1,524	0	1,524
Childrens Social Care	13,137	10	144	13,291	117	13,174
Commissioning, Strategy and Performance	14,128	41	(1,087)	13,082	3,780	9,302
Education	35,356	43	(889)	34,510	23,732	10,778
Schools	(20,872)	0	(1,622)	(22,494)	(27,629)	5,135
Other Childrens, Schools and Families	7,640	197	2,433	10,270	0	10,270
TOTAL NET EXPENDITURE	50,894	293	(1,004)	50,183	0	50,183

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Senior Management

This budget contains provision for the Senior Management of Children, Schools and Families Department.

FULL TIME EQUIVALENTS

	2015/16	2016/17
Number of Permanent Staff	4.0	4.0
Number of DSG Staff	0.0	0.0
Number of Fixed term contracts	0.0	0.0
Total FTE	4.0	4.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000	2016/17 DSG Estimate £000	2016/17 LA Estimate £000
Expenditure						
Employees	609	0	4	613	0	613
Premises	0	0	0	0	0	0
Transport	1	0	0	1	0	1
Supplies and Services	864	2	(10)	856	0	856
Third Party Payments	7	0	0	7	0	7
Transfer Payments	0	0	0	0	0	0
Support Services	24	0	23	47	0	47
Depreciation and Impairment Losses	0	0	0	0	0	0
GROSS EXPENDITURE	1,505	2	17	1,524	0	1,524
Income						
Government Grants	0	0	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0	0	0
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
GROSS INCOME	0	0	0	0	0	0
NET EXPENDITURE	1,505	2	17	1,524	0	1,524

Other Variations are analysed as follows:

Major Items	£000	fte
Overhead adjustments	23	
Transfer between departments	0	
Shared legal services devolved budgets	0	
Technical adjustments	(6)	
TOTAL	17	0.0

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Children's Social Care

This budget contains the funding for central social work; family and adolescent service; Mash and child protection; permanency, placements and looked after children; as well as safeguarding, standards and training.

FULL TIME EQUIVALENTS

Number of Permanent Staff
Number of DSG Staff
Number of Fixed term contracts
Total FTE

2015/16	2016/17
190.9	187.4
2.0	2.0
22.0	18.2
214.9	207.6

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000	2016/17 DSG Estimate £000	2016/17 LA Estimate £000
Expenditure						
Employees	9,841	0	(164)	9,677	105	9,572
Premises	93	0	(40)	53	0	53
Transport	188	1	(24)	165	1	164
Supplies and Services	1,084	3	(254)	833	4	829
Third Party Payments	1,242	6	(87)	1,161	0	1,161
Transfer Payments	341	0	28	369	0	369
Support Services	1,744	0	266	2,010	7	2,003
Depreciation and Impairment Losses	11	0	(11)	0	0	0
GROSS EXPENDITURE	14,544	10	(286)	14,268	117	14,151
Income						
Government Grants	(881)	0	140	(741)	0	(741)
Other Reimbursements and Contributions	(526)	0	290	(236)	0	(236)
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
GROSS INCOME	(1,407)	0	430	(977)	0	(977)
NET EXPENDITURE	13,137	10	144	13,291	117	13,174

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(200)	(2.4)
Overhead adjustments	265	
Depreciation adjustments	(11)	
Use of Reserves adjustment	(583)	
Technical adjustments	673	
TOTAL	144	(2.4)

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Commissioning, Strategy and Performance

This page contains the budgets for access to resources service; policy, planning and performance; joint commissioning and partnerships; as well as contract procurement and school organisation.

FULL TIME EQUIVALENTS

Number of Permanent Staff
Number of DSG Staff
Number of Fixed term contracts
Total FTE

2015/16	2016/17
36.8	37.2
5.9	5.9
2.5	2.5
45.2	45.6

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000	2016/17 DSG Estimate £000	2016/17 LA Estimate £000
Expenditure						
Employees	2,208	0	(95)	2,113	211	1,902
Premises	418	2	0	420	20	400
Transport	36	0	(1)	35	3	32
Supplies and Services	4,317	21	(789)	3,549	46	3,503
Third Party Payments	7,262	18	(286)	6,994	3,496	3,498
Transfer Payments	0	0	0	0	0	0
Support Services	472	0	39	511	32	479
Depreciation and Impairment Losses	0	0	0	0	0	0
GROSS EXPENDITURE	14,713	41	(1,132)	13,622	3,808	9,814
Income						
Government Grants	(77)	0	9	(68)	0	(68)
Other Reimbursements and Contributions	(283)	0	76	(207)	(28)	(179)
Customer and Client Receipts	(225)	0	(40)	(265)	0	(265)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
GROSS INCOME	(585)	0	45	(540)	(28)	(512)
NET EXPENDITURE	14,128	41	(1,087)	13,082	3,780	9,302

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(759)	0.0
Overhead adjustments	34	
Use of Reserves adjustment	(52)	
Revenuisation	(25)	
Technical adjustments	(285)	
TOTAL	(1,087)	0.0

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Education

To page contains the budgets for school improvement; early years and children's centres; education inclusion; as well as special educational needs and disability integrated service.

FULL TIME EQUIVALENTS

Number of Permanent Staff
Number of DSG Staff
Number of Fixed term contracts
Total FTE

2015/16	2016/17
211.1	199.8
58.5	67.6
0.0	1.7
269.6	269.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000	2016/17 DSG Estimate £000	2016/17 LA Estimate £000
Expenditure						
Employees	10,955	0	400	11,355	3,434	7,921
Premises	908	1	117	1,026	5	1,021
Transport	3,150	15	936	4,101	61	4,040
Supplies and Services	15,368	20	(1,707)	13,681	11,926	1,755
Third Party Payments	11,761	7	(1,933)	9,835	8,765	1,070
Transfer Payments	19	0	0	19	0	19
Support Services	2,358	0	(111)	2,247	219	2,028
Depreciation and Impairment Losses	172	0	4	176	0	176
GROSS EXPENDITURE	44,691	43	(2,294)	42,440	24,410	18,030
Income						
Government Grants	(3,243)	0	503	(2,740)	(146)	(2,594)
Other Reimbursements and Contributions	(3,292)	0	923	(2,369)	(51)	(2,318)
Customer and Client Receipts	(2,800)	0	217	(2,583)	(243)	(2,340)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	(238)	(238)	(238)	0
GROSS INCOME	(9,335)	0	1,405	(7,930)	(678)	(7,252)
NET EXPENDITURE	35,356	43	(889)	34,510	23,732	10,778

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(1,025)	(1.0)
Overhead adjustments	(106)	
Transfer between departments	(2)	
Use of Reserves adjustment	(50)	
Depreciation adjustments	4	
Technical adjustments	290	
TOTAL	(889)	(1.0)

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Schools

This budget covers schools funding as well as some centrally retained DSG money to support the schools function.

FULL TIME EQUIVALENTS

Number of Permanent Staff
 Number of DSG Staff
 Number of Fixed term contracts
 Total FTE

2015/16	2016/17
0.0	0.0
0.0	0.0
0.0	0.0
0.0	0.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000	2016/17 DSG Estimate £000	2016/17 LA Estimate £000
Expenditure						
Employees	654	0	20	674	674	0
Premises	46	0	2	48	48	0
Transport	0	0	0	0	0	0
Supplies and Services	142,104	0	(15,966)	126,138	118,059	8,079
Third Party Payments	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0
Support Services	0	0	0	0	0	0
Depreciation and Impairment Losses	5,054	0	81	5,135	0	5,135
GROSS EXPENDITURE	147,858	0	(15,863)	131,995	118,781	13,214
Income						
Government Grants	(167,701)	0	14,371	(153,330)	(145,251)	(8,079)
Other Reimbursements and Contributions	(1,029)	0	(130)	(1,159)	(1,159)	0
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
GROSS INCOME	(168,730)	0	14,241	(154,489)	(146,410)	(8,079)
NET EXPENDITURE	(20,872)	0	(1,622)	(22,494)	(27,629)	5,135

Other Variations are analysed as follows:

Major Items	£000	fte
Depreciation adjustments	81	
Technical adjustments	(1,703)	
TOTAL	(1,622)	0.0

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Other Children Schools and Families Budgets

This budget covers asylum seeker costs, past and present pension and redundancy costs, ESG income and PFI unitary charges.

FULL TIME EQUIVALENTS

Number of Permanent Staff
Number of DSG Staff
Number of Fixed term contracts
Total FTE

2015/16	2016/17
2.2	2.2
0.0	0.0
0.0	0.0
2.2	2.2

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000	2016/17 DSG Estimate £000	2016/17 LA Estimate £000
Expenditure						
Employees	2,152	10	(22)	2,140	0	2,140
Premises	0	0	0	0	0	0
Transport	0	0	0	0	0	0
Supplies and Services	312	135	(212)	235	0	235
Third Party Payments	10,301	52	64	10,417	0	10,417
Transfer Payments	0	0	0	0	0	0
Support Services	16	0	6	22	0	22
Depreciation and Impairment Losses	0	0	0	0	0	0
GROSS EXPENDITURE	12,781	197	(164)	12,814	0	12,814
Income						
Government Grants	(2,923)	0	2,594	(329)	0	(329)
Other Reimbursements and Contributions	(2,198)	0	29	(2,169)	0	(2,169)
Customer and Client Receipts	0	0	0	0	0	0
Interest	(44)	0	(2)	(46)	0	(46)
Recharges	0	0	0	0	0	0
Reserves	24	0	(24)	0	0	0
GROSS INCOME	(5,141)	0	2,597	(2,544)	0	(2,544)
NET EXPENDITURE	7,640	197	2,433	10,270	0	10,270

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(207)	
Overhead adjustments	6	
Use of Reserves adjustment	24	
Technical adjustments	2,610	
TOTAL	2,433	0.0



2016/2017 ESTIMATES

ENVIRONMENT AND REGENERATION DEPARTMENT

SUMMARY: ENVIRONMENT & REGENERATION

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2015/16	2016/17
644	620
11	9
654	628

SERVICE AREA ANALYSIS

CHANGE BETWEEN YEARS

	2015/2016 Original Estimate £000	Inflation £000	Other Variations £000	2016/2017 Estimate £000
Street Scene and Waste	17,733	71	(1,045)	16,759
Public Protection and Development	(7,944)	9	(1,411)	(9,346)
Sustainable Communities	14,196	44	(423)	13,817
Senior Management and Support	0	1	(1)	0
TOTAL EXPENDITURE	23,985	125	(2,880)	21,230

ENVIRONMENT AND REGENERATION DEPARTMENT

Departmental Summary

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2015/16	2016/17
644	620
11	9
654	628

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/2016 Original Estimate £000	Inflation £000	Other Variations £000	2016/2017 Estimate £000
Expenditure				
Employees	23,428	0	(275)	23,153
Premises	2,966	24	44	3,034
Transport	8,861	13	(184)	8,690
Supplies and Services	4,728	16	(1,359)	3,385
Third Party Payments	10,289	72	(462)	9,899
Transfer Payments	9	0	(7)	2
Support Services	8,825	0	267	9,092
Depreciation and Impairment Losses	8,583	0	956	9,539
GROSS EXPENDITURE	67,689	125	(1,020)	66,794
Income				
Government Grants	(481)	0	365	(116)
Other Reimbursements and Contributions	(3,658)	0	307	(3,351)
Customer and Client Receipts	(36,908)	0	(2,745)	(39,653)
Recharges	(2,656)	0	213	(2,443)
Reserves	0	0	0	0
GROSS INCOME	(43,703)	0	(1,860)	(45,563)
NET EXPENDITURE	23,985	125	(2,880)	21,230

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(4,771)	(22)
Depreciation adjustments	957	
Overheads adjustments	480	
Transfer between departments	(104)	
Technical adjustments	1,670	
Use of Reserves adjustments	(1,112)	(3)
TOTAL	(2,880)	(24.4)

ENVIRONMENT AND REGENERATION DEPARTMENT

Street Scene and Waste: Transport Services, Waste Management and Operations.

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2015/16	2016/17
314	302
1	0
315	302

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/2016 Original Estimate £000	Inflation £000	Other Variations £000	2016/2017 Estimate £000
Expenditure				
Employees	9,338	0	33	9,371
Premises	276	0	(22)	254
Transport	8,231	10	(149)	8,092
Supplies and Services	1,137	3	(446)	694
Third Party Payments	6,674	58	(189)	6,543
Transfer Payments	2	0	0	2
Support Services	3,171	0	(239)	2,932
Depreciation and Impairment Losses	1,193	0	(89)	1,104
GROSS EXPENDITURE	30,022	71	(1,101)	28,992
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(1,016)	0	142	(874)
Customer and Client Receipts	(11,273)	0	(86)	(11,359)
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(12,289)	0	56	(12,233)
NET EXPENDITURE	17,733	71	(1,045)	16,759

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(544)	(11.0)
Depreciation adjustments	(88)	
Overheads adjustments	(239)	
Transfer between departments	(84)	
Technical adjustments	185	
Use of reserves adjustments	(275)	(1.0)
TOTAL	(1,045)	(12.0)

ENVIRONMENT AND REGENERATION DEPARTMENT

Public Protection: Regulatory Services Partnership, Parking Control, Safer Merton.

FULL TIME EQUIVALENTS (FTE)

Permanent Staff *

Fixed Term Contract

Total FTE

2015/16	2016/17
146	142
1	0
147	142

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/2016 Original Estimate £000	Inflation £000	Other Variations £000	2016/2017 Estimate £000
Expenditure				
Employees	5,577	0	86	5,663
Premises	643	2	(24)	621
Transport	185	1	(16)	170
Supplies and Services	566	3	0	569
Third Party Payments	617	3	(5)	615
Transfer Payments	0	0	0	0
Support Services	1,474	0	305	1,779
Depreciation and Impairment Losses	212	0	(80)	132
GROSS EXPENDITURE	9,274	9	266	9,549
Income				
Government Grants	(108)	0	0	(108)
Other Reimbursements and Contributions	(1,279)	0	111	(1,168)
Customer and Client Receipts	(15,830)	0	(1,788)	(17,618)
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(17,217)	0	(1,677)	(18,894)
NET EXPENDITURE	(7,944)	9	(1,411)	(9,346)

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(3,065)	(3.0)
Depreciation adjustments	(80)	
Overheads adjustments	305	
Technical adjustments	1,429	
Use of Reserves adjustments	0	
TOTAL	(1,411)	(3.0)

ENVIRONMENT AND REGENERATION DEPARTMENT

Sustainable Communities: Traffic and Highway Services, Development Control, Building Control, Physical Regeneration, Spatial Planning and Policy, Regeneration Partnerships, Property Management, Greenspaces, Leisure and Culture Development, Transport Planning & Safety Education, Business Performance.

FULL TIME EQUIVALENTS (FTE)

Permanent Staff
Fixed Term Contract
Total FTE

2015/16	2016/17
173	166
7	9
180	175

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/2016 Original Estimate £000	Inflation £000	Other Variations £000	2016/2017 Estimate £000
Expenditure				
Employees	7,574	0	(208)	7,366
Premises	2,046	22	90	2,158
Transport	425	2	(7)	420
Supplies and Services	2,825	9	(916)	1,918
Third Party Payments	2,998	11	(268)	2,741
Transfer Payments	7	0	(7)	0
Support Services	4,033	0	217	4,250
Depreciation and Impairment Losses	7,179	0	1,125	8,304
GROSS EXPENDITURE	27,087	44	26	27,157
Income				
Government Grants	(373)	0	365	(8)
Other Reimbursements and Contributions	(1,363)	0	54	(1,309)
Customer and Client Receipts	(9,804)	0	(871)	(10,675)
Recharges	(1,350)	0	3	(1,347)
Reserves	(0)	0	0	(0)
GROSS INCOME	(12,891)	0	(449)	(13,340)
NET EXPENDITURE	14,196	44	(423)	13,817

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(1,092)	(6.2)
Depreciation adjustments	1,125	
Overheads adjustments	220	
Transfer between departments	(20)	
Technical adjustments	31	
Use of Reserves adjustments	(687)	0.4
TOTAL	(423)	(5.8)

ENVIRONMENT AND REGENERATION DEPARTMENT

Senior Management and Support: The Department's senior management and secretarial support.

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2015/16	2016/17
11	9
2	0
13	9

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/2016 Original Estimate £000	Inflation £000	Other Variations £000	2016/2017 Estimate £000
Expenditure				
Employees	939	0	(186)	753
Premises	1	0	0	1
Transport	20	0	(12)	8
Supplies and Services	199	1	3	203
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	147	0	(16)	131
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	1,306	1	(211)	1,096
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Recharges	(1,306)	0	210	(1,096)
Reserves	0	0	0	0
GROSS INCOME	(1,306)	0	210	(1,096)
NET EXPENDITURE	0	1	(1)	0

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(70)	(1.6)
Overheads adjustments	194	
Technical adjustments	25	
Use of Reserves adjustments	(150)	(2.0)
TOTAL	(1)	(3.6)



2016/2017 ESTIMATES

COMMUNITY AND HOUSING DEPARTMENT

SUMMARY: COMMUNITY AND HOUSING

	2015/16	2016/17
Number of FTE Staff	466.32	394.33
Number of FTE PCT TUPE staff	22.74	22.18
Number of Fixed Term contract	2.00	2.00
Total FTE	491.06	418.51

SERVICE AREA ANALYSIS

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Adult Social Care	55,678	227	(4,889)	51,016
Libraries and Heritage	3,089	4	(229)	2,864
Merton Adult Education	80	3	(151)	(68)
Housing General Fund	2,151	8	(149)	2,010
Senior Management	402	1	(7)	396
NET EXPENDITURE	61,400	243	(5,425)	56,218

COMMUNITY AND HOUSING DEPARTMENT Total

The department includes Adult Social Care, Housing, Libraries and Merton Adult Education.

FULL TIME EQUIVALENTS

	2015/16	2016/17
Number of FTE Staff	466.32	394.33
Number of FTE PCT TUPE staff	22.74	22.18
Number of Fixed Term contract	2.00	2.00
Total FTE	491.06	418.51

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Employees	19,019	2	(1,970)	17,051
Premises	978	5	(12)	971
Transport	1,223	4	214	1,441
Supplies and Services	6,486	19	(1,373)	5,132
Third Party Payments	42,824	212	(1,820)	41,216
Transfer Payments	9,855	1	156	10,012
Support Services	8,256	0	(596)	7,660
Depreciation and Impairment Losses	641	0	(176)	465
GROSS EXPENDITURE	89,282	243	(5,577)	83,948
Income				
Government Grants	(4,060)	0	(285)	(4,345)
Other Reimbursements and Contributions	(8,674)	0	(1)	(8,675)
Customer and Client Receipts	(11,903)	0	153	(11,750)
Interest	0	0	0	0
Recharges	(3,245)	0	285	(2,960)
Reserves	0	0	0	0
GROSS INCOME	(27,882)	0	152	(27,730)
NET EXPENDITURE	61,400	243	(5,425)	56,218

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(5,379)	(61.97)
Growth	212	0
Overheads adjustments	(311)	0
Depreciation adjustments	(175)	0
Rebasing of Income	0	0
Technical adjustments	54	0
Transfers between departments	266	0
Grants	83	0
Other	295	0
Use of Reserves Adjustment	(470)	0.00
TOTAL	(5,425)	(61.97)

COMMUNITY AND HOUSING DEPARTMENT

Adult Education

Provides high quality learning and training needs of Merton communities for ages 16-65. Funded by LSC, MAE is able to support financially qualifying learners and or offer free courses. Services are provided through two main town centres Whatley Avenue, Wimbledon's Marlborough hall, and four neighbourhood centres, Cobham Court, Mitcham's Canons house, Pollards Hill and Morden libraries. (Cabinet have approved decision to move the Adult Education model to a Commissioning model)

FULL TIME EQUIVALENTS

Number of FTE Staff

Number of Fixed Term contract

Total FTE

	2015/16	2016/17
Number of FTE Staff	27.29	24.26
Number of Fixed Term contract	0.00	0.00
Total FTE	27.29	24.26

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16		Other	2016/17
	Original	Inflation	Variations	Estimate
	£000	£000	£000	£000
Expenditure				
Employees	1,891	0	(479)	1,412
Premises	166	1	(1)	166
Transport	4	0	(1)	3
Supplies and Services	350	2	0	352
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	335	0	(156)	179
Depreciation and Impairment Losses	92	0	(6)	86
GROSS EXPENDITURE	2,838	3	(643)	2,198
Income				
Government Grants	(1,955)	0	492	(1,463)
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(803)	0	0	(803)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(2,758)	0	492	(2,266)
NET EXPENDITURE	80	3	(151)	(68)

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(8)	(0.50)
Growth	0	
Overheads adjustments	(156)	
Depreciation adjustments	(6)	
Rebasing of Income	0	
Technical adjustments	0	
Transfers between departments	(1)	
Grants	0	
Other	20	
Use of Reserves Adjustment	0	
TOTAL	(151)	(0.50)

COMMUNITY AND HOUSING DEPARTMENT Library & Heritage Services

Services are provided through three main town centre libraries, Mitcham, Morden, Wimbledon and four neighbourhood libraries, Donald Hope, Pollards Hill, Raynes Park and West Barnes. Additional services available are home visits and school services. Also available is the Heritage Service located at Morden Library.

FULL TIME EQUIVALENTS

	2015/16	2016/17
Number of FTE Staff	45.71	42.56
Number of Fixed Term Contract	1.00	1.00
Total FTE	46.71	43.56

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Employees	1,325	0	23	1,348
Premises	397	2	4	403
Transport	4	0	0	4
Supplies and Services	465	2	(18)	449
Third Party Payments	28	0	(1)	27
Transfer Payments	0	0	0	0
Support Services	696	0	(8)	688
Depreciation and Impairment Losses	490	0	(187)	303
GROSS EXPENDITURE	3,405	4	(187)	3,222
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	(42)	(42)
Customer and Client Receipts	(316)	0	0	(316)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(316)	0	(42)	(358)
NET EXPENDITURE	3,089	4	(229)	2,864

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(96)	(1.00)
Growth	0	
Overheads adjustments	(8)	
Depreciation adjustments	(186)	
Rebasing of Income	0	
Technical adjustments	42	
Transfers between departments	(5)	
Grants	0	
Other	24	
Use of Reserves Adjustment	0	
TOTAL	(229)	(1.00)

COMMUNITY AND HOUSING DEPARTMENT
Housing General Fund

Housing Needs and Enabling Service

FULL TIME EQUIVALENTS

Number of FTE Staff

2015/16	2016/17
30.53	26.82
0.00	0.00
30.53	26.82

Number of Fixed Term Contract

Total FTE

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Employees	1,222	0	(103)	1,119
Premises	39	0	0	39
Transport	28	0	0	28
Supplies and Services	203	1	15	219
Third Party Payments	1,396	6	860	2,262
Transfer Payments	304	1	(56)	249
Support Services	251	0	41	292
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	3,443	8	757	4,208
Income				
Government Grants	(1,140)	0	(860)	(2,000)
Other Reimbursements and Contributions	(5)	0	(15)	(20)
Customer and Client Receipts	(147)	0	(31)	(178)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(1,292)	0	(906)	(2,198)
NET EXPENDITURE	2,151	8	(149)	2,010

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(215)	(3.71)
Growth	0	
Overheads adjustments	41	
Depreciation adjustments	0	
Rebasing of Income	0	
Technical adjustments	3	
Transfers between departments	0	
Grants	0	
Other	22	
Use of Reserves Adjustment	0	
TOTAL	(149)	(3.71)

COMMUNITY AND HOUSING DEPARTMENT

Adult Social Care

This area includes Older People, Mental Health, Learning Disability, Physical Disability and sensory Impaired clients. It also includes No Recourse to Public Fund, aids support and substance misuse clients, concessionary fares and clients receiving other services.

FULL TIME EQUIVALENTS

	2015/16	2016/17
Number of FTE Staff	360.79	298.69
Number of FTE PCT TUPE staff	22.74	22.18
Number of Fixed Term Contract	1.00	1.00
Total FTE	384.53	321.87

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Employees	14,357	2	(1,411)	12,948
Premises	376	2	(15)	363
Transport	1,187	4	215	1,406
Supplies and Services	5,332	13	(1,370)	3,975
Third Party Payments	41,400	206	(2,679)	38,927
Transfer Payments	9,551	0	212	9,763
Support Services	6,932	0	(466)	6,466
Depreciation and Impairment Losses	59	0	17	76
GROSS EXPENDITURE	79,194	227	(5,497)	73,924
Income				
Government Grants	(965)	0	83	(882)
Other Reimbursements and Contributions	(8,669)	0	56	(8,613)
Customer and Client Receipts	(10,637)	0	184	(10,453)
Interest	0	0	0	0
Recharges	(3,245)	0	285	(2,960)
Reserves	0	0	0	0
GROSS INCOME	(23,516)	0	608	(22,908)
NET EXPENDITURE	55,678	227	(4,889)	51,016

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(5,060)	(56.76)
Growth	212	
Overheads adjustments	(181)	
Depreciation adjustments	17	
Rebasing of Income	0	
Technical adjustments	9	
Transfers between departments	272	
Grants	83	
Other	229	
Use of Reserves Adjustment	(470)	
TOTAL	(4,889)	(56.76)

COMMUNITY AND HOUSING DEPARTMENT Senior Management

This area includes the cost of the Director and Executive Assistant

FULL TIME EQUIVALENTS

Number of FTE Staff

Number of Fixed Term Contract

Total FTE

2015/16	2016/17
2.00	2.00
0.00	0.00
2.00	2.00

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Employees	224	0	0	224
Premises	0	0	0	0
Transport	0	0	0	0
Supplies and Services	136	1	0	137
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	42	0	(7)	35
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	402	1	(7)	396
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	0	0	0	0
NET EXPENDITURE	402	1	(7)	396

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	0	
Growth	0	
Overheads adjustments	(7)	
Depreciation adjustments	0	
Rebasing of Income	0	
Technical adjustments	0	
Transfers between departments	0	
Grants	0	
Other	0	
Use of Reserves Adjustment		
TOTAL	(7)	0.00

COMMUNITY AND HOUSING DEPARTMENT Public Health

Public Health services comprise • Mandatory Services : Sexual health, NHS health checks, National Child Measurement Programme, Support to Clinical Commissioning groups, and assurance of health emergency preparedness. • Universal Services : Smoking cessation, Drugs and alcohol, Obesity and Health Visiting Services.

FULL TIME EQUIVALENTS

Number of FTE Staff

Number of Fixed Term Contracts

Total FTE

2015/16	2016/17
14.77	15.43
0.00	0.00
14.77	15.43

SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Expenditure				
Employees	995	0	95	1,090
Premises	2	0	0	2
Transport	2	0	0	2
Supplies and Services	4,721	0	(971)	3,750
Third Party Payments	4,155	0	2,731	6,886
Transfer Payments	0	0	0	0
Support Services	172	0	(5)	167
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	10,047	0	1,850	11,897
Income				
Government Grants	(9,236)	0	(1,945)	(11,181)
Other Reimbursements and Contributions	(491)	0	191	(300)
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(9,727)	0	(1,754)	(11,481)
NET EXPENDITURE	320	0	96	416

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	0	
Growth	0	
Overheads adjustments	0	
Depreciation adjustments	0	
Rebasing of Income	0	
Technical adjustments	(1,112)	
Transfers between departments	400	
Grants	1,945	
Other	16	
Use of Reserves Adjustment	(1,153)	
TOTAL	96	0.00

Standard Subjective Analysis – The Key

Introduction

The subjective analysis is the analysis of income and expenditure that is applicable to all Best Value reporting requirements for all accounting periods from 1 April 2008.

We use a set standard subjective analysis for a number of reasons:-

- The subjective analysis is a CIPFA recommended structure.
- It minimises the reporting requirements for Government statistical reporting.
- It provides information in a multi dimensional format for Best Value
- It improves consistency and therefore helps Authorities to make effective comparisons for Best Value and other financial requirements
- A subjective Analysis provides further information that is useful for benchmarking analysis.
- For analysing costs in reviews.

Glossary of the standard Subjective analysis

Details of Expenditure groups and what is included:

1 Employees: This group includes the costs of employee expenses, both direct and indirect to the Authority.

Direct employee expenses

- Salaries
- Employer's National Insurance contribution
- Employers retirement benefit costs
- Agency Staff
- Employee expenses

Indirect employee expenses

- Relocation
- Interview
- Training
- Advertising
- Severance payments
- Employee - related schemes

2 Premises: This group includes expenses directly related to the running of the premises and land.

- Energy costs
- Rent
- Rates
- Water Services
- Fixtures and Fittings
- Apportionment of expenses of operating buildings
- Cleaning and Domestic Supplies
- Grounds maintenance costs
- Premises Insurance
- Contribution to premises - related provisions.

3 Transport: This group includes all costs associated with the provision, hire or use of transport, including travelling allowances and home to school transport..

Direct Transport costs

- Repair and maintenance, running costs and contributions to provisions in respect of vehicles.
- Repairs and maintenance of (e.g.) roads included in this heading, but should be included in the relevant subjective headings (such as staff costs, supplies and services etc),

- This could include the write-off in the year of any assets not deemed material by the authority's capital accounting policies i.e. below de minimis thresholds set).
 - Contract hire and operating leases
 - Public Transport
 - Staff Travelling expenses
 - Car allowances
 - Contribution to transport related provisions
- 4** Supplies and Services: This group includes all direct supplies and service expenditure to the authority.
- Equipment, furniture and materials
 - Catering Services
 - Communications and computing includes expenses
 - Grants and subscriptions
 - Private Finance Initiatives and Public Private Partnership schemes.
 - Contributions to provisions
 - Miscellaneous expenses
- 5** Third Party Payments: Independent units within the council; included services defined as category (a) to (e) in Appendix D of BVACOP
- Joint Authorities
 - Other Local authorities
 - Health authorities
 - Government departments
 - Voluntary associations
 - Other establishments
 - Private contractors
 - Other agencies
 - Debit resulting from soft loans
- 6** Transfer Payments: This includes the cost of payments to individuals for which no goods or services are received in return by the local authority. Four sub-groups are suggested: However, this list is not exhaustive.
- Schoolchildren and students
 - Adult Social Services clients
 - Housing benefits
 - Debit resulting from soft loans
- 7** Support Services: Charges for services that support the provision of services to the public.
- Finance
 - IT

- Human Resources
- Property Management /Office Accommodation
- Legal services (not included in the definition of Corporate and democratic Core)
- Procurement Services
- Corporate Services not included in the definition of Corporate and democratic Core)
- Transport Functions

8 Depreciation and Impairment losses: This provides the subjective analysis that will record the revenue impact of capital items in the services revenue accounts for the authority,

9 Income: This group included all income received by the services from external users or by way of charges or recharges to internal users.

Government Grants

- Specific and special government grants

Other Reimbursements and contributions

- Revenue Income received to finance a function/project jointly or severally undertaken with other bodies.
- Contributions from other local authorities.
- Value of costs recharged to outside bodies including other committees.

Customer and Client Receipts

- Sales products or materials, data technology or surplus products.
- Fee and charges for services, use of facilities, admissions and lettings
- Rents, tithes, acknowledgements. way leaves and other land and property-based charges of a non-casual user.

Interest

Recharges

- Value of costs recharged to internal users

Reserves

- All credits resulting from soft loans should be included in this subjective (as a corporate entry).

Risk Analysis for General Fund

- 1 The Council's draft budget for 2016/17, has been analysed to identify key areas of risk. Costs that are regarded as fixed have been disregarded along with Schools' budgets.

	£m
Employees	90.8
Premises Related Expenditure	8.4
Transport Related Expenditure	14.6
Supplies and Services	38.3
Third Party Payments	81.4
Transfer Payments	104.1
Support Services	30.4
Depreciation and Impairment Costs	12.5
Cost of Borrowing	13.3
Pension Fund	4.2
Contingency	1.5
Corporate Provisions	4.9
Incomes	
Government Grants	103.2
Other Grants, Reimbursements and Contributions	22.6
Customer and Client Receipts	60.9
Interest	2.5
Recharges	28.5
Balances	0.2
Asset Rentals: Depreciation & Impairment	12.5
Overall Total	634.8

2. In addition the savings proposals for 2016-20 have been assessed in terms of deliverable risk. The level of deliverable risk is:

Risk Rating	New 2016/17 £000	New 2017/18 £000	New 2018/19 £000	Previous 2016-20 £000	Total 2016/20 £000
Low	0	1,238	788	6,414	8,440
Medium	0	2,269	1,221	8,692	12,182
High	200	350	1,446	6,937	8,933
Total	200	3,857	3,455	22,043	29,555

3. Using the data available the levels of risk for the key areas have been assessed as shown in the following table:

	£m	Min %	Mid %	Max %
Employees	90.8	0.25	0.50	0.75
Premises Related Expenditure	8.4	1.50	2.50	3.50
Transport Related Expenditure	14.6	2.00	3.00	4.00
Supplies and Services	38.3	1.50	2.50	3.50
Third Party Payments	81.4	3.50	5.50	7.50
Transfer Payments	104.1	3.00	4.00	5.00
Incomes				
Government Grants	103.2	1.00	2.00	3.00
Other Grants, Reimbursements and Contributions	22.6	1.00	2.00	3.00
Customer and Client Receipts	60.9	1.50	2.50	3.50
Savings				
Low Deliverability Risk	8.4	1.50		
Medium Deliverability Risk	12.2		3.00	
High Deliverability Risk	8.9			7.50
Safety Net Threshold	2.5	100.00	100.00	100.00

4. Applying the risk levels in the table above produces the following level of addressed risk:

	£m	Min £m	Mid £m	Max £m
Employees	90.8	0.23	0.45	0.68
Premises Related Expenditure	8.4	0.13	0.21	0.29
Transport Related Expenditure	14.6	0.29	0.44	0.58
Supplies and Services - DSG	38.3	0.57	0.96	1.34
Third Party Payments	81.4	2.85	4.48	6.11
Transfer Payments	104.1	3.12	4.16	5.21
Incomes				
Government Grants	103.2	1.03	2.06	3.10
Other Grants, Reimbursements and Contributions	22.6	0.23	0.45	0.68
Customer and Client Receipts	60.9	0.91	1.52	2.13
Savings				
Low Deliverability Risk	8.4	0.13		
Medium Deliverability Risk	12.2		0.37	
High Deliverability Risk	8.9			0.67
Safety Net Threshold	2.5	2.50	2.50	2.50
Total		12.01	17.59	23.29

Equality Analysis



What are the proposals being assessed?	Proposed budget savings CH54, CH58 and CH59 – staff reductions
Which Department/ Division has the responsibility for this?	Community and Housing, Adult Social Care

Stage 1: Overview	
Name and job title of lead officer	Andy Ottaway-Searle, Head of Direct Provision
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria Page 102 c)	<p>To deliver required savings and to mitigate the impact through changed processes and structures.</p> <p>The aim and desired outcome of the proposal is to achieve the proposed budget savings in a way that the service continues to meet its statutory duties and minimises adverse impact on service users, taking in to account previous budget savings and the cumulative effect on service delivery. The Adult Social Care Target Operating Model (TOM) is committed to service transformation, through efficient processes, through promoting the independence of individuals and reducing reliance on council funded services, and through utilising the approach around the Use of Resources Framework of Prevention; Recovery; Long term support; Process; Partnership; and Contributions.</p> <p>However, there could be reduced / delayed services and it may lead to increased waiting times for service users, reduced capacity to monitor quality within provider services, and reduced capacity to undertake assessments and reviews which would have a direct implication on the ability to effectively promote independence. The Adult Social Care TOM commitment to flexible and mobile working and to improve assessment and care management processes should enable any risks to be partly mitigated.</p>
2. How does this contribute to the council's corporate priorities?	The Adult Social Care Service plan and TOM contribute to the council's overall priorities and will ensure that the savings targets are achieved in line with the corporate Business Plan and the Medium Term Financial Strategy. It is also in line with the July principles, adopted in 2011 by councillors, which sets out guiding strategic priorities and principles, where the order of priority services should be to continue to provide everything which is statutory and maintain services, within limits, to the vulnerable and elderly, with the council being an enabler, working with partners to provide services.
3. Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.	Staff, service users, carers, partners and providers will, or may, be affected.
4. Is the responsibility shared with	HR input will be required.

another department, authority or organisation? If so, who are the partners and who has overall responsibility?

Stage 2: Collecting evidence/ data

5. What evidence have you considered as part of this assessment?

Staffing structure – 338.97 full time equivalent staff budgeted for 2016/17 – this includes all adult social care staff, including residential homes and day centres.

Current service users - at the end of 2014/15 there were 4,095 service users receiving long term support with other service users receiving temporary support. Service users include older people, people with physical disabilities, learning disabilities and mental health issues. We consider trends from data about our service users. For example trend data shows that we have continued to meet our statutory responsibilities whilst slightly reducing both overall numbers of service users and the overall level of support packages being received, through following a promoting independence approach.

Feedback from the consultation exercise – between 23 October until 7 December 2015 a consultation exercise was undertaken to get the views of those of those people affected by all of the adult social care savings proposals for 2016/17. A detailed report with the feedback from the consultation has been produced and submitted for consideration, in conjunction with this EA, at Healthier Communities and Older People scrutiny on 12 January 2016 and Cabinet on 15 February 2016. Two staff consultation events were held with 83 staff attending. Feedback was also received from service users in response to the consultation, with 129 responses to the questionnaire.

National context – benchmarking data, National Audit Office 'Adult Social Care in England: Overview', Barker Commission 'The Future of Health and Social Care in England' (initiated by the Kings Fund) and Local Government Association 'Adult Social Care Efficiency Programme'. Best practice research and reports with ADASS and other national and government groups. Benchmarking data shows that overall Merton spends less per head on adult social care than the average for its comparator groups, and has a more targeted service on fewer people than average. Further information is available in Appendix 1 of the consultation report referred to above.

Operational level – process review of Assessment and Hospital teams undertaken and high level costed customer journey mapping undertaken in 2015, showing potential for efficiencies. The ASC TOM takes account of the potential increase in service demand, with an emphasis on strengthening preventative services including initial contact / triaging of service users, signposting and referring service users to other agencies. Performance data for our commissioned and in-house services including contract monitoring reports and demographic data. The functionality of Mosaic (replacement social care IT system) and the expected benefits of the flexible working programme. The Joint Strategic Needs Assessment (www.merton.gov.uk/health-social-care/publichealth/jsna) and the Local Account (www.merton.gov.uk/health-social-care/adult-social-care/asc-plans-performance/asc-performance).

Stage 3: Assessing impact and analysis

6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age		✓	✓		The consultation has identified that staff and service users have concerns and anxieties about the proposal – see the consultation report for full details. There is a potential impact on staff some of whom are from designated equality groups. There is potentially a negative impact on the health and wellbeing of service users and carers if the alternatives put in place do not fully meet assessed eligible needs.
Disability		✓	✓		As above.
Gender Reassignment		✓		✓	N/A
Marriage and Civil Partnership		✓		✓	N/A
Pregnancy and Maternity		✓		✓	N/A
Race		✓	✓		As above.
Religion/ belief		✓		✓	N/A
Sex (Gender)		✓	✓		More women will be affected by the proposed savings.
Sexual orientation		✓		✓	N/A
Socio-economic status		✓	✓		As per the Age category.

7. Equality Analysis Improvement Action Plan template – Making adjustments for negative impact

Negative impact / gap in information identified in the Equality Analysis	Some staff will be made redundant. Officers initially identified that there could be a chance that some service users may feel the alternative service does not meet their needs, and that some service users will experience a reduced level of service. The consultation has identified other areas where service users feel there will be a negative impact (see consultation report for full details).
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<p>Action required to mitigate</p>	<p>The outcome of the EA has identified some potential for negative impact and it may not be possible to mitigate this fully. However, the following actions will be put in place.</p> <p>Clear communication will be undertaken with staff. The proposed staffing structure is currently out to consultation with staff. The Framework for Managing Organisational Change will be followed. This will ensure the fair treatment of staff. Compulsory redundancies will be mitigated via inviting staff to apply for voluntary severance and examining non-staffing cost reductions and the use of non-core staff e.g. agency staff, where appropriate. The service has not been filling posts on a substantive basis for many months in order to minimise redundancies for existing staff. Every effort will be made to redeploy displaced staff to suitable alternative positions in the council. Staff will receive individual HR support for this. Where required competitive interviews will be held as the method for implementing redundancy selection. Support for staff engaged in competitive interviews will be offered via job application and interview skills training via staff development. By June 2016.</p> <p>It is intended that the new proposed structure, combined with changed processes, will lead to greater efficiencies.</p> <p>The implementation of Mosaic, the replacement social care IT system, is designed to make data inputting easier and reduce inputting time, to enable continued efficiency savings. Improving service delivery by reducing administration tasks, allowing staff to focus on service delivery. By April 2016.</p> <p>The flexible working programme will enable staff to work more productively and exploit technology to improve service delivery. Ongoing.</p> <p>Merton Council has an established working relationship with the voluntary sector in providing a range of services on behalf of the council. Therefore, it is expected that through the Ageing Well grant, the voluntary sector will be able to provide suitable alternatives in many cases. Regular review meetings will be in place to monitor service provision to ensure the potential for any negative impact has been removed. On-going.</p> <p>Customer satisfaction will continue to be monitored annually to ensure the current satisfaction levels for 2013/14 and 2014/15 of 63.3% are maintained and where possible improved.</p>
<p>How will you know this is achieved? e.g. performance measure / target</p>	<p>Revised staffing structure and service delivery model. National performance indicators (ASCOF) and local performance monitoring. Examples are waiting times for assessment following first contact, how long assessments take to be completed, how often service users have their support plans reviewed, and activity levels of and within teams.</p>
<p>By when</p>	<p>June 2016</p>
<p>Existing or additional resources?</p>	<p>Existing</p>
<p>Lead Officer</p>	<p>Andy Ottaway-Searle, Head of Direct Provision</p>
<p>Action added to divisional / team plan?</p>	<p>Included in the Adult Social care re-design programme</p>

Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.

Stage 4: Conclusion of the Equality Analysis

8. Which of the following statements best describe the outcome of the EA (Tick one box only)

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Please refer to the guidance for carrying out Equality Impact Assessments is available on the intranet for further information about these outcomes and what they mean for your proposal

OUTCOME 1

The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed. No changes are required.

OUTCOME 2

The EA has identified adjustments to remove negative impact or to better promote equality. Actions you propose to take to do this should be included in the Action Plan.

OUTCOME 3

The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully.

OUTCOME 4

The EA shows actual or potential unlawful discrimination. Stop and rethink your proposals.

Stage 5: Sign off by Director/ Head of Service

Assessment completed by	Andy Ottaway-Searle, Head of Direct Provision	Signature: Andy Ottaway-Searle, Head of Direct Provision	Date: 22.12.15
Improvement action plan signed off by Director/ Head of Service	Simon Williams, Director of Community and Housing	Signature: Simon Williams	Date: 29.12.15

Equality Analysis

What are the proposals being assessed?	Proposed budget saving CH60 – Decommission the South Thames Crossroads Caring for Carers contract
Which Department/ Division has the responsibility for this?	Community and Housing, Adult Social Care

Stage 1: Overview	
Name and job title of lead officer	Andy Ottaway-Searle, Head of Direct Provision
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	The aim and desired outcome of the proposal is to achieve the required budget savings in a way that the service continues to meet its statutory duties and minimises adverse impact on service users, taking in to account previous budget savings and the cumulative effect on service delivery. It is intended to do this using an approach which promotes independence and reduces reliance on council funded services, utilising the approach around the Use of Resources Framework of Prevention; Recovery; Long term support; Process; Partnership; and Contributions. This proposal supports the Adult Social Care commissioning and procurement plan and the Target Operating Model (TOM) commitment of service transformation, by decommissioning the South Thames Crossroads Caring for Carers contract and providing an alternative service through domiciliary care services, Direct payments and commissioned holistic carers and support from the voluntary sector.
2. How does this contribute to the council's corporate priorities?	The Adult Social Care Service plan and TOM contribute to the council's overall priorities and will ensure that the savings targets are achieved in line with the corporate Business Plan and the Medium Term Financial Strategy. It is also in line with the July principles, adopted in 2011 by councillors, which sets out guiding strategic priorities and principles, where the order of priority services should be to continue to provide everything which is statutory and maintain services, within limits, to the vulnerable and elderly, with the council being an enabler, working with partners to provide services.
3. Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.	Service users and carers. The external provider South Thames Crossroads and its staff.
4. Is the responsibility shared with another department, authority or organisation? If so, who are the partners and who has overall responsibility?	N/A

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Stage 2: Collecting evidence/ data

5. What evidence have you considered as part of this assessment?

Provide details of the information you have reviewed to determine the impact your proposal would have on the protected characteristics (equality groups).

Current service users - there are currently 72 service users, aged between 22 and 97 years of age. The ethnicity data shows 49% White British (35) and the rest of the service users from Asian British - Indian (3), Asian / British – Pakistani (8), Asian / British – other Asian (2), Black / British – African (2), Black / British – Caribbean (9), Black / British – other black (2), Mixed White / Asian (1), Mixed White / Black Caribbean (1), other ethnic group (3), White other (5), White Irish (1) backgrounds.

Feedback from the consultation exercise – between 23 October until 7 December 2015 a consultation exercise was undertaken to get the views of those people affected by all of the adult social care savings proposals. A detailed report with the feedback from the consultation has been produced and submitted for consideration, in conjunction with this EA, at Healthier Communities and Older People Scrutiny on 12 January 2016 and Cabinet on 15 February 2016. Specific feedback was received from the current service provider of the contract, seven individual open responses via email and letter from service users and also through targeted focus groups.

National context – the National Carers Strategy of 2008 sets out the national vision for recognising and valuing carers with support tailored to meet individuals' needs. National policy has focused on increasing choice for all adult social care users, including carers. The current Merton service is a one size fits all policy with very limited degrees of choice. The current service delivery model is not mandatory, however the council has a duty to offer support to eligible carers and to work towards achieving the national vision. The 2011 census revealed that there were approximately 5.8 million people providing unpaid care in England and Wales - just over one tenth of the population (ONS 2013).

Operational level – the carers assessments for the current service users, the estimated number of carers in Merton (approximately 17,000, with nearly 600 known young carers), the cost of the service, monitoring reports from South Thames Crossroads (quarterly with details of support provided by customer group (older people, mental health and all other adults), ethnicity, age and gender) and reviewing actual and potential alternative ways to support carers e.g. personal budgets and the holistic carers support service from the voluntary sector.

Stage 3: Assessing impact and analysis

6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age		✓	✓		The consultation has identified that service users have concerns and anxieties about the proposal – see the consultation report for full details. There is a potentially negative impact if alternatives do not fully meet needs.
Disability		✓	✓		As above.
Gender Reassignment		✓		✓	N/A
Marriage and Civil Partnership		✓		✓	N/A
Pregnancy and Maternity		✓		✓	N/A
Race		✓		✓	N/A
Religion/ belief		✓		✓	N/A
Sex (Gender)		✓		✓	N/A
Sexual orientation		✓		✓	N/A
Socio-economic status		✓	✓		As above.

7. Equality Analysis Improvement Action Plan template – Making adjustments for negative impact

Negative impact / gap in information identified in the Equality Analysis	Officers initially identified that there could be a chance that some service users may feel the alternative service does not meet their needs, and that some service users will experience a reduced level of service. The consultation has identified other areas where service users feel there will be a negative impact (see consultation report for full details).
Action required to mitigate	<p>The outcome of the EA has identified some potential for negative impact and it may not be possible to mitigate this fully. However, the following actions will be put in place.</p> <p>Clear communication will be undertaken and all proposed changes to carers support will be subject to a review / re-assessment process which is based on individual need and will be reviewed before the current contract ends. Where carers are assessed as requiring a service they will receive personalised support including personal budgets with which they can choose the service that best meets their needs. Carers will be supported with</p>

	<p>breaks where appropriate, with a domiciliary care service, direct payment or a holistic carers support service from the voluntary sector. The voluntary sector and community groups have been invited to apply for a grant under our Ageing Well programme. By March 2016.</p> <p>Merton Council has an established working relationship with the voluntary sector in providing a range of services on behalf of the council. Therefore, it is expected that through the Ageing Well grant, the voluntary sector will be able to provide suitable alternatives in many cases. Regular review meetings will be in place to monitor service provision to ensure the potential for any negative impact has been removed. On-going.</p> <p>Training for staff on outcome based support planning. By March 2016.</p> <p>Continued fair allocation of resources via resource panels. On-going.</p> <p>Customer satisfaction will continue to be monitored annually to ensure the current satisfaction levels for 2013/14 and 2014/15 of 63.3% are maintained and where possible improved.</p>
How will you know this is achieved? e.g. performance measure / target	Local performance monitoring of alternative service take-up and effectiveness. Implementation of Ageing Well programme.
By when	March 2017
Existing or additional resources?	Existing
Lead Officer	Andy Ottaway-Searle
Action added to divisional / team plan?	Included in the Adult Social care re-design programme.

Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.

Stage 4: Conclusion of the Equality Analysis

8. Which of the following statements best describe the outcome of the EA (Tick one box only)

OUTCOME 1

The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed. No changes are required.

OUTCOME 2

The EA has identified adjustments to remove negative impact or to better promote equality. Actions you propose to take to do this should be included in the Action Plan.

OUTCOME 3

The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully.

OUTCOME 4

The EA shows actual or potential unlawful discrimination. Stop and rethink your proposals.

Stage 5: Sign off by Director/ Head of Service

Assessment completed by	Andy Ottaway-Searle, Head of Direct Provision	Signature: Andy Ottaway-Searle	Date: 22.12.15
Improvement action plan signed off by Director/ Head of Service	Simon Williams, Director of Community and Housing	Signature: Simon Williams	Date: 29.12.15

Equality Analysis

What are the proposals being assessed?	Proposed budget saving CH61 – Decommission the Sodexo Meals on Wheels contract
Which Department/ Division has the responsibility for this?	Community and Housing, Adult Social Care

Stage 1: Overview	
Name and job title of lead officer	Andy Ottaway-Searle, Head of Direct Provision
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	The aim and desired outcome is to achieve the proposed budget savings in a way that the service continues to meet its statutory duties and minimises adverse impact on service users, taking in to account previous budget savings and the cumulative effect on service delivery. It is intended to do this using an approach which promotes independence and reduces reliance on council funded services, utilising the approach around the Use of Resources Framework of Prevention; Recovery; Long term support; Process; Partnership; and Contributions. This proposal supports the Adult Social Care commissioning and procurement plan and the Target Operating Model (TOM) commitment of service transformation, by providing an alternative service through embedding support within the community, neighbourhood and voluntary support infrastructure.
2. How does this contribute to the council's corporate priorities?	The Adult Social Care Service plan and TOM contribute to the council's overall priorities and will ensure that the savings targets are achieved in line with the corporate Business Plan and the Medium Term Financial Strategy. It is also in line with the July principles, adopted in 2011 by councillors, which sets out guiding strategic priorities and principles, where the order of priority services should be to continue to provide everything which is statutory and maintain services, within limits, to the vulnerable and elderly, with the council being an enabler, working with partners to provide services.
3. Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.	Service users. Carers. External provider Sodexo and its staff.
4. Is the responsibility shared with another department, authority or organisation? If so, who are the partners and who has overall responsibility?	N/A

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Stage 2: Collecting evidence/ data

5. What evidence have you considered as part of this assessment?

Provide details of the information you have reviewed to determine the impact your proposal would have on the protected characteristics (equality groups).

Current service users – for the meals on wheels service, current figures show there are 177 users, ranging in age from 50 – 103 years old. The ethnicity data shows 75% White British (132) and the rest of the service users from Asian British – Indian (5), Asian / British – other Asian (4), Black / British – African (3), Black / British – Caribbean (6), Black / British – other black (1), Chinese (1), other ethnic group (5), White other (8), White Irish (4) backgrounds and Declined to say or no data recorded (8).

Feedback from the consultation exercise – between 23 October until 7 December 2015 a consultation exercise was undertaken to get the views of those people affected by all of the adult social care savings proposals for 2016/17. A detailed report with the feedback from the consultation has been produced and submitted for consideration, in conjunction with this EA, at Healthier Communities and Older People Scrutiny on 12 January 2016 and Cabinet on 15 February 2016. Specific feedback was received from the current service provider of the meals on wheels contract, 18 individual open responses via email and letter from, or on behalf of, meals on wheels service users and also through targeted focus groups.

Operational context – there is no statutory requirement for the council to provide a meal delivery service. Access to prepared meals is widely available through specialist providers, supermarkets and local shops and telephone and internet access has enabled telephone and on-line ordering enabling service users to access meals themselves or via their own support network. However, support will continue to be provided for those that need help to order prepared meals and those that need help in heating and eating a prepared meal. Many other councils have decommissioned the meals on wheels service.

Operational level – quarterly monitoring reports from Sodexo, with number of meals delivered and type of food e.g. kosher, halal etc. and includes details of any complaints (non delivery, quality of meal etc.).

Stage 3: Assessing impact and analysis

6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age		✓	✓		The consultation has identified that service users have concerns and anxieties about the proposal – see the consultation report for full details. There may be a negative impact on the health and wellbeing of service users if the alternatives do not fully meet assessed needs.
Disability		✓	✓		As above.
Gender Reassignment		✓		✓	N/A
Marriage and Civil Partnership		✓		✓	N/A
Pregnancy and Maternity		✓		✓	N/A
Race		✓		✓	N/A
Religion/ belief		✓		✓	N/A
Sex (Gender)		✓		✓	N/A
Sexual orientation		✓		✓	N/A
Socio-economic status		✓	✓		As above.

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Equality Analysis Improvement Action Plan template – Making adjustments for negative impact

This action plan should be completed after the analysis and should outline action(s) to be taken to mitigate the potential negative impact identified (expanding on information provided in Section 7 above).

Negative impact / gap in information identified in the Equality Analysis	Officers initially identified that there could be a chance that some service users may feel the alternative service does not meet their needs, and that some service users will experience a reduced level of service. The consultation has identified other areas where service users feel there will be a negative impact (see consultation report for full details).
Action required to mitigate	<p>The outcome of the EA has identified some potential for negative impact and it may not be possible to mitigate this fully. However, the following actions will be put in place.</p> <p>Clear communication will be undertaken and all current recipients of meals on wheels will be contacted to review their eligible needs and identify how their needs will be met under the new model of service provision, through a range of options including working with the voluntary sector and community groups, ensuring service users who need help to order prepared meals and those that need help in feeding themselves will continue to receive support. By July 2016.</p> <p>Alternative ways of accessing prepared meals or accessing telephone / online prepared meal delivery services will be publicised to service users. Merton Council has an established working relationship with the voluntary sector in providing a range of services on behalf of the council. Therefore, it is expected that through the Ageing</p>

	Well grant, the voluntary sector will be able to provide suitable alternatives in many cases. Regular review meetings will be in place to monitor service provision to ensure the potential for any negative impact has been removed. On-going.
	Customer satisfaction will continue to be monitored annually to ensure the current satisfaction levels for 2013/14 and 2014/15 of 63.3% are maintained and where possible improved.
How will you know this is achieved? e.g. performance measure / target	Implementation of the Ageing Well programme. Local performance monitoring of alternative service take-up and effectiveness.
By when	July 2016
Existing or additional resources?	Existing
Lead Officer	Andy Ottaway-Searle
Action added to divisional / team plan?	N/A

Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.

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Stage 4: Conclusion of the Equality Analysis

8. Which of the following statements best describe the outcome of the EA (Tick one box only)

OUTCOME 1

The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed. No changes are required.

OUTCOME 2

The EA has identified adjustments to remove negative impact or to better promote equality. Actions you propose to take to do this should be included in the Action Plan.

OUTCOME 3

The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully.

OUTCOME 4

The EA shows actual or potential unlawful discrimination. Stop and rethink your proposals.

Stage 5: Sign off by Director/ Head of Service

Stage 5: Sign off by Director/ Head of Service			
Assessment completed by	Andy Ottaway-Searle, Head of Direct Provision	Signature: Andy Ottaway-Searle	Date: 22.12.15
Improvement action plan signed off by Director/ Head of Service	Simon Williams, Director of Community and Housing	Signature: Simon Williams	Date: 29.12.15

Equality Analysis

What are the proposals being assessed?	Budget saving CH63 – Decommission the Imagine Independence service and re-commission peer led day opportunities for people with mental health
Which Department/ Division has the responsibility for this?	Community and Housing, Adult Social Care

Stage 1: Overview	
Name and job title of lead officer	Andy Ottaway-Searle, Head of Direct Provision
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	The aim and desired outcome of the proposal is to achieve the required budget savings in a way that the service continues to meet its statutory duties and minimises adverse impact on service users, taking in to account previous budget savings and the cumulative effect on service delivery. It is intended to do this using an approach which promotes the independence of individuals and reduces reliance on council funded services, utilising the approach around the Use of Resources Framework of Prevention; Recovery; Long term support; Process; Partnership; and Contributions. This proposal supports the Adult Social Care commissioning and procurement plan and the Target Operating Model (TOM) commitment of service transformation, by providing an alternative service through the voluntary sector.
2. How does this contribute to the council's corporate priorities?	The Adult Social Care Service plan and TOM contribute to the council's overall priorities and will ensure that the savings targets are achieved in line with the corporate Business Plan and the Medium Term Financial Strategy. It is also in line with the July principles, adopted in 2011 by councillors, which sets out guiding strategic priorities and principles, where the order of priority services should be to continue to provide everything which is statutory and maintain services, within limits, to the vulnerable and elderly, with the council being an enabler, working with partners to provide services.
3. Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.	Service users. Carers. External provider Imagine and its staff.
4. Is the responsibility shared with another department, authority or organisation? If so, who are the partners and who has overall responsibility?	N/A

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Stage 2: Collecting evidence/ data

5. What evidence have you considered as part of this assessment?

Current service users - there are currently approximately 165 service users, for advocacy, employment support, peer support and social inclusion. The service users are vulnerable adults aged 18+, many with mental health issues.

Feedback from the consultation exercise – between 23 October until 7 December 2015 a consultation exercise was undertaken to get the views of those of those people affected by all of the adult social care savings proposals for 2016/17. A detailed report with the feedback from the consultation has been produced and submitted for consideration, in conjunction with this EA, at Healthier Communities and Older People Scrutiny on 12 January 2016 and Cabinet on 15 February 2016. Specific feedback was received from the current service provider of the contract, three individual open responses via email and letter from service users and also through targeted focus groups.

National context – research in to the best way of delivering Peer led support.

Operational level – new research and evidence in the Adult Mental Health Needs Assessment as part of the Joint Strategic Needs Assessment (www.merton.gov.uk/health-social-care/publichealth/jsna) and quarterly monitoring reports from Imagine Independence, detailing a summary of services received e.g. advocacy and number of active and new service users and those that have left the service, details of which organisations referred the service user and service users ethnicity, gender and age.

Stage 3: Assessing impact and analysis

6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age		✓		✓	N/A
Disability		✓	✓		The consultation has identified that service users have concerns and anxieties about the proposal – see the consultation report for full details. There is potentially a negative impact on the health and wellbeing of service users and carers if the alternatives put in place do not fully meet assessed eligible needs.
Gender Reassignment		✓		✓	N/A

Marriage and Civil Partnership		✓		✓	N/A
Pregnancy and Maternity		✓		✓	N/A
Race		✓		✓	N/A
Religion/ belief		✓		✓	N/A
Sex (Gender)		✓		✓	N/A
Sexual orientation		✓		✓	N/A
Socio-economic status		✓	✓		As above.

7. Equality Analysis Improvement Action Plan template – Making adjustments for negative impact

Negative impact / gap in information identified in the Equality Analysis	Officers initially identified that there could be a chance that some service users may feel the alternative service does not meet their needs, and that some service users will experience a reduced level of service. The consultation has identified other areas where service users feel there will be a negative impact (see consultation report for full details).
Action required to mitigate	<p>The outcome of the EA has identified some potential for negative impact and it may not be possible to mitigate this fully. However, the following actions will be put in place.</p> <p>Work is on-going to finalise the research in to best practice on peer led support and developing the pilot programmes, due to be implemented with effect from April 2016. On-going.</p> <p>Clear communication will be undertaken and all current service users will be contacted to review their needs and identify how their needs will be met under the new model of service provision through a range of options, including working with the voluntary sector and community groups. By March 2016.</p> <p>Merton Council has an established working relationship with the voluntary sector in providing a range of services on behalf of the council. Therefore, ASC will work with the wider voluntary sector to find opportunities for a more generic offer e.g. advocacy, information and advice. Regular review meetings will be in place to monitor service provision to ensure the potential for any negative impact has been removed. On-going.</p> <p>ASC will continue to work closely with the Housing Needs team to ensure the range of accommodation for people with mental health needs should be addressed building on recommendations from the review in 2015. On-going.</p> <p>Customer satisfaction will continue to be monitored annually to ensure the current satisfaction levels for 2013/14 and 2014/15 of 63.3% are maintained and where possible improved.</p>
How will you know this is achieved? e.g. performance measure / target	New service commissioned. Local performance monitoring of alternative service take-up.
By when	March 2016

Existing or additional resources?	Existing
Lead Officer	Andy Ottaway-Searle
Action added to divisional / team plan?	Included in the Adult Social care re-design programme

Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.

Stage 4: Conclusion of the Equality Analysis

8. Which of the following statements best describe the outcome of the EA (Tick one box only)

OUTCOME 1

The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed. No changes are required.

OUTCOME 2

The EA has identified adjustments to remove negative impact or to better promote equality. Actions you propose to take to do this should be included in the Action Plan.

OUTCOME 3

The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully.

OUTCOME 4

The EA shows actual or potential unlawful discrimination. Stop and rethink your proposals.

Stage 5: Sign off by Director/ Head of Service

Assessment completed by	Andy Ottaway-Searle, Head of Direct Provision	Signature: Andy Ottaway-Searle	Date: 22.12.15
Improvement action plan signed off by Director/ Head of Service	Simon Williams, Director of Community and Housing	Signature: Simon Williams	Date: 29.12.15