

Date: 9 March 2015

Subject: Financial Report 2014/15 – January 2015

Lead officer: Paul Dale

Lead member: Mark Allison

Urgent report:

Reason for urgency: The chair has approved the submission of this report as a matter of urgency as it provides the latest available monitoring information for 2014/15. This requires consideration as it has implications for current and future years' budget monitoring and management

Recommendations:

- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £4.205million, 2.6% of the net budget, at month 10. This is a reduction of £393k from last month.
- B. That Cabinet note the Virements contained in Appendix 5b and note the movement of budget from the capital inflation contingency in paragraph 4.2.2 encompassed within the Capital Strategy 2015-19 as presented to Council on 4 March 2015.
- C That Cabinet authorise the Director of Corporate Services in consultation with the Cabinet Member for Education and the Deputy Leader and Cabinet Member for Finance, to settle the outstanding issues with schools on the PFI scheme on the basis outlined in this report

PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the regular financial monitoring report for 2014/15 presented to LSG in line with the financial reporting timetable. It is based on expenditure and income as at 31st January 2015.

This financial monitoring report provides:-

- The latest budgetary control information on revenue expenditure and income, forecasting a year end overspend of £4.205 (last month £4.598m);
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2014/15;

2. 2014/15 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

2.1 **Executive summary** – At period 10 to 31st January 2015 the forecast is expected to be a net £4.205m overspend compared to the current budget.

	Current Budget 2014/15 £000s	Full Year Forecast (Jan) £000s	Forecast Variance at year end (Jan) £000s	Forecast Variance at year end (Dec) £000s	Outturn variance 2013/14 £000s
Department					
3A. Corporate Services	13,813	13,778	(35)	190	(732)
3B. Children, Schools and Families	49,330	52,111	2,781	2,962	556
3C. Community and Housing	62,132	64,078	1,946	1,930	(1,122)
3D. Public Health	1,440	1,441	0	0	0
3E. Environment & Regeneration	24,889	26,195	1,306	1,171	(576)
Overheads	0	0	0	0	55
NET SERVICE EXPENDITURE	151,605	157,603	5,998	6,253	(1,820)
3E. Corporate Items					
Impact of Capital on revenue budget	14,103	14,103	0	0	0
Central budgets	(4,097)	(5,890)	(1,793)	(1,655)	2,429
Levies	931	931	0	0	0
TOTAL CORPORATE PROVISIONS	10,937	9,144	(1,793)	(1,655)	2,429
TOTAL GENERAL FUND	162,542	166,747	4,205	4,598	610
FUNDING					
Revenue Support Grant	(39,738)	(39,738)	0	0	(249)
Business Rates	(33,253)	(33,253)	0	0	0
Other Grants	(9,972)	(10,053)	(81)	(81)	(359)
Council Tax and Collection Fund	(79,578)	(79,578)	0	0	0
FUNDING	(162,543)	(162,622)	(81)	(81)	(610)

It should be noted that C&H and CSF have netted down the forecast overspend by £915k of one-off

Public Health money. This reduces the overall overspend from £5.120m to £4.205 reported.

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

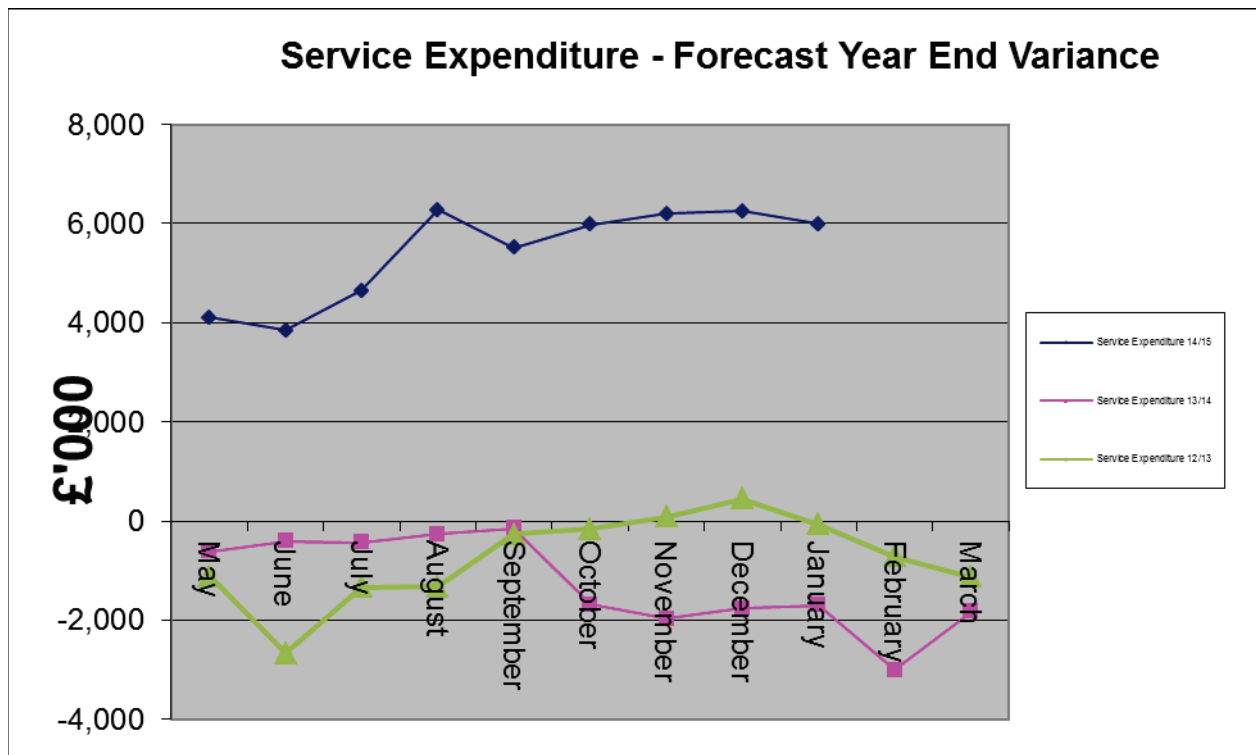
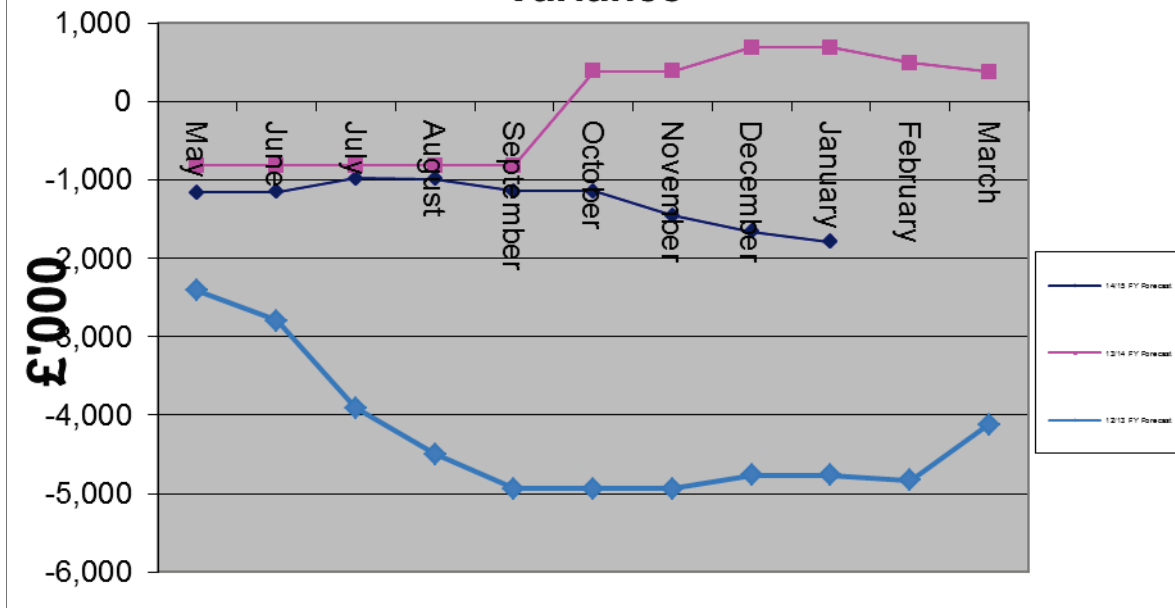


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against both 2013/14 and 2012/13.

Corporate Provisions - Year End Forecast Variance



Subjective analysis at 31th January 2015

	Current Budget 2014/15	Full Year Forecast (Jan)	Forecast Variance at year end (Jan)	Forecast Variance at year end (Dec)	Outturn variance 2013/14
Expenditure	£000	£000	£000	£000	£000
Employees	95,290	96,438	1,148	1,244	275
Premises Related Expenditure	9,155	9,020	(135)	(61)	(891)
Transport Related Expenditure	13,643	15,091	1,448	1,260	20
Supplies and Services	170,435	169,012	(1,423)	(1,493)	1,933
Third Party Payments	85,139	91,604	6,465	6,439	(2,106)
Transfer Payments	108,346	104,964	(3,383)	(3,345)	6,442
Support Services	32,422	32,421	(1)	(2)	1,501
Depreciation and Impairment Losses	15,227	15,226	(1)	(1)	(0)
Corporate Provisions	10,937	9,144	(1,793)	(1,655)	2,429
GROSS EXPENDITURE	540,594	542,920	2,326	2,387	9,603
Income					
Government Grants	(263,957)	(259,893)	4,064	4,174	(6,425)
Other Grants, Reimbursements and Contribs	(24,443)	(26,200)	(1,757)	(1,684)	(2,361)
Customer and Client Receipts	(56,533)	(58,268)	(1,736)	(1,265)	(1,141)
Interest	(44)	(19)	25	25	25
Recharges	(33,020)	(33,019)	1	1	(1,446)
Balances	(55)	1,225	1,281	961	2,352
GROSS INCOME	(378,053)	(376,174)	1,879	2,211	(8,994)
NET EXPENDITURE	162,542	166,747	4,205	4,598	610

DEPARTMENTAL SUMMARY OF CURRENT POSITION

3A Corporate Services Department

	2014/15 Current Budget	Full year Forecast January	Forecast variance at year end January	Forecast variance at year end December	2013/14 Variance
	£000	£000	£000	£000	£000
Business Improvement	3,451	3,373	-78	-77	-32
Infrastructure & Transactions	9,674	9,490	-184	-153	-130
Resources	7,432	7,154	-278	-134	-284
Human Resources	2,547	2,522	-25	18	-46
Corporate Governance	3,229	2,953	-276	-261	-185
Customer Services	2,349	2,245	-104	-57	-752
Corporate Items including redundancy costs	1,272	2,182	910	855	696
Total (controllable)	29,954	29,919	-35	190	-733

Overview

At period 10 (December) the Corporate Services department is forecasting an underspend of £35k. The movement of £225k from last month are increased underspends in Resources, Customer Services and I&T, all explained below.

Business Improvement – forecast underspend £78k

The reason for the underspend is an overachievement of street naming income of £40k and an underspend of more than £60k on some vacant posts in the new systems and development team structure. Recruitment has been underway for several months but has not resulted in appointment.

The underspend is partly offset by a forecast overspend of approx. £40k on support and maintenance contracts. Contracts are being reviewed in line with the procurement plan to identify whether there is scope for reduction in these costs.

Infrastructure and Transactions – forecast underspend £184k

The forecast underspend has increased by £31k from last month to £184k due to vacant posts, reduced first quarter's printing costs and future year savings captured early.

Resources – forecast underspend £278k

The division is forecasting an underspend of £278k. The increase of £143k forecast underspend since last month is due to an £80k underspend on grants in policy and strategy, vacant posts and future year savings being achieved in the current year.

Human Resources – forecast underspend £25k

As reported previously there is a forecast underachievement of schools SLA income of £25k due to the pressure from external providers. There is also £10k pressure in achieving the saving to increase the CRB income target. The overall projected shortfall of £35k is more than offset by underspends elsewhere within the division to leave the net underspend forecast of £25k.

Corporate Governance – forecast underspend £276k

There is a forecast underspend of £125k following the transfer of the Benefits Investigation team to the DWP under the Single Fraud Investigation Service..

There is a projected underspend of approx. £110k on various non salary budgets which are being held as future year savings.

The saving of a FOI/ complaints officer post within the Data Protection team will not be achieved in the current year due to a very high demand on the service. An alternate saving has being identified from various non-salary budgets within the division.

Customer Services – forecast underspend £104k

The Local Welfare Support discretionary scheme continues to underspend in 2014/15. The forecast underspend is circa. £250k. This underspend will be transferred to the local welfare support reserves.

There is a forecast underspend on vacant posts and a forecast overachievement of income in the Registrars office.

The Corporate Communications sponsorship, advertising and filming income target remains an on-going issue and budget pressure with a forecast overspend of £75k.

The Sutton shared bailiffs income target is also a pressure in 14/15 and expected to underachieve. The forecast underachievement of income is £110k.

Corporate items – forecast overspend £910k

The Housing Benefit grant claim (£92.5m) has been audited and identification of a number of errors within testing of claims has resulted in an initial loss of subsidy. £700k of the forecast overspend is for the HB provision.

Severance payments are forecast to overspend by approx. £150k compared to the budget.

There is also a £140k cost relating to CHAS. The audit of the CHAS 2013 Limited has been completed and costs relating to CHAS when it was a trading account have been identified and therefore part of the council.

Management Action

Finance staff will continue to work closely with budget managers to continue to make forecasting more robust.

3B. Children Schools and Families

Children, Schools and Families	2014/15 Current Budget £000	Full year Forecast (Jan) £000	Forecast Variance at year end (Jan) £000	Forecast Variance at year end (Dec) £000	2013/14 Variance at year end £000
Commissioning, Strategy and Performance	7,099	8,488	1,389	1,189	449
Education	16,303	17,335	1,032	1,301	370
Social Care and Youth Inclusion	11,561	12,331	770	882	(268)
Public Health contribution	0	(415)	(415)	(415)	0
PFI	7,724	7,712	(12)	(12)	29
Redundancy costs	2,073	2,090	17	17	(24)
Total (controllable)	44,760	47,541	2,781	2,962	556

Overview

At the end of January Children Schools and Families is forecasting a net overspend of £2.781m on local authority funded services. Along with a 39% increase in birth rate, there are a number of duties placed on the Local Authority which have not been fully funded or not funded at all. These include remand costs, no recourse to public funds (NRPF) and the requirement to support care leavers. This was compounded by the Children and Families Act requirements from September 2014. This has been netted down by one off Public Health money of £415k making the underlying overspend £3.196m, (£3.377m last month) a reduction of £181k.

The department is also facing considerable pressures on staffing costs due to the “social work” market factors. To combat these pressures the department has been taking action to ensure that its services are being accessed through robust and consistent eligibility criteria, that it is procuring services with a strong focus on value for money and that it is working closely with the council’s HR department and E & R to address staffing and transport pressures.

Local Authority Funded Services

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

Description	Budget £000	Jan £000	Dec £000
Fostering and residential placements (ART)	4,169	1,061	858
Supported lodgings/housing	627	420	437
Un-accompanied asylum seeking children (UASC)	346	157	161
Procurement & School organisation	953	(106)	(151)
Legal cost	519	(110)	(110)
Other small over and underspends	485	(33)	(6)
Subtotal Commissioning, Strategy and Performance	7,099	1,389	1,189
SEN Transport	2,778	1,177	1,216
No Recourse to Public Funds (NRPF)	0	66	64
Children with disabilities team (CWD) staffing	537	81	66
Children with disabilities (CWD) personal support	296	104	94
Staffing underspends across education services	1,791	(283)	(268)
Other small over and underspends	10,901	(113)	129
Subtotal Education	16,303	1,032	1,301
Social work staffing costs	2,689	468	491
No Recourse to Public Funds (NRPF)	20	306	308
Supported lodgings/housing	13	187	181
Special guardianship orders (SGO)	442	137	137
Independent review and service quality	487	215	218
Setting up home allowances	90	155	170
Family & Adolescent Services	1,384	(245)	(222)
CAMHS	298	(198)	(188)
Serious case review	75	(66)	(66)
Other small over and underspends	6,063	(189)	(147)
Subtotal Children's Social Care and Youth Inclusion	11,561	770	882
Public Health contribution	0	(415)	(415)
Subtotal PFI	7,724	(12)	(12)
Subtotal Redundancy cost	2,073	17	17
Grand total Children, Schools and Families	44,605	2,781	2,962

Commissioning, Strategy and Performance Division

- While the numbers of Looked After Children (LAC) remain stable, the complexity of a significant proportion of cases is causing the net estimated overspend of £1,061k. This includes on-going pressures in independent agency fostering of £107k, in-house fostering of £319k and residential placements of £754k which is offset by underspends forecast in mother and baby placements of £108k and £11k on secure accommodation costs.
- The budget for semi-independent and supported lodgings/housing placements is estimated to overspend by £420k. This budget is used to finance placements for young people aged 16/17 who require semi-independent provision and for Care Leavers through to

independence or, in some cases, through to the age of 21. There has been an increase in forecast expenditure since April 2014 due to increase in caseload as some young people have now reached 18 and funding for their placement has transferred from the LAC placement into this budget. Because of their specific needs, some young people have also needed to move placements and this has resulted in increased expenditure on those placements.

- The UASC payments are expected to overspend by £157k this year due to an increase in the number of claimants turning 18 which is when central government contribution towards these cases ceases.
- Procurement and school organisation budgets are expected to underspend by £106k as a result of not recruiting to vacancies and a lower spend forecast on revenue budgets.
- The direct charging budgets for the shared legal service are currently forecasting £110k underspend.
- There are various other small over and underspends predicted across the division netting to a £33k underspend. These combine with the items described above to arrive at the total reported divisional overspend forecast of £1.389m.

Education Division

- SEN and FE transport cost are expected to overspend by £1.177m due to the increased complexity of cases and higher than anticipated charges from the service provider. The overspend is split between core routes SLA increase (£301k) and taxi usage (£876k). This is due to more children with challenging behaviour requiring individual transport with accompanying escorts as well as the additional costs of providing cover for transport escorts who are off sick. Work continues to ensure the most cost effective routing for individual young people.
- The No Recourse to Public Funds (NRPF) budgets are forecast to overspend in total by £372k for the current financial year. These overspends are expected across education (£66k) and CSC (£306k). This increase in cost is in response to case law regarding housing families with no recourse to public funds (Zambrano & Clue cases). This is an issue across London.
- The CWD team staffing costs is expected to overspend by £66k. As highlighted in the budget reports to Cabinet and Council, additional capacity is being kept under regular review and funded quarterly from the corporate contingency. This amount equates to two additional social workers. On top of the additional staff, the team also has to cover vacancies with agency staff.
- The Children with Disability section is also forecasting a £104k overspend on personal support budgets due to rising numbers of children with complex needs being supported in this way. These payments often prevent higher cost interventions being required, e.g. residential out of borough care placements.

- As part of management action, where possible, recruitment to vacancies have been delayed to reduce the overall departmental overspend. This is estimated to result in an overall underspend of £283k.
- There are various other small over and underspends predicted across the division netting to a £113k underspend. These combine with the item described above to arrive at the total reported divisional overspend forecast of £1.032m.

Children's Social Care and Youth Inclusion Division

- The green and purple central social work teams and MASH team staffing budgets are expected to overspend by £468k. The teams are in a similar position to the CWD team with regards to six additional social workers kept under review and funded quarterly from corporate contingency. On top of the additional staff, the teams are also required to cover vacancies with agency staff due to difficulty in recruiting permanent members of staff. This cost could fluctuate during the course of the year depending on our ability to recruit permanent members of staff to our vacancies. A £74k retention payment to 37 permanent social workers was agreed to be paid which has been included in the forecast.
- The NRPF budgets are forecast to overspend by £306k in CSC for the current financial year. See second bullet point under education division for details.
- The budget for semi-independent and supported lodgings/housing placements in the 14+ team is expected to overspend by £187k. This is due to a combination of one-off overspend as a result of CareFirst packages that was not accrued for in the previous financial year, and on-going support cost increasing.
- Special guardianship orders (SGOs), adoption allowances and residence orders are estimated to overspend by £137k during the current financial year due to an increase in caseload as well as increased fees resulting from case law.
- The independent review and service quality team is expected to overspend by £215k. This is due to the use of agency staff to cover permanent IRO and manager vacancies. 50% of the posts (6 of 12) in the service are covered by agency staff.
- The setting up home allowances budget is expected to overspend by £155k. This is due to a historic budget shortfall which used to be offset by underspends on supported lodgings which, due to increased statutory requirement, are now also overspending.
- We have been able to fund some elements of core salaries from specific one-off grants. This combined with management action to delay recruitment to vacant posts will result in an underspend of £245k in Family and Adolescent services.
- The Children and Adolescent Mental Health Service (CAMHS) is expecting to underspend by £198k due to vacancies.
- The serious case review budget is expected to underspend by £66k because there has been no need to commission reviews during the current financial year

- There are various other small over and underspends predicted across the division netting to a £189k underspend. These combine with the item described above to arrive at the total reported divisional overspend forecast of £770k.

Dedicated Schools Grant

DSG funded services are expected to underspend by an estimated £499k (£131k last month) in 2014/15. These budgets are not within the council's general fund and any over or underspends cannot be offset against the local authority funded budgets. Any movement at year-end will be added to the DSG reserve and applied after consultation with Schools Forum. Variances between individual subjectives have been shown in the overall departmental subjective analyses.

The post 16 SEN provision is expected to overspend by £613k. The responsibility of these payments transferred to Authorities in 2013/14. The overspend is due to the DfE not providing sufficient funding to cover the cost of Further Education (FE) colleges and Independent Specialist Providers (ISP).

Due to increased cost and numbers of children in Independent Day School provision, this budget is estimated to overspend by £931k. Some of the DSG increase for 2015/16 has been earmarked to cover these two budget pressures in future. This is partially offset by an estimated underspend of £664k in Independent Residential School provision.

The overspends are offset by an estimated two year old offer underspend of £1.067m which will be earmarked to developing this market over the following two years to ensure sufficient capacity. There are various other smaller over and underspends predicted across the DSG which, combined with the items above, equates to the net underspend of £499k.

PFI Agreement

The Council has a PFI scheme whereby six secondary schools were rebuilt in 2003 by a PFI operator. Four schools now remain in the scheme. The schools make an annual contribution to the Council, towards the scheme's cost, as set-out by a formula enshrined in Governing Body Agreements. Following a review of the Governing Body Agreements and changes to the schools' Dedicated Schools Grant funding, the contribution formula is being re-negotiated.. There appears to be significant common ground between the schools and the council. The basis of an agreement would be a one off payment to settle the school's historic claims and a revised governing body agreement revising and clarifying the formula for continuing contributions from schools. Given the long period of time until the next cabinet meeting it is suggested that the Director of Corporate Services be authorised to settle the negotiations with a one off payment of up to £500,000 in return for a settlement of the continuing formula. The one off costs would be met from the Outstanding Council Project Board reserve. All agreements will be made in consultation with the Cabinet Member for Education and the Deputy Leader and Cabinet Member for Finance.

Management Action

Public Health

- Of the £500k public health underspend allocated to CSF, £415k will be used to offset Early Years costs relating to improving young children's health and wellbeing which enabled us to use existing general fund money to offset overspends on LAC placements.

Staffing

- We have recruited 7 NQSW who started before Christmas and a further 2 will start in February supported and quality assured by a practice assessment manager. As these staff completes their assessed year they will reduce our dependency on agency.
- We have recruited 11 permanent staff who will be in post by 1st April 2015 reducing the effect of agency cost next year.
- We have worked with HR on a retention payment to reduce social worker turnover.
- These will all have a positive impact on 15/16 and we will continue to take action to bring down agency/staffing costs.

Placements

- Our edge of care panel continue to ensure that entry to care thresholds are maintained and we are in particular raising entry to care in the teenage years. The impact of increased numbers of UASC is in particular affecting our LAC numbers and we remain in the lowest rate of care range in London.
- Work continues to ensure we lever in appropriate health contribution to children with complex needs and our ART service is driving down placement costs including through regional partnership commissioning.
- We have implemented smarter commissioning practices through working with providers to negotiate reductions on PVI placements and supported lodgings/housing placement costs and cost avoidance on proposed fee increases. The implementation of a "Staying Put" policy as required by new legislation which enables young people to remain in their foster placements post 18 is likely to be a cheaper option for those young people who request it rather than moving into semi-independent provision. We are also maximising the uptake of Housing Benefit for young people aged 18+.

Transport

- We are modelling the potential impact of personal budgets from transport for 15/16 to assist in delivering cost reduction solutions to individual children's transport needs.
- We are monitoring tight eligibility thresholds and defending appeals and we have extended our independence travel training.
- We have been piloting the use of some of CSF staff to transport very complex needs children to establish if this better meets young people's needs and reduces cost.
- A review of the costs of the provision involves all departments is taking place as part of our Transformation work. Issues regarding the costing methodology are being resolved and departments are working closely together to ensure the buses and taxis are used most cost efficiently. E&R are working hard to reduce staff sickness levels with the aim to reduce the cost of agency cover. Although sickness levels are reducing, it remains higher than the council average. The ability of the in-house service to transport children with very challenging needs remains an issue.

New burdens

- As previously mentioned, there are a considerable number of duties placed on the Local Authority which have not been fully funded or not funded at all. The table below highlights the estimated overspends relating to these duties:

Description	Budget £000	Jan overspend forecast £000	Dec overspend forecast £000
Supported lodgings/housing	627	420	437
Un-accompanied asylum seeking children (UASC)	346	157	161
No Recourse to Public Funds (NRPF)	20	372	372
Special guardianship orders (SGO) & residence orders	442	137	137
Fostering	0	15	15
Total	1,435	1,101	1,122

- Young people aged between 18 and 21 now have the right to stay in their foster placements beyond 18 including whilst attending university. This means their fostering placement has to remain open to them and the in-house foster carer or Independent Fostering Agency will have to continue to be paid.
- Young People on remand are classed as being LAC and also have access to care leavers' services across a range of budgets. These are in excess of the figures in the table above but included within the overall projections for the department. As the system does not separately identify costs relating to remand cases, it is not possible to identify this separately.
- Unaccompanied Asylum Seeking Young People are also required to receive these leaving care services and we have 11 over 18s which is putting pressure on the UASC budget.
- The majority of families presenting as NRPF needs are housing. Meetings are on-going to discuss options to reduce cost and strengthen processes and procedures. The work being undertaken by Housing Needs to stimulate supply will assist in reducing these costs. Discussions are on-going regarding the most economic way of procuring housing for families with no recourse to public funds.
- We estimate that the equivalent of 6 social worker posts is currently used to support these additional burdens. This increase the actual cost to Merton to £1.392m.

Savings

Of the £860k savings identified for 2014/15, current estimates indicate that £768k will be achieved.

C) Community and Housing

As at the end of period 10 (January), C&H is forecast to over-spend by £1.946m an increase of £15k since the December forecast

Community and Housing	2014/15 Current Budget £000	Full Year Forecast (Jan) £000	Forecast Variance (Jan) £000	Forecast Variance (Dec) £000	2013/14 Variance at year end £000
Access and Assessment	42,365	44,170	1,805	1,709	(1,256)
Commissioning	5,080	4,976	(104)	(113)	(116)
Direct Provision	4,302	5,128	826	819	214
Directorate	896	710	(186)	(70)	70
Contribution from Public Health	0	(500)	(500)	(500)	0
Adult Social Care	52,643	54,484	1,841	1,845	(1,088)
Libraries and Heritage	2,505	2,487	(18)	(15)	27
Merton Adult Education	(268)	(118)	150	181	(29)
Housing General Fund	2,015	1,988	(27)	(80)	(32)
Total (controllable)	56,895	58,841	1,946	1,931	(1,122)

This overspending for adult social care has been netted down by one off Public Health money of £500k & £290k of ASC reserves for DOLs meaning that the underlying overspending for ASC is £2.631m.

Access and Assessment - £1.805k over-spend

Access and Assessment	Forecast Variance (Jan) £000	Forecast Variance (Dec) £000
Gross Placements overspend	3,332	3,408
Miles –Reablement over-spend	345	384
Other A&A under-spends	(722)	(750)
Sub-total Net over-spend	2,955	3,042
Over achievement of Client Contribution	(746)	(1,004)
Over achievement of CCG Contribution	(329)	(329)
Helping People at home grant **	(75)	0
Sub-Total over-achievement of Income	(1,150)	(1,333)
Total A&A Forecast over-spend	1,805	1,709

Description	Budget £000	Forecast Variance (Jan) £000	Forecast Variance (Dec) £000
Placements			
Gross Placements	37,621	3,332	3,408
Client & CCG Contribution Income	(11,749)	(1,074)	(1,333)
NHS Social Care Transfer Income	(2,266)	0	0
Helping People at home revenue grant	0	(75)	0
Placements Reserves Income	(1,000)	0	0
Subtotal Net Placements	22,606	2,183	2,075
Miles Reablement	1,732	345	384
Concessionary Fares & Taxicard	9,045	(44)	(53)
Care-first	136	(122)	(132)
Other Access & Assessment	8,846	(557)	(565)
Total Access & Assessment	42,365	1,805	1,709
Commissioning			
Brokerage, Contracts, Performance & Planning & Comm	1,130	(172)	(187)
Voluntary Organisations - grants	832	167	167
Voluntary Organisations – Contracts	328	(24)	(24)
Voluntary Organisations – Dementia contract	227	20	20
Pollards Hill Contract	171	32	32
Supporting People grant	2,392	(127)	(121)
Sub-total Commissioning	5,080	(104)	(113)
Direct Provision			
Day Centres - Transport	205	606	606
Day Centres	2,162	(64)	(44)
Supported Living	862	82	50
Residential	795	203	196
Mascot	(29)	(8)	(6)
Other Direct Provision	307	7	17
Subtotal Direct Provision	4,302	826	819
Directorate	896	(186)	(70)
Contribution from Public Health – Ageing Well Grants	0	(500)	(500)
Sub-total Adult Social Care	52,643	1,841	1,845
Libraries	2,505	(18)	(15)
Merton Adult Education	(268)	150	181
Housing			
Temporary Accommodation	95	(4)	(84)
Homelessness Prevention	353	0	24
Housing Advice & Options	559	(6)	(7)
Housing Needs	279	(54)	(48)
Housing Strategy	137	(8)	(11)
Housing Supply & Development	264	(5)	(2)
Housing Environmental Health	345	(15)	(18)
Merton Action Single Homeless	50	(2)	(1)
Reserves Funding Adjustment	(67)	67	67
Sub-total Housing	2,015	(27)	(80)
Grand total Community and Housing	56,895	1,946	1,931

Over-view

Placements Overspend £3.3m

The total gross placement budget for 2014-15 is £37.6m and forecast total commitment is £41m.

This includes £2.3m net growth allocated in setting the budget to deal with volume increases and savings of £1.916m through improved efficiency, procurement, service changes, and managing demand.

This is based on the latest data but is subject to wide potential variation.

The impact of the savings on the budget position for 2014-15 is being monitored.

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

Activity Data – Care Package Numbers	No of Care Packages January 2015 (No's)	No of Clients January 2015 (No's)	Total Yearly Commitment January 2015
Service Area			£000
Mental Health	138	125	£1,720
Physical and Sensory	281	217	£4,316
Learning Disabilities	384	313	£13,166
Older People	1,608	1,169	£21,071
Substance Misuse	11	11	£195
No recourse to public funds	17	10	£204
Transport	0	0	£258
Other Placement Expenditure	0	0	£77
TOTAL Gross placement expenditure	2,439	1,845	£40,953

Placement Pressures :-

Gross expenditure in the placements budget is complex to monitor and depends on CareFirst records and care packages always being up to date. It is essential to monitor that this continues.

Although there is evidence of success in managing demand and making specific savings, there are pressures in this area which are making it difficult to realise all savings. These include:

- Additional £128K commitment on Mental Health placements for joint funded placements. It has been agreed that the joint panel arrangements will be reviewed to ensure funding of placements are apportioned on a fair basis with the CCG.

- Transitions costs of £172k, from children coming through to adult services with greater and more complex needs. For example for those young people attending college, there is an increasing demand for accommodation and support to be arranged for them in holidays rather than their being with their families. This reflects the increased level of disability and challenging behaviour.
- A higher rate of dependency among those being discharged from hospital. One indicator for this is the number of people requiring two members of staff for transfers (e.g. between bed and chair), commonly referred to as “double ups”. The number requiring this has increased.
- Demography (e.g. increase in dementia in customers over 65 and corresponding increase in support needs)
- Greater challenge from the NHS in some cases where they have been funding or co-funding individuals
- The local provider market for social care. Merton has for some time had the benefit of lower than average unit costs and fees, partly through some long standing block contracts. As these block contracts are coming to an end the providers are demanding what they can get on the open market, and are comparing what Merton will pay with the rates they get from other neighbouring local authorities. This is in some cases causing cost increases.
- The Cheshire West judgement for Deprivation of Liberty Safeguards (DOLS). This Supreme Court interpretation of the Mental Capacity Act legislation has led to a much larger number of people in hospitals, care homes and community settings to require assessment as to whether they have the capacity to consent to where they are and, if they don't, whether the arrangement is in their best interests.
- The No Recourse to Public Funds (NRPF) has increased by 3 packages since budget setting.

The associated increase in cost is £20k .

Placements Income

The income budget was re-aligned as part of budget setting.

However based on latest data, income is currently forecast to over-achieve by £1,073k.

This is a reduction of £258k on last month's forecast , as some clients have been re-assessed and invoices previously raised credited.

There is also increased claw back from Clients receiving Direct Payments.

The Income budgets needs to be adjusted with the expenditure budget to more closely align both to the real situation. The monitoring of income is a key budget area where enhancement of the monitoring is being further developed.

The effective overspend on net placements costs is therefore c. £2m

Commissioning under -spend £103k

Salaries budget is £171k under-spend due to vacancies across the commissioning team.

Supporting People grant is forecast to under-spend by £127k; however the Underspend is not guaranteed due to on-going contract negotiation and subsidy movements.

There is an over-spend of £167k on Voluntary organisations grants.

It has been agreed the affected Voluntary organisations currently receiving transitions payments will not receive any funding in 2015/16.

MCCG have refused to pay the invoice for the 2013-14 3rd & 4th quarter contribution for the Dementia contract. This has resulted in a write back of £14,875 for the outstanding invoice. The impact on next years allocation for the contract is to be considered by the Director and discussed with MCCG.

The Pollards Hill contract budget is £32k overspend, mainly due to the overspend on transport charges.

There are other small variances across the commissioning budgets.

Direct Provision over-spend £826k

The main cause of the forecast overspend are Transport and Staffing

Transport SLA (Core-route) - £606k Over-spend

Operational measures have been taken to reduce volumes within the SLA, but this volume reduction has not been matched by a reduction in re-charges as the reduction proposed was not based upon actual variable costs.

Salaries Overspends across Direct Provisions

Supported Living schemes - £82k net overspend

Supported Living use a lot of bank hours , once the budgets are reviewed the correct number of posts can be recruited accordingly .

Included in the forecasts is £233k recharge to the placements budget which relates to Glebelands extra care scheme. This has never been a set budget as it was previously covered by the In-House Home Care service. The technical establishment on I-trent will be updated to formalise the arrangement to recruit staff on a permanent basis.

Day Services - £44k net under-spend

Although Day services is forecasting a net underspend, salaries budgets are overspending . This is mainly due to a vacancy factor being in place but no staff movement throughout the year. The budget will be re-aligned in 2015/16 and manager and senior positions will be reduced. There are a number of posts at JMC on a fixed term contract which have been kept on that basis to give some flexibility to downsize.

Residential Homes are forecast to over-spend by £203k mainly due to salaries

Riverside Drive Residential home over-spend is due to a temporary spell of poor mental health experienced by one of the residents which necessitated a 1-1 cover for a period of three months.

Also the post of a key night worker who has been on long term sick has to be covered.

A more flexible staffing arrangement is also being considered with the aim of reducing one post from many of the shifts.

Meadowsweet has an overspend as they provide staff to cover Cliveden Road, which is a Supported Living unit. There is a discrepancy between the amount of clients supported through the Supported Living team and the budget available. This is the historical Haslemere Avenue budget, when the number of clients supported was 12 clients. The complexity of people supported has also increased. The team now supports a total of 32 clients over four sites.

Some income should be transferred from the LD budget once all clients have been financially assessed .

There are other small variances across the Direct Provisions budgets of £21k

Directorate - £186k under-spend

The forecast under-spend includes £125k care act implementation grant which prevents the need to fund projects from existing resources

Adult Social Care Management Action

A range of actions are being progressed to help reduce the projected over-spend, as follows:-

- **Staffing** - vacancies across Access and Assessment and Commissioning are being held to help offset the over spend, where such vacancies do not prohibit the delivery of our statutory duties. There is a continued reduction in agency staff usage.
- **Strengthened resource panel arrangements** - the panels now sit twice a week and there is representation from both the Brokerage and occupational therapy teams. Fully costed alternatives are required to be presented for every case in order to ensure the best value alternative.
- **Customer reviews** – the programme of customer review will intensify from November. The objective of the reviews is to ensure that customer’s packages are appropriate to need and reduce any services that are not absolutely needed. This programme is contributing to 2014-15 savings and will also continue into 2015-16.
- **Improved performance information** - the quality of performance data has been adjusted over the past few months in order to ensure we can use more of the data to meet business needs. Team managers now get weekly updates on the volumes of support being authorised from the teams, which can in turn drive immediate discussions and decisions about bringing this into line with the budget. The data is now showing a reduction overall in home care hours and in care home admissions.
- **Third party contract re-negotiation** - following a nine month period of intense negotiations with Eltandia, commissioners have succeeded in securing a rate that though higher than that of our previous block contract, is below the going market rate. Such re-negotiations are on-going with other third party providers. An example is Choice Support with a full year reduction of £400k (£100k in last quarter). Commissioners have taken a collaborative approach to convince providers to continue to work with them.
- **Reablement restructure** - as previously indicated the restructure of the reablement service is underway, and the team are looking for additional opportunities to take costs out. However the restructure will take place in 2015/16.
- **ASC Redesign programme** - There is continuous scanning of best practice across the country in order to look for further savings. A recent example is the report from the Local Government Association.
- **Working with front line staff** – a conference with social workers has taken place and one for occupational therapists took place in November. A major component of these conferences is “promoting independence” and what professional practice needs to be in order to work to this principle.

Libraries- £18k under-spend

Libraries is reporting an under spend on some short term vacancies and the media fund. There are queries relating to cleaning contracts and printing charges. If these issues are resolved then the forecast underspend is likely to increase.

MAE - £150k over-spend

Over-spend has decreased over the last period by £31K, Forecast on staff vacancies and tutor costs have been reduced due to closed courses that were previously scheduled to commence in January.

Over-spend is mainly due to forecast under-achievement of Income due to changes in the SFA funding regime made after budget setting in previous years and the non delivery of savings

Although currently showing an overspend expenditure, the budget manager expects to contain expenditure within budget by the end of the financial year. This should happen once budget is realigned due to class closures. A detailed management action to demonstrate this is required

Strategic options for the service from 2015 onwards are being explored.

Housing - £27k under-spend

There are various small over and underspends predicted across Housing netting to a £27k under-spend.

Bed and Breakfast accommodation budget is forecast to under-spend by £4k based on the housing benefits receipts up to January and additional expenditure included in the forecast.

The Homelessness Prevention budget is currently forecast to break-even .This budget cannot be viewed in isolation as if spending was restricted on rent deposits there would be a corresponding increase in the use of temporary accommodation.

The balance sheet holding codes are to be reviewed to ascertain if balances can be transferred to revenue .

Public Health

Public Health is forecast to underspend by £715k, a decrease of £49k in the under-spend reported last month.

Public Health	2014/15 Current Budget £000	Full Year Forec ast (Jan) £000	Forecast Variance (Jan) £000	Foreca st Varianc e (Dec) £000	2013/ 14 Final Out- turn £000
PH - Directorate	1,081	1,006	(75)	(116)	631
PH- Contraception	706	717	11	11	589
PH - STI Testing and Treatment (GUM)	2,060	2,344	284	284	2,275
PH - SH Advice, Prevent and Promotion	360	281	(79)	(87)	301
PH - NHS Health check	248	247	(1)	0	172
PH - Falls Prevention	66	66	0	0	55
PH - Obesity	338	312	(26)	(26)	357
PH – Live well (including smoking cessation)	355	316	(39)	(39)	346
PH - Substance Misuse (drugs and alcohol)	2,057	1,740	(317)	(317)	1,837
PH - School Nursing (including National Child Measurement programme)	628	612	(16)	(16)	570
PH - Surveillance and Control of Infectious Diseases	10	2	(8)	(8)	0
PH - Community Services Contract Estates	282	282	0	0	188
PH - New Investments	935	486	(449)	(450)	0
Total Public Health (controllable)	9,126	8,411	(715)	(764)	7,321
PH – Non-Recurrent Projects funded from Reserves	1,440	1,440	0	0	0
Total Public Health (including funding from Reserves)	10,566	9,851	(715)	(764)	7321

The main causes of the forecast underspend on Public Health involve the capacity issues in the Public Health team reported earlier, as well as the need for the Council to make savings, which has had a knock-on effect on delivery of public health initiatives in the Council. Public Health has been fully staffed from end September and action plans are in place with each of the Council directorates. Some expenditure has had to await reviews of inherited services. These reviews are nearing completion, when the Public Health team will begin procurement of services based on review recommendations.

Salaries budget is forecast to underspend by £102k due to delays in recruitment. All posts have now been recruited to.

The forecast includes expenditure for various Consultancy projects, including Cancer Health Needs, Alcohol strategy ,CASH (Contraception and Sexual Health) & HIV Pilot. An update on these projects will be provided.

£120k of prescribing costs is also included in the forecast. Activity data has been requested and estimated costs will be updated.

£1.440m of the £1.634m 2013-14 underspend in reserves is being spent on the approved non-recurrent projects.

3D) Environment & Regeneration

Environment & Regeneration	2014/15 Current Budget	Full year Forecast (Jan)	Forecast Variance at year end (Jan)	Forecast Variance at year end (Dec)	2013/14 Final Out- turn
	£000	£000	£000	£000	£000
Public Protection	(5,756)	(5,639)	117	(5)	180
Sustainable Communities (Excl. T&H)	3,519	3,385	(134)	(170)	(54)
Traffic & Highways (T&H)	8,041	8,316	275	345	(122)
Waste Services	14,219	15,589	1,370	1,244	(1,116)
Other	(759)	(1,081)	(322)	(243)	537
Total (Controllable)	19,264	20,570	1,306	1,171	-575

Description	2014/15 Current Budget £000	Forecast Variance at year end (Jan) £000	Forecast Variance at year end (Dec) £000
Underachievement of income in Parking Services	(12,152)	200	27
Employee underspend Safer Merton	848	(117)	(78)
Other	5,548	34	23
Total for Public Protection	(5,756)	117	(5)
Employee overspend within B&DC	1,596	212	226
General Supplies & Services underspend within B&DC	232	(99)	(119)
Overachievement of income within B&DC	(1,859)	(90)	(20)
Employee related underspend within Traffic & Highways	1,817	(227)	(256)
General Supplies & Services underspend within Traffic & Highways	279	(71)	(78)
Reduction in ability to Capitalise expenditure	(464)	464	464
Underachievement of Customer & Client Receipts in Traffic & Highways	(1,493)	180	216
Overachievement of rental income in Property Management	(4,041)	(195)	(185)
Employee overspend within Greenspaces	2,274	159	112
Premises overspend within Greenspaces	691	53	77
Overachievement of Other Grants & Contributions within Greenspaces	(97)	(150)	(146)
Underachievement of Customer & Client Receipts within Greenspaces	(1,792)	188	125
Overachievement of Other Grants & Contributions within Future Merton	(593)	(98)	(89)
Underspend on 3 rd Party Payments within Future Merton	376	(59)	(48)
Employee underspend within Senior Mgmt & Support	759	(56)	(74)
Other	13,875	(70)	(30)
Total for Sustainable Communities	11,560	141	175
Employee overspend within Waste Services	7,295	309	202
Transport related underspend within Waste Services	1,962	(129)	(145)
General Supplies & Services underspend within Waste Services	1,003	(194)	(187)
Overspend on 3 rd Party Payments – principally SLWP	6,575	915	869
Shortfall in Waste Services income – principally Commercial Waste	(3,067)	556	573
Other	451	(87)	(68)
Total for Waste Services	14,219	1,370	1,244
Transport Services	(759)	(322)	(243)
Total for Street Scene & Waste (Excl. Waste Services)	(759)	(322)	(243)
Total Excluding Overheads	19,264	1,306	1,171

Overview

The department is currently forecasting an overspend of £1,306k at year end. The main areas of variance are Waste Services, Traffic & Highways, Parking Services, Greenspaces, Safer Merton, Property Management, Future Merton, Transport Services, and Senior Management & Support.

Pressures

Public Protection

Parking Services

The section is currently forecasting an overspend of £198k due to a reduction in PCN related income, which is as a result of a few factors. Firstly, through improved compliance arising from changes in drivers' behaviour. Secondly, the section has recently experienced an increase in representations in line with an increase in PCN volumes resulting in a backlog, which is being addressed. Also contributing to this overspend is the free parking scheme for Christmas in Council car parks which has resulted in a reduction of income by £60k.

Safer Merton

An underspend of £130k is being forecast mainly as a result of vacant posts remaining unfilled. A reorganisation of the CCTV function is currently being undertaken as well as a wider review of the service with a view to addressing this and other matters. The position is unlikely to change until this is concluded.

Sustainable Communities

Greenspaces

The section is forecasting an overspend of £290k due to a few factors. Firstly, an employee overspend of £159k is being forecast, which is as a result of the TUPE'd Veolia grounds maintenance staff transferring onto Merton employment contracts (£24k), and overtime payments to cover for absences, such as annual leave and sickness, in order to maintain service standards (£60k), staffing the paddling pools (£40k), Wimbledon fortnight (£15k), and staffing of the firework displays (£15k). Secondly, an underachievement of income totalling £187k is expected relating mainly to sports bookings (£56k), and the hiring of openspaces e.g. Wimbledon Park athletics track (£45k). These overspends are being partially mitigated by the reversal of a prior year corporate write-off totalling £90k.

Traffic & Highways

The section is forecasting an overspend of £275k, mainly as a result of a clearer understanding of guidelines and actual patterns of expenditure meaning that the section charges a lower level of highways maintenance spend to Capital than previously and, as a result, incurs increased revenue costs. A permanent solution will be implemented for the 2015/16 financial year.

The section also has a forecast income shortfall of £180k, mainly relating to the London Permitting Scheme (LoPS) and street work activities, due to greater compliance.

These forecast overspends are being partially offset by an employee underspend of about £227k.

Property Management

The section is currently forecasting an underspend of £145k. This is as a result of exceeding their commercial rental income expectations by £195k due to a current occupancy rate nearing 100%. This is being partially offset by slight overspends on premise related R&M costs, and general supplies and services costs.

Future Merton

An underspend of £124k is currently being forecast. This is mainly as a result of an expected £100k contribution from Merton Priory Homes (£10k of which is within Corporate Services), which relates to the Council's preparation of a Local Plan framework to guide the delivery of the estate regeneration project.

The Local Plan preparation is a statutory document. The financial contribution assists with LBM staff resources, LBM consultation and community engagement as well as policy research, background evidence for regeneration and external financial viability expertise.

Senior Management & Support

An underspend of £110k is being forecast due to a combination of not filling vacant posts in order to contribute towards the department's mitigating actions (£56k), and an underspend on supplies & services (£30k).

Street Scene & Waste

Waste Services

The section is currently forecasting an overspend of £1,370k, mainly due to a forecast shortfall in Customer & Client receipts of £556k – more specifically on Commercial activities, which is forecasting an income shortfall of around £631k. This compares to a shortfall of £389k in 2013/14. However, an agreed saving of £250k has been implemented in 2014/15 for Commercial Waste and has not been achieved.

Following a commercial review of the trade service by Eunomia, the service is currently implementing the agreed action plan. A revised Commercial Waste Strategy is currently being developed by the Head of Commercial Sales and is due to be finalised before the end of February. A permanent solution to this budget pressure will be implemented for the 2015/16 financial year.

In addition, the section is currently projecting an employee related overspend of about £310k. This is as a result of a combination of issues, including the need to realign the budget with the actual cost of activities undertaken by refuse collection and street cleansing. There is also an element of non-contractual overtime and agency cover for sick leave absences. Actions are being taken in order to reduce this overspend wherever possible, including an action plan to reduce the level of sick leave absence, and not covering absences with agency staff where this does not impact on service delivery.

The section is also projecting an overspend of £497k relating to the operational and disposal costs associated with the management of the HRRC and transfer station.

The forecast overspend also includes some one-off costs. Firstly, HRRC invoices relating to the previous financial year were not accrued for (£229k). Secondly, a sundry debtor balance whereby the income relating to the food waste rebate as a result of the contract renegotiations was over-estimated (£309k). These two one-off costs contribute a total of £538k towards the overall forecast overspend on third party payments of £915k.

Transport Services

The section is forecasting an underspend of £322k, mainly as a result of an employee underspend and an overachievement of external income. The employee underspend is due to a few factors. Firstly, in order to reduce costs and improve efficiency, a restructure was implemented that combined the two manager posts into one. Secondly, due to difficulty in recruiting suitably skilled vehicle fitters, the section has only recently been able to appoint to one of the two vacant posts.

The overachievement of external income is mainly as a result of securing additional work, over and above their original expectations.

Work continues with analysing the varying forecasts seen within E&R and the client departments, so that a permanent solution can be achieved for 2015/16.

Management Action

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

(E) Corporate Items

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

Corporate Items	Current Budget 2014/15 £000s	Full Year Forecast (Jan.) £000s	Forecast Variance at year end (Jan.) £000s	Forecast Variance at year end (Dec.) £000s	2013/14 Year end Variance £000s
Cost of borrowing	14,103	14,032	-71	-71	-166
Use for Capital Programme	0	71	71	71	512
Impact of Capital on revenue budget	14,103	14,103	0	0	346
Investment Income	-522	-676	-154	-154	-346
Pension Fund	13,434	14,438	1,004	1,004	21
Pay and Price Inflation	981	731	-250	-112	-314
Contingencies and provisions	3,982	2,593	-1,389	-1,389	845
Income Items	0	0	0	0	-177
Appropriations/Transfers	-6,745	-7,749	-1,004	-1,004	2,051
Central Items	11,130	9,337	-1,793	-1,655	2,080
Levies	931	931	0	0	0
Depreciation and Impairment	-15,227	-15,227	0	0	3
TOTAL CORPORATE PROVISIONS	10,937	9,144	-1,793	-1,655	2,429

There has been an increase of £0.138m in the forecast underspend since December. It is anticipated that this additional amount will not be needed in the provision for excess inflation for 2014/15.

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

4. CAPITAL PROGRAMME 2014-18

4.1 Capital Expenditure

4.1.1 Over the past three financial years considerable work has been undertaken to reduce the Capital Programme to levels that can be delivered with our current staffing complement. Historically this has been shown to be around £40 million per annum, in 2013/14 this reduced to £30 million. The February Cabinet approved capital programme was just over £43.6 million, the proposed programme is just under 43.6 million.

Depts.	Spend To Jan 2013	Spend To Jan 2014	Spend To Jan 2015	Variance 2013 to 2015	Variance 2014 to 2015
C&H	901	1,068	520	(381)	(548)
CS	1,735	3,075	1,404	(331)	(1,671)
CSF	21,401	7,912	16,438	(4,963)	8,526
E&R	7,092	7,321	4,066	(3,026)	(3,255)
Total Capital	31,129	19,376	22,428	(8,701)	3,052

Outturn £000s	40,487	31,564	
Budget £000s			43,571
Projected Spend Dec 2014 £000s			38,323
Percentage Spend to Budget			51.47%
Percentage Spend to Outturn/Projection	76.89%	61.39%	58.52%
Monthly Spend to Achieve Projected Outturn £			6,948

4.1.2 January is ten months through the financial year, however, departments have only spent 51.5% of their budget or 58.5% of their forecast outturn, in the last two years spend was in the region of 69% of the final outturn by this point. To achieve a projected spend of £38.3m officers will need to spend over £6.9m per month (allowing for £2million accruals) for each of the remaining 2 months. The table below shows that in January 2015 departments have managed to spend just over £2.9 million.

Department	Spend To Dec 2014	Spend To Jan 2015	Variance
C&H	458	520	62
CS	1,041	1,404	363
CSF	14,568	16,438	1,870
E&R	3,405	4,066	661
Total Capital	19,472	22,428	2,956

4.2 Capital Programme 2014/15

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

Merton Summary Capital Report - January 2015 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Community and Housing	2,665,230	519,969	1,383,423	(863,454)	1,271,908	(1,393,322)
Corporate Services	4,886,600	1,403,569	3,060,964	(1,657,395)	3,333,937	(1,552,663)
Children Schools and Families	24,566,190	16,437,845	17,562,999	(1,125,156)	22,430,991	(2,135,199)
Environment and Regeneration	11,453,000	4,066,170	6,566,858	(2,500,688)	11,286,653	(166,347)
Total Capital	43,571,020	22,427,553	28,574,244	(6,146,693)	38,323,489	(5,247,531)

Notes

1. Community and Housing – the projected slippage is caused by two schemes:
 - a) The Gables Mitcham projected slippage is £577k officers remain confident that it will be committed by 31/3/15 to meet the external funding requirements. It is envisaged that expenditure will not be incurred until 2015/16 so the budget will need to be slipped into the next financial year.
 - b) Western Road £760k – The affordable housing element of the scheme is complete, the private element of the scheme is still under development. The final sum due is calculated once the private element of the scheme is complete, which will be in 2015/16.
2. Corporate Services - the bulk projected under spend is due to two corporate schemes:
 - a) Acquisitions underspend of £1,042k – no bids have been received for this scheme,
 - b) Capital Bidding Fund underspend of £500k – no bids have been received for this scheme this year,
3. Children, Schools and Families - the projected in year slippage breaks down as follows:
 - a) The Primary Expansion Programme projected slippage of just under £1.8m comprising (St Marys £141k, Merton Abbey £347k, Pelham £530k, Poplar £190k and Singlegate £586k)
 - b) Special Educational Needs Schemes £106k, and
 - c) Schools Capital Maintenance £99k
4. Environment and Regeneration - the projected slippage comprises the following main underspends, it is currently envisaged that these scheme will be slipped into 2015/16:
 - a) Morden Leisure Centre £74k
 - b) Multi Use Games Area £55k
 - c) The Restoration of South Park Gardens £47k, and
 - d) Coombe Lane £43k

4.2.2 The adjustments being made to the capital programme are detailed in Appendix 5b. Detailed within that appendix is the virement required for the Primary Autism Unit. September 2013 Cabinet received details of a targeted need grant awarded to Merton for primary expansions in the borough, £435,819 was earmarked for this scheme. This funding is quite restricted and, although officers expect there to be some latitude, should be fully spent by 30 September 2015. Any delay in the tendering process could jeopardise this funding.

The Primary school autism unit project at Hatfeild Primary school is current out to a tender and is expected to be above the approved budget. This is due to the complexity of the project on a flood plain, linking two buildings on different levels. However, it is expected the cost can be contained within the overall budget of the Children, School and Families capital programme as last reported to Cabinet on 16 February 2015 if the inflation contingency is utilised. The following Virements are proposed:

Primary Autism Unit	2014/15	2015/16	Total
	£	£	£
Budget Reported to Cabinet in February	99,110	916,290	1,015,400
Proposed Virement from Inflation Contingency*	75,000	394,140	469,140
Revised Budget	174,110	1,310,430	1,484,540

* This virement from the Inflation Contingency has been included in Capital Strategy reported to Council on 4 March 2013. The proposed budget creates an inflation contingency from which sufficient budget can be vired

The project needs to commence in April to spend the ring fenced 'Targeted Basic Need' DfE grant, and therefore the virements need to be actioned in March, so that there will be sufficient finance to let the contract on time.

Changes to the Capital Programme 2014/15 since March 2014

Depts.	Original Budget 14/15	Slippage 2013/14	Reductions	New External Funding	New Internal Funding	Re-profiling	Revised Budget 14/15
CSF	27,193	304	0	1,003	0	(3,934)	24,566
CS	8,829	169	(550)	10	0	(3,571)	4,887
C&H	2,603	302	(170)	577	244	(891)	2,665
E&R	15,920	1,368	(107)	1,116	1,597	(8,441)	11,453
Total	54,545	2,143	(827)	2,706	1,841	(16,837)	43,571

4.2.5 Appendix 5b details the adjustments being made to the capital programme in January 2015

5. DELIVERY OF SAVINGS FOR 2014/15

The table below shows that 2014/15 savings have been substantially delivered by Service Departments, with the exception of Community and Housing. The shortfalls will need to be fully delivered in 2015/16 or alternatives identified in addition to future years savings targets.

Department	Target Savings 2014/15	Projected Savings 2014/15	Period 10 Forecast Shortfall	Period 10 Forecast Shortfall	Period 9 Forecast Shortfall
	£000's	£000's	£000's	%	%
Corporate Services	1,650	1,595	(55)	(3.3)%	(3.6)%
Children Schools and Families	860	768	(92)	(10.7)%	(10.7)%
Community and Housing	2,465	574	(1,891)	(76.7)%	(64.5)%
Environment and Regeneration	3,338	2,834	(504)	(15.1)%	(14.7)%
Total	8,313	5,771	(2,542)	(30.6)%	(26.9)%

The overspendings identified in the report will also need to be eliminated before 2015/16. Detailed progress on savings by department is reported in Appendix 6.

6. MISCELLANEOUS DEBT

6.1 The Miscellaneous Debt report as at December 2014 is attached as Appendix 10

7. CONSULTATION UNDERTAKEN OR PROPOSED

7.1 All relevant bodies have been consulted.

8. TIMETABLE

8.1 In accordance with current financial reporting timetables.

9. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. LEGAL AND STATUTORY IMPLICATIONS

10.1 All relevant implications have been addressed in the report.

11. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

11.1 Not applicable

12. CRIME AND DISORDER IMPLICATIONS

12.1 Not applicable

13. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 13.1 Officers are currently reviewing risks and issues facing the Authority, the revised Key Strategic Risk Register as at June 2014 will be reported to Cabinet as part of the July Monitoring Report.

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

- Appendix 1 – Detailed monthly position table
- Appendix 2 – Detailed Corporate Items table
- Appendix 3 – Pay and Price Inflation as at June 2012
- Appendix 4 – Treasury Management: Outlook
- Appendix 5a – Current Capital Programme 2014/15 – July Monitoring Information
- Appendix 5b – Adjustments to the Capital Programme
- Appendix 5c – Capital Programme Funding Summary 2014-15
- Appendix 6 – Progress on Savings
- Appendix 7 - Forecast year end variance by department

15. BACKGROUND PAPERS

- 15.1 Budgetary Control files held in the Corporate Services department.

16. REPORT AUTHOR

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

Appendix 1

	Original Budget 2014/15 £000s	Current Budget 2014/15 £000s	Year to Date Budget (Jan) £000s	Year to Date Actual (Jan) £000s	Full Year Forecast (Jan) £000s	Forecast Variance at year end (Jan) £000s	Forecast Variance at year end (Dec) £000s	Outturn variance 2013/14 £000s
Department								
3A. Corporate Services	11,285	13,813	24,258	21,193	13,778	(35)	190	(732)
3B. Children, Schools and Families	48,040	49,330	153,760	150,666	52,111	2,781	2,962	556
3C. Community and Housing	61,333	62,132	51,200	50,921	64,078	1,946	1,930	(1,122)
3D. Public Health	0	1,440	(214)	(3,340)	1,441	0	0	0
3E. Environment & Regeneration	22,853	24,889	11,892	7,858	26,195	1,306	1,171	(576)
Overheads		0			0	0	0	55
NET SERVICE EXPENDITURE	143,511	151,605	240,895	227,299	157,603	5,998	6,253	(1,820)
3E. Corporate Items								
Impact of Capital on revenue budget	14,103	14,103	5,577	5,211	14,103	0	0	0
Central budgets	3,996	(4,097)	938	(121)	(5,890)	(1,793)	(1,655)	2,429
Levies	931	931	857	857	931	0	0	0
TOTAL CORPORATE PROVISIONS	19,030	10,937	7,371	5,947	9,144	(1,793)	(1,655)	2,429
TOTAL GENERAL FUND	162,541	162,542	248,267	233,246	166,747	4,205	4,598	610
FUNDING								
Revenue Support Grant	(39,738)	(39,738)	(24,832)	(24,832)	(39,738)	0	0	(249)
Business Rates	(33,253)	(33,253)	(6,271)	(6,271)	(33,253)	0	0	0
Other Grants	(9,972)	(9,972)	(7,901)	(7,816)	(10,053)	(81)	(81)	(359)
Council Tax and Collection Fund	(79,578)	(79,578)	0	0	(79,578)	0	0	0
FUNDING	(162,541)	(162,543)	(39,004)	(38,919)	(162,622)	(81)	(81)	(610)

	Original Budget 2014/15	Current Budget 2014/15	Year to Date Budget (Jan)	Year to Date Actual (Jan)	Full Year Forecast (Jan)	Forecast Variance at year end (Jan)	Forecast Variance at year end (Dec)	Outturn variance 2013/14
Expenditure	£	£000	£000	£000	£000	£000	£000	£000
Employees	0	95,290	78,540	79,327	96,438	1,148	1,244	275
Premises Related Expenditure	0	9,155	7,933	6,191	9,020	(135)	(61)	(891)
Transport Related Expenditure	0	13,643	11,186	11,419	15,091	1,448	1,260	20
Supplies and Services	0	170,435	136,911	131,498	169,012	(1,423)	(1,493)	1,933
Third Party Payments	0	85,139	70,740	68,290	91,604	6,465	6,439	(2,106)
Transfer Payments	0	108,346	8,503	7,429	104,964	(3,383)	(3,345)	6,442
Support Services	0	32,422	(28)	(0)	32,421	(1)	(2)	1,501
Depreciation and Impairment Losses	0	15,227	0	0	15,226	(1)	(1)	(0)
Corporate Provisions	19,030	10,937	7,371	5,947	9,144	(1,793)	(1,655)	2,429
GROSS EXPENDITURE	19,030	540,594	321,157	310,101	542,920	2,326	2,387	9,603
Income								
Government Grants	0	(263,957)	(11,834)	(15,350)	(259,893)	4,064	4,174	(6,425)
Other Grants, Reimbursements and Contribs	0	(24,443)	(14,662)	(15,384)	(26,200)	(1,757)	(1,684)	(2,361)
Customer and Client Receipts	0	(56,533)	(46,231)	(45,851)	(58,268)	(1,736)	(1,265)	(1,141)
Interest	0	(44)	0	0	(19)	25	25	25
Recharges	0	(33,020)	(120)	(6)	(33,019)	1	1	(1,446)
Balances	0	(55)	(44)	(263)	1,225	1,281	961	2,352
GROSS INCOME	0	(378,053)	(72,890)	(76,854)	(376,174)	1,879	2,211	(8,994)
NET EXPENDITURE	19,029	162,542	248,268	233,246	166,747	4,205	4,598	610

APPENDIX 2

3E. Corporate Items	Council 2014/15 £000s	Original Budget 2014/15 £000s	Current Budget 2014/15 £000s	Year to Date Budget (Jan.) £000s	Year to Date Actual (Jan.) £000s	Full Year Forecast (Jan.) £000s	Forecast Variance at year end (Jan.) £000s	Forecast Variance at year end (Dec) £000s
Cost of Borrowing	14,103	14,103	14,103	5,577	5,211	14,032	(71)	(71)
Use for Capital Programme	0	0	0	0	0	71	71	71
Impact of Capital on revenue budget	14,103	14,103	14,103	5,577	5,211	14,103	0	0
Investment Income	(522)	(522)	(522)	(392)	(507)	(676)	(154)	(154)
Pension Fund	13,434	13,434	13,434	6,059	6,059	14,438	1,004	1,004
Corporate Provision for Pay Award	807	807	169	169	169	169	0	0
Provision for inflation in excess of 1.5%	538	538	512	0	0	262	(250)	(112)
Utilities Inflation Provision	300	300	300	0	0	300	0	0
Pay and Price Inflation	1,645	1,645	981	169	169	731	(250)	(112)
Contingency	1,500	1,500	1,013	0	24	24	(989)	(989)
Single Status/Equal Pay	100	100	100	100	168	100	0	0
Bad Debt Provision	500	500	500	0	0	500	0	0
Loss of income arising from P3/P4	400	400	400	0	0	0	(400)	(400)
Revenuisation and miscellaneous	2,166	2,166	1,969	0	0	1,969	0	0
Contingencies and provisions	4,666	4,666	3,982	100	192	2,593	(1,389)	(1,389)
Local Services Support Grant					(31)	0	0	0
Education Services Grant							0	0
Income items	0	0	0	0	(31)	0	0	0
Appropriations: CS Reserves	0	0	(1,912)	(1,912)	(1,912)	(1,912)	0	0
Appropriations: E&R Reserves	0	0	(1,819)	(73)	(73)	(1,819)	0	0
Appropriations: CSF Reserves	0	0	(904)	(904)	(904)	(904)	0	0
Appropriations: C&H Reserves	0	0	(670)	(670)	(670)	(670)	0	0
Appropriations: Public Health Reserves	0	0	(1,440)	(1,440)	(1,440)	(1,440)	0	0
Appropriations: Corporate Reserves	0	0	0	0	(1,004)	(1,004)	(1,004)	(1,004)
Appropriations/Transfers	0	0	(6,745)	(4,999)	(6,003)	(7,749)	(1,004)	(1,004)
Depreciation and Impairment	(15,227)	(15,227)	(15,227)	0	0	(15,227)	0	0
Central Items	18,099	18,099	10,006	6,514	5,090	8,213	(1,793)	(1,655)
Levies	931	931	931	857	857	931	0	0
TOTAL CORPORATE PROVISIONS	19,030	19,030	10,937	7,371	5,947	9,144	(1,793)	(1,655)

Pay and Price Inflation as at December 2014

In 2014/15, the budget includes 1% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.517m which is held to assist services that may experience price increases greatly in excess of the 1.5% inflation allowance provided when setting the budget. At present it is not anticipated that there will be a significant call on this budget and it will only be released when it is certain that it will not be required.

Pay:

2014/15 – The MTFs approved by Council on the 5th March 2014 includes 1% for increases in pay. This equates to £0.807m and is held as a corporate provision.

The pay award has now been agreed. Details were provided in the November monitoring statement.

The Government has previously stipulated that it wants to restrict public sector pay awards to an average of 1% for 2014/15 (Autumn Statement 2011) and 1% for 2015/16 (Spending Round 2013).

Prices:

CPI annual inflation was 0.3% in January 2015, which is down from 0.5% in December 2014. Continuing falls in motor fuel prices, and reductions in food prices were the main reasons for the drop in the rate of inflation. Smaller falls in the price of clothing than a year ago partially offset the reduction. CPIH, the measure of consumer price inflation including owner occupiers' housing costs, grew by 0.4% in the year to January 2015, down from 0.6% in December 2014. Owner occupiers' housing costs increased by 0.2% between January 2015 and December 2014.

RPI annual inflation stands at 1.1% in January 2015, down from 1.6% in December 2014.

Outlook for inflation:

On 5 February 2015, the Bank of England's Monetary Policy Committee (MPC) voted to maintain the Bank Base Rate at 0.5%. The Committee also voted to continue with its programme of asset purchases totalling £375 billion, financed by the issuance of central bank reserves. The MPC reached its decisions in the context of the monetary policy guidance announced alongside the publication of the August 2013 Inflation Report.

In the Minutes of the MPC published on 18 February 2015, it was noted that "Inflation was judged likely to remain close to zero for most of 2015, reflecting past falls in energy, food and other import prices and some continued drag from domestic slack. The near-term projection was considerably lower than it was three months ago and it was more likely than not that CPI inflation would dip briefly below zero at some point in the first half of 2015. Moreover, the MPC judged that the period of low inflation expected over 2015 posed a downside risk to inflation over the first half of the projection: the factors pulling down inflation could prove more persistent than expected or a period of low inflation could be reflected in weaker wage pressures. Further out, the profile hinged on the outlook for domestic inflationary pressures. In the central projection, the gradual pickup in productivity growth and declines in slack were associated with a rise in four-quarter wage and unit labour cost growth, to rates consistent with the MPC's 2% target. CPI inflation was therefore judged likely to return to the 2% target by the two-year point, before rising a little further. "

The quarterly inflation report for February 2015 was published on 12 February. This provided an overview of expectations relating to the inflation forecast based on latest economic data. The report indicated that “inflation is likely to fall further in the near term, and could temporarily turn negative, as falls in energy prices continue to be passed through. Inflation is likely to rebound around the turn of the year as these effects drop out of the annual rate. The fall in oil prices, together with monetary policy measures taken abroad, should support global demand. Lower energy prices will also boost UK real income growth. That, along with a lower expected path for Bank Rate than in November, should help to sustain the recent robust expansion in UK domestic demand. As slack is absorbed, inflation is projected to rise back to levels consistent with the inflation target. The Committee judges that it is currently appropriate to set policy so that it is likely that inflation will return to the 2% target within two years. Under the assumption that Bank Rate rises gradually over the forecast period, that is judged likely to be achieved. “

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

Source: HM Treasury - Forecasts for the UK Economy (February 2015)			
	Lowest %	Highest %	Average %
2014 (Quarter 4)			
CPI	0.9	1.1	0.9
RPI	2.0	2.2	2.0
LFS Unemployment Rate	5.6	6.2	5.9
2015 (Quarter 4)			
CPI	0.2	1.7	0.9
RPI	0.3	2.7	1.8
LFS Unemployment Rate	4.9	5.7	5.4
2016 (Quarter 4)			
CPI	0.7	2.7	1.8
RPI	1.7	3.5	3.0
LFS Unemployment Rate	3.8	5.9	5.1

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

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

Source: HM Treasury - Forecasts for the UK Economy (February 2015)					
	2015	2016	2017	2018	2019
	%	%	%	%	%
CPI	0.5	1.7	1.9	2.0	2.0
RPI	1.2	2.6	3.2	3.2	3.0
LFS Unemployment Rate	5.5	5.3	5.1	5.0	4.8

Treasury Management: Outlook

The Bank Base Rate has been kept at its low of 0.5% since March 2009. On 5 February 2015, the Bank of England's Monetary Policy Committee (MPC) voted to maintain the Bank Base Rate at 0.5%. The Committee also voted to continue with its programme of asset purchases totalling £375 billion, financed by the issuance of central bank reserves.

The minutes of the MPC published on 18 February 2015 noted that "the Committee had given guidance in its February 2014 Inflation Report on how it would seek to achieve the inflation target over the policy horizon. The central message of that guidance remained relevant: given the likely persistence of headwinds weighing on the economy, when Bank Rate did begin to rise, it was expected to do so only gradually, and more slowly than in previous cycles. Moreover, the persistence of those headwinds, together with the legacy of the financial crisis, meant that Bank Rate was expected to remain below average historical levels for some time to come. The actual path Bank Rate would follow over the next few years was uncertain, and would depend on economic circumstances. The Committee's guidance on the likely pace and extent of interest rate rises was an expectation, not a promise.... All members viewed it as more likely than not that Bank Rate would increase over the next three years; for one member, the next change in the stance of monetary policy was roughly as likely to be a loosening as a tightening."

In the quarterly inflation report for February 2015, the MPC noted that "there are risks to the inflation outlook in both directions. Were downside risks to materialise, market expectations of the future path of interest rates could adjust to reflect an even more gradual and limited path for Bank Rate increases than is currently priced. The Committee could also decide to expand the Asset Purchase Facility or to cut Bank Rate further towards zero from its current level of 0.5%. The scope for prospective downward adjustments in Bank Rate reflects, in part, the fact that the United Kingdom's banking sector is operating with substantially more capital now than it did in the immediate aftermath of the crisis. Reductions in Bank Rate are therefore less likely to have undesirable effects on the supply of credit to the UK economy than previously judged by the MPC. Were upside risks to materialise, it would be appropriate for Bank Rate to increase more quickly than embodied in current market yields but the likelihood is that those increases would still be more gradual and limited than in previous tightening cycles. The MPC stands ready to take whatever action is needed, as events unfold, to ensure inflation remains likely to return to target in a timely fashion. Under the central case, the MPC judges it more likely than not that Bank Rate will increase over the forecast period....Market interest rates imply that Bank Rate is expected to increase from mid-2016 to a little over 1% in three years' time, materially lower than had been implied three months ago....Bank Rate, which rises to only a little over 1% by early 2018, nearly $\frac{3}{4}$ of a percentage point lower than the path underlying the November projections."

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

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

Source: Bank of England Inflation Report February 2015

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

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

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

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

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

Community & Housing Summary Capital Report - January 2015 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care						
The Gables Mitcham	577,300	0	300,000	(300,000)	0	(577,300)
JMC Extension	210,000	101,496	140,000	(38,504)	190,000	(20,000)
Other	87,100	(6,621)	40,850	(47,471)	87,100	0
Adult Education and Community	1,980	0	0	0	0	(1,980)
Housing						
8 Wilton Road	489,240	58,360	149,240	(90,880)	489,240	0
Western Road	760,000	0	253,333	(253,333)	0	(760,000)
Disabled Facilities	539,610	367,004	500,000	(132,996)	505,568	(34,042)
Other	0	(270)	0	(270)	0	0
Community and Housing Total	2,665,230	519,969	1,383,423	(863,454)	1,271,908	(1,393,322)

Corporate Services Summary Capital Report - January 2015 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Business Improvement Total	578,840	332,865	267,000	65,865	578,912	72
CS Other	0	0	0	0	0	0
Cloud Computing	0	0	0	0	0	0
Corporate Governance	9,920	9,036	9,921	(885)	0	(9,920)
Corporate Items	1,542,340	0	1,166,660	(1,166,660)	0	(1,542,340)
Facilities Management Total	1,138,050	371,532	766,504	(394,972)	1,137,575	(475)
IT Total	1,617,450	690,136	850,879	(160,743)	1,617,450	0
Resources	0	0	0	0	0	0
IT Transformation Unallocated	0	0	0	0	0	0
Corporate Services Total	4,886,600	1,403,569	3,060,964	(1,657,395)	3,333,937	(1,552,663)

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

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Aragon expansion	0	(31,207)	0	(31,207)	0	0
Benedict expansion	0	0	0	0	0	0
Cranmer expansion	2,051,770	1,963,701	1,927,679	36,022	2,051,770	0
Primary Expansion Contingency	0	0	0	0	0	0
Joseph Hood Permanent Expansn	8,350	(4,052)	83,350	(87,402)	8,350	0
Holy Trinity Expansion	61,000	61,195	61,000	195	61,195	195
St Mary's expansion*	2,786,850	2,280,805	2,248,861	31,944	2,645,740	(141,110)
All Saints/ South Wim YCC exp	14,250	3,147	14,250	(11,103)	14,250	0
Gorringe Park expansion	9,620	(13,028)	9,620	(22,648)	9,620	0
Hillcross School Expansion	3,216,520	2,192,476	1,447,489	744,987	3,216,520	0
Merton Abbey Temp Accomodation	3,524,220	2,351,703	2,443,794	(92,091)	3,176,957	(347,263)
Pelham School Expansion	2,992,220	1,438,740	1,894,330	(455,590)	2,462,033	(530,187)
Dundonald expansion	788,000	472,655	698,140	(225,486)	788,000	0
Poplar Permanent Expansion	3,586,740	2,606,708	2,947,307	(340,599)	3,397,093	(189,647)
Liberty expansion	2,620	2,077	2,620	(543)	2,620	0
Singlegate expansion	2,915,000	1,764,320	1,919,190	(154,870)	2,328,559	(586,441)
Wimbledon Chase DCSF grant	3,580	3,579	3,580	(1)	3,580	0
Wimbledon Park expansion	369,380	210,068	353,380	(143,312)	369,380	0
Primary Expansion	22,330,120	15,302,887	16,054,590	(751,704)	20,535,667	(1,794,453)

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

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Devolved Formula Capital	370,000	302,973	370,000	(67,027)	370,000	0
Early Years	0	0	0	0	0	0
Free School Meals	465,270	367,249	373,150	(5,901)	405,263	(60,007)
Schools Access Initiative Inc	0	(711)	0	(711)	0	0
Cricket Green Site	20,000	5,330	20,000	(14,671)	20,000	0
Primary school autism unit	174,110	47,400	57,898	(10,498)	57,000	(117,110)
Breaks-disabled children grant	0	(4,038)	0	(4,038)	0	0
Perseid	335,670	50,869	131,266	(80,397)	270,869	(64,801)
Secondary School Autism Unit	40,000	0	0	0	40,000	0
Lonesome - Main Heating	0	(1,194)	0	(1,194)	0	0
The Sherwood-Boiler&Perim Fnc	0	(1,868)	0	(1,868)	0	0
Schs Cap Maint & Accessibility	666,800	412,000	519,300	(107,300)	567,972	(98,828)
B631 - Solar PV Raynes Prk Pav	0	0	0	0	0	0
Raynes Park Sports Pavilion	4,770	(42,257)	4,770	(47,027)	4,770	0
Secondary School expansion	100,000	0	33,330	(33,330)	100,000	0
Schools Equipment Loans	59,450	0	0	0	59,450	0
Youth&Comm centres reprovision	0	(795)	(1,305)	510	0	0
	2,236,070	1,134,958	1,508,409	(373,452)	1,895,324	(340,746)
Children Schools and Families	24,566,190	16,437,845	17,562,999	(1,125,156)	22,430,991	(2,135,199)

Environment & Regeneration Summary Capital Report - January 2015 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Footways Planned Works	1,000,000	408,419	709,602	(301,183)	1,000,000	0
Greenspaces	1,258,620	674,488	767,499	(93,011)	1,317,579	58,959
Highways General Planned Works	504,340	194,925	487,181	(292,256)	523,395	19,055
Highways Planned Road Works	1,783,100	765,098	1,222,065	(456,967)	1,783,100	0
Leisure Centres	783,400	600,522	772,979	(172,457)	644,620	(138,780)
Other E&R	67,160	8,912	35,993	(27,081)	37,651	(29,509)
On and Off Street Parking	42,910	22,456	29,000	(6,544)	42,910	0
Plans and Projects	70,000	0	70,000	(70,000)	70,000	0
Regeneration Partnerships	2,355,010	508,536	885,685	(377,149)	2,300,085	(54,925)
Street Lighting	410,000	86,913	313,682	(226,769)	410,000	0
Street Scene	80,000	23,769	35,516	(11,747)	81,221	1,221
Transport for London	2,132,730	573,983	872,992	(299,009)	2,080,029	(52,701)
Traffic and Parking Management	243,230	72,484	37,500	34,984	254,663	11,433
Transport and Plant	620,000	95,176	306,663	(211,487)	600,000	(20,000)
Waste Operations	102,500	30,489	20,501	9,988	141,400	38,900
Environment and Regeneration	11,453,000	4,066,170	6,566,858	(2,500,688)	11,286,653	(166,347)

Virement, Re-profiling and New Funding

Appendix 5b

	2014/15 Budget	Virements	Adjusted & New Funding	Reprofiling	Revised 2014/15 Budget
-	£	£	£	£	£
<u>Environment & Regeneration</u>					
River Wandle Footbridge (S106)	43,320	0	(43,320)	0	0
Cycle Access Parking (TfL)	184,000		10,000		194,000
<u>Childrens, Schools and Families</u>					
Joseph Hood Permanent Expansn	83,350	(75,000)			8,350
Primary Autism Unit	99,110	75,000			174,110
Total	409,780	0	(33,320)	0	376,460

Capital Programme Funding Summary 2014/15

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Cabinet - February 2015	13,848	29,756	43,604
Environment and Regeneration			
River Wandle Footbridge (S106)	(43)	0	(43)
Cycle Access Parking (TfL)	0	10	10
Cabinet - March 2015	13,805	29,766	43,571

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

APPENDIX 6

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Children Social Care							
CSF2012-01	Reduction of the overall detached youth service budgets following service review.	25	25	0	G	Paul Angeli		
CSF2012-09	Participation/Advocacy commissioning	50	50	0	G	Paul Angeli		
CSF2012-10	Duke of Edinburgh reprovide via schools funding	25	25	0	G	Paul Angeli		
CSF2012-12	Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE)	100	100	0	G	Paul Angeli		
	Education							
CSF2012-02	Increased income generation and management efficiencies	70	70	0	G	Heather Tomlinson		
CSF2012-03	Service restructuring and realignment to deliver efficiencies	100	100	0	G	Heather Tomlinson		
CSF2012-08	Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport	140	70	70	A	Heather Tomlinson	Base budgets were reduced. The annual SLA charge is circa £300k above the budget due to an increase in 2013/14. Overall transport budget is forecasting an overspend due to increase taxi costs. Procedures have been put in place to reduce the overspend.	Y
	Commissioning, Strategy and Performance							
CSF2012-05	Reduction in commissioning budgets for Early Intervention and Prevention service	50	50	0	G	Paul Ballatt		

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

APPENDIX 6

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2012-06	Reduce expenditure on LAC and SEN placements	200	178	22	A	Paul Ballatt	Base budgets were reduced. Increased cost due to higher caseload is causing a cost pressure, some of which is covered by grant funding. Grant funding is not expected to continue which will lead to an even bigger cost pressure in future years.	Y
CSF2012-07	Staffing reduction equivalent to 1 fte	50	50	0	G	Paul Ballatt		
CSF2012-11	Reduction of one post in commissioning and partnerships	50	50	0	G	Paul Ballatt		
	Total Children, Schools & Families Department Savings for 2014-15	860	768	92				

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2014/15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
	Adult Social Care							
ASC7	0% inflation uplift to third party suppliers	550	550	0	G	David Slark	No uplifts have been awarded to date. At this stage we will presume that there will be no uplifts this financial year. This is the 5th year of no uplifts and it is becoming increasingly difficult to sustain with the providers. We will achieve this target.	Y
ASC13/ASC34	Brokerage Efficiencies	300	0	300	R	Julie McCauley	A lot of work is going on within the Brokerage team around negotiating the best value care packages; particularly new customers. The outcome of these negotiations often result in cost avoidance (projected to be circa £82.4k for the year), which contributes to more efficient management of the placement budget.	Y
ASC16	Transitions	50	45.7	4	G	Jonathan Brown		
ASC19	Monitoring of high value/high cost placements (domiciliary)	50	49	1	G	Jonathan Brown	Prioritised reviews are generating savings from both of these projects. It is anticipated that the combined savings target of £100k will be achieved. Additional savings against the LD budget are being identified to meet other savings targets, in particular those related to Brokerage and Transport. Joint working arrangements are in place across ASC to review existing spend, identify savings and control new spend through the effective use of tools such as the Care Funding Calculator.	Y

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Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
ASC8	Optimising the use of block and spot contracts- OP&LD	300	0	300	A	David Slark	Savings of £100,000 part year effect have been achieved from the Choice Support contract and £88,000 from achieving lower rates from spot purchasing residential care placements. However, these have been offset by increased rates for nursing home care, and specifically from the ending of one block contract. This reflects a national upward pressure in fee rates.	Y
ASC45	Reablement (outcome- care packages)	50	50	0	G	Sarah Wells	It was anticipated that reductions in Older People's packages after hospital discharge was possible once the new MILES Reablement service was fully operational. Although there have been delays in the implementation of the new service, there has been a reduction in residential placements. We anticipate that these savings should be achieved.	

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Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
ASC46	Review Service packages	60	60	0	G	Jean Spencer	The projected savings in Period 7 were circa £50k. With a targeted review programme commencing 5 January 2015 it is anticipated that additional reviews would yield at least a further £10k.	Y
ASC54	Reduction in Mental Health Placement	50	0	50	R	Kamla Sumbhoolual	There has been an increase in care packages and in the number of people requiring placements. In addition CCG have stepped people down from CCG health funded placements, as well as the expectation of the CMHT contributing 50/50. The panel process has been reviewed to ensure all parties make an appropriate contribution. There should be some impact on this budget line, but not enough to achieve the savings.	Y
CH12	Remove day care costs from residential customers	250	0	250	R	Andy Ottaway-Searle	The LD/PD teams place few people in external day care. Those who do mostly live at home and attend highly specialised day services. Brokerage and Social work teams liaise with residential homes to achieve the best value all round package of care which includes day time activities. Withdrawing people in residential care from day services will result in higher charges from residential providers. A full review of in-house day services will look at those people in residential care and supported living to look at alternative activities which can reduce day service costs.	Y

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CH14	All Saints Respite extension	36	0	36	G	Julie McCauley	A sound plan was developed to release savings by supporting people with PD at All Saints as well as existing LD users. The building however needs minor adaptation and this has not been progressed. These savings cannot therefore be achieved as planned. Alternative savings are being sought through the Brokerage Team.	Y
Page 50 CH15	Assistive Technology	70	0	70	A	Andy Ottoway-Searle	AT is increasingly recognised as playing a key part in preventative services. The 'Just Checking' tool allows a more accurate assessment to be made of an individual's needs, enabling a suitably tailored package for care to be prescribed. Work is now being carried out to evaluate figures for both cost avoidance and actual savings following adjustments to care packages after Telecare has been installed. Additionally there has been a reduction in commissioned non-intensive home care hours as well as residential placements which will also have been positively influenced through the provision of AT.	Y

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CH6	Voluntary Organisation- SLA reduction	150	50	100	A	Rahat Ahmed-Man	The aim was to reduce placement costs through volunteer sector providers, essentially impacting third party spend. The reduction in volumes and hours will impact but the savings will not be achieved in full.	
	Voluntary Sector Grants- reduction in infrastructure	98	0	98	R	Rahat Ahmed-Man	Grants have been reduced from circa £1m in 2013-14 to circa £830k in 2014-15. Due to a decision to provide transitional funding for various voluntary sector organisations this savings will now not be achieved.	
ASC52	Delete 1 management post & reduce management & staffing costs	53	53	0	G	Rahat Ahmed-Man	A Commissioning Manager's post has been deleted. This savings has been achieved.	
ASC53	Meals on wheels contract	50	0	50	R	Rahat Ahmed-Man	It has not been possible to take any more savings out of this contract by removing customers from the service. We are in the process of re-commissioning the service jointly with LB Croydon, with contract due to commence in July 2015. The new contract is estimated to achieve annual savings of circa.£90k.	Y
ASC4	TCES Retail Model (simple equipment)	23	33	(10)	G	Maike Blakemore	It is anticipated this savings target will be achieved.	
ASC44	Remodelling of reablement service	282	282	0	G	Sarah Wells	This savings was due from the remodelled MILES service. The establishment was adjusted accordingly and other vacancies have been held. It is likely this savings will be over achieved.	
ASC47	Additional Reablement Funding (CCG)	500	500	0	G	Sarah Wells	This is not a savings, but additional funding which will cover some of the 2014-15 cost increases.	

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
ASC48	Staff Vacancy Factor	105	105	0	G	ALL	This savings was due to be achieved by holding three specific posts vacant. This savings should be overachieved due to the under spend on the staffing budget.	
CH2	Promoting independence	500	280	220	A	Sarah Wells	The delay in implementing the new reablement model has impacted on the ability to fully achieve this saving. Vacancies have been held and other minor budgets frozen to help achieve part of this savings. There has also been an increase in demand.	
CH4	Reduce management costs & reduction in staffing costs	148	148	0	G	Jonathan Brown/ Jenny Rees & Julie Phillips	The staffing budgets are projected to underspend. This saving will be achieved.	
CH13	Reduction in staffing in Access & Assessment	50	50	0	G	Jonathan Brown/ Jenny Rees & Julie Phillips	The staffing budgets are projected to underspend. This saving will be achieved.	

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
ASC6/ASC49/CH8	Transport	246	0.0	246	R	Andy Ottaway-Searle	Action has been taken to reduce volume and to reduce usage of fleet vehicles by Direct Provision staff using self-drive vehicles to collect customers from home. However significant price increases in Fleet transport and taxi costs have meant that the savings will not be realised. There is work happening urgently to arrange alternative solutions for the most high cost taxi users. this work has so far yielded savings to year end of circa £9.4k from ten packages, with a further five being currently reviewed.	Y
ASC50/CH7	Staffing savings in Direct Provision	216	216	0	G	Andy Ottaway-Searle	Posts were deleted and budgets reduced at the start of the year. However day centres are overspending due to transport costs as per above.	
ASC23	Partnerships :The health and social care system . Reablement	(2,000)	(2,000)	0	G	Sarah Wells	This is CCG funding received to support the 2014-15 ASC budget.	
	Merton Adult Education							
	Increase income from commercial courses and café, reduction in staff. Admin & marketing cost.	176	0	176	R	Yvonne Tomlin	Team is already forecasting an overspend.	Y
	Libraries							
	Media fund	10	10	0	G	Anthony Hopkins		
	Housing							
	Homelessness Prevention Grant	92	92	0	G	Steve Langley		
	Total Community & Housing Department Savings for 2014/15	2,465	574	1,891				

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DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under
	<u>Business Improvement</u>							
CS1	Rationalisation of management costs	50	50	0	G	Sophie Ellis		
CS3	Generate income through training	5	5	0	R	Sophie Ellis	Alternate saving identified	N
CS4	Expiry of salary protection	10	10	0	G	Sophie Ellis		
	<u>IT Service Delivery</u>							
CS5	Review and challenge of the procurement of Support & Maintenance & Licence Contracts	29	29	0	G	Mark Humphries		
CS6	Consolidation of ITSD Revenue Budgets	34	34	0	G	Mark Humphries		
CS7	Reduction of costs through re-procurement of Mobile Telephones Contract against a number of revenue budgets spread across the Council	10	10	0	G	Mark Humphries		
CS9	Fallout of pay protection	16	16	0	G	Mark Humphries		
CS11	Deletion of One Van	5	5	0	G	Mark Humphries		
CS13	Cancellation of all Escrow Agreements (Carefirst, Hometrack Data, Ash, Open Revenues, Proactis, Fibonacci)	4	4	0	G	Mark Humphries		
CS14	Cancellation of ttMobile contract	35	35	0	G	Mark Humphries		
CS19	Energy ReFit Savings (Subject to agreed investment) - Phase 1	100	100	0	G	Mark Humphries		
CS24	Project Manager - Accommodation (Vacant Post)	46	46	0	G	Mark Humphries		

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under
CS26	Savings realised from the renegotiation of Corporate Cleaning Contract	39	39	0	G	Mark Humphries		
CS28	M&E Term Contract (Amalgamation) of Intruder Alarms	10	10	0	G	Mark Humphries		
CS29	Energy Procurement	200	200	0	G	Mark Humphries		
	<u>Corporate Governance</u>							
CS32	Integrate the FOI and Complaints functions	40	0	40	R	Paul Evans	Alternate savings within division identified and implemented	Y
	<u>Customer Services</u>							
CS35	Close Cash Office	30	30	0	G	Sean Cunniffe		
CS36	Re tendering of Cash Collection Contract	20	20	0	G	Sean Cunniffe	Although contract award yielded a saving the roll-out of cashless parking and increased banking charges may result in target being unachievable in year	Y
CS37	Increase Registrars Income	20	20	0	G	Sean Cunniffe		
CS38	Review of Welfare Benefits and New Welfare Support program	30	30	0	G	David Keppler		
CS39	Impact of Customer Service Review	30	30	0	G	David Keppler		
CS40	Rationalisation of Divisional Budgets	20	20	0	G	David Keppler		
	<u>Resources</u>							
CS41	Resources - Change in Audit Arrangements	185	185	0	G	Paul Dale		
CS42	Resources -Fall Out of Pay Protection Arrangement	45	45	0	G	Paul Dale		

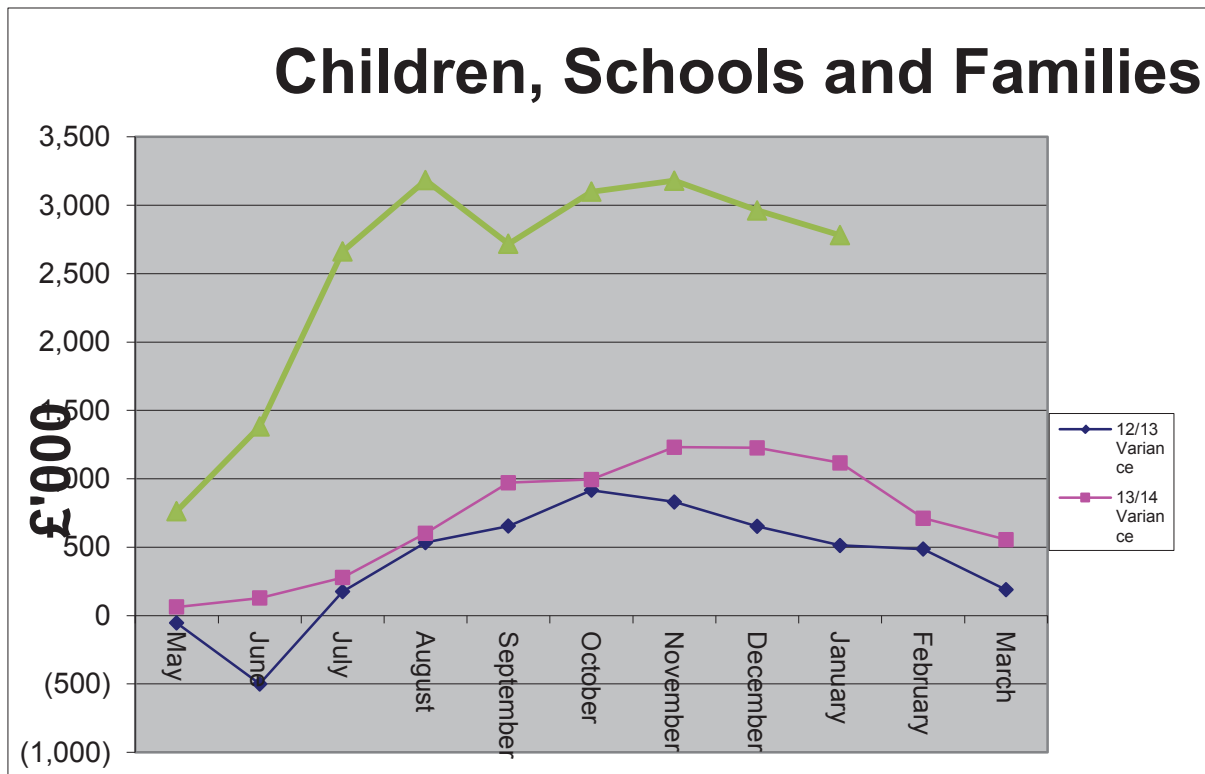
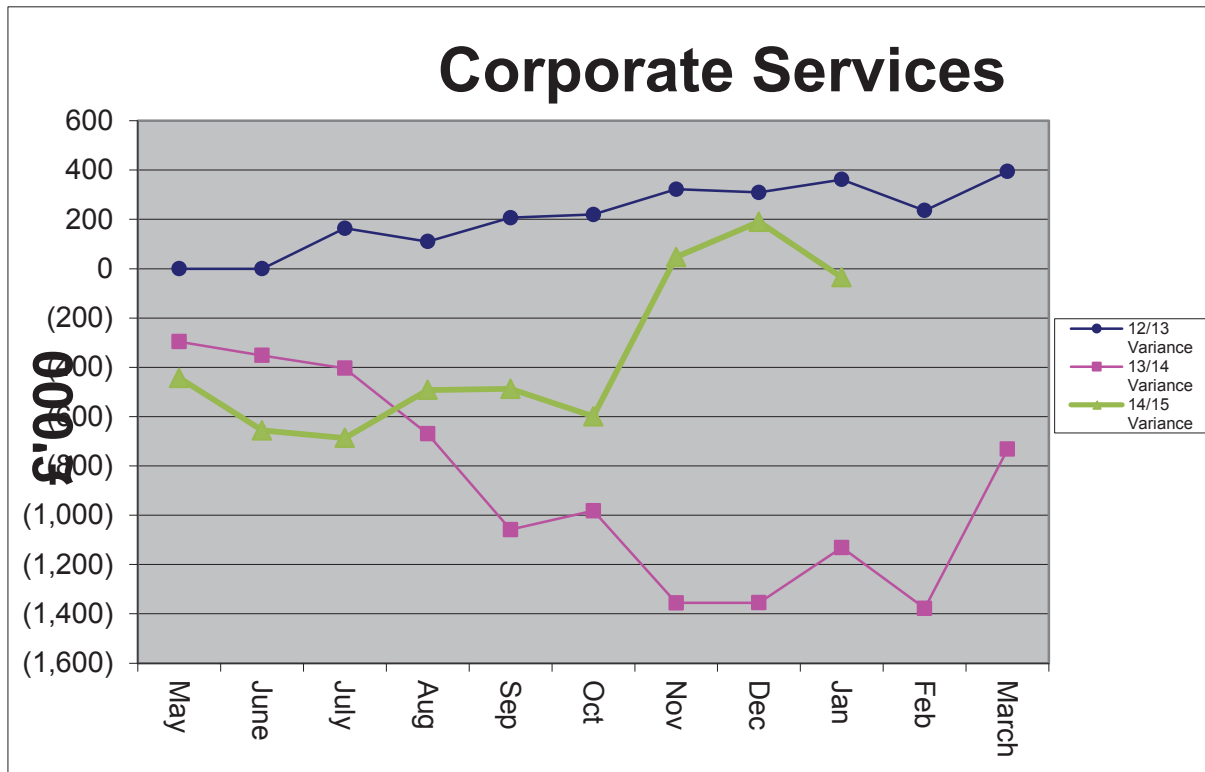
DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under
CS43	Resources -Delete Business Planning Post	50	50	0	G	Paul Dale		
CS44	Resources -Review of Insurance Provision	200	200	0	G	Paul Dale		
CS45	Resources -Improved Cash Management	200	200	0	G	Paul Dale		
CS37	<u>I&T</u> Introduce a charge for the Archive Service Facility (approximately 0.39p per month - commercial rates x 3300 boxes) to produce income - E02243	15	15	0	A	Mark Humphries	Alternate savings to be identified	N
CS43	<u>Human Resources</u> Co-locate all recruitment jobs	60	60	0	G	Dean Shoesmith		
CS46	CRB Income generation via sales to PVI	30	15	15	R	Dean Shoesmith	Alternate savings to be identified as well as further opportunities for income	Y
CS54	<u>Corporate Governance</u> Delete Deputy Head of Service or one Democratic Services Officer post	18	18	0	G	Paul Evans		
CS56	Reduction in overtime payments to staff in Mayor's Office	1	1	0	G	Paul Evans		
	<u>Customer Services</u> Delete Communications Admin Assistant post (vacant)	23	23	0	G	Sophie Poole		
	Delete Advertising, Film and Sponsorship Officer post (vacant)	40	40	0	G	Sophie Poole		
	Total Corporate Services Department Savings for 2014/15	1,650	1,595	55				

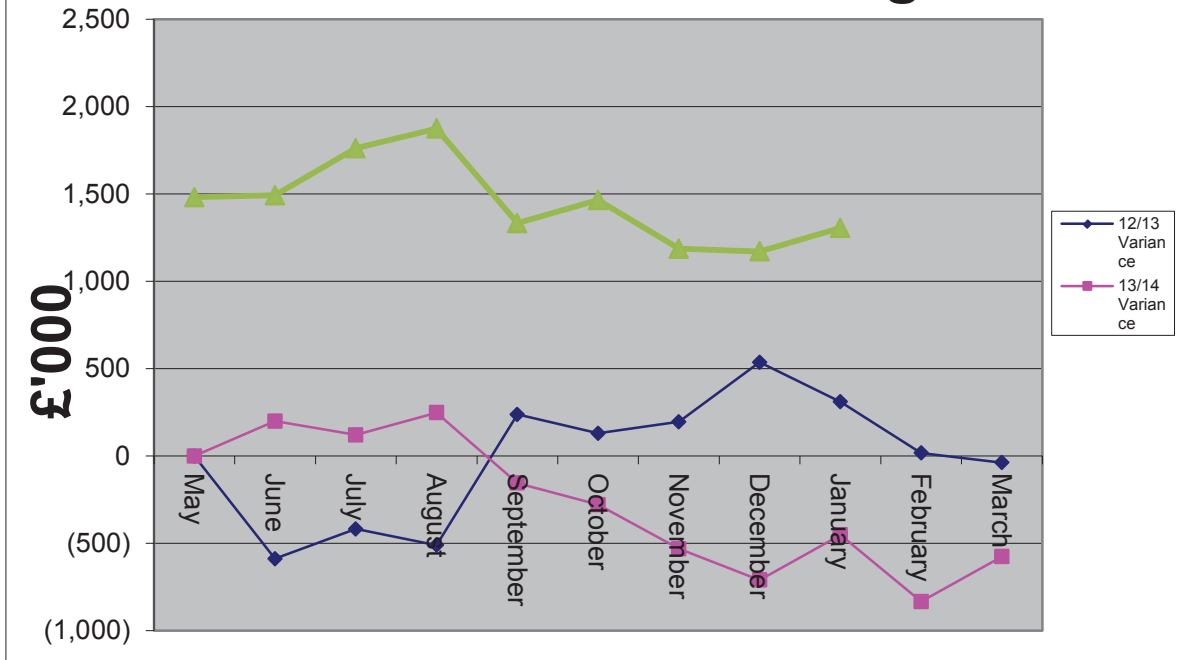
DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15

Ref		2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Underspend? Y/N
LEISURE & CULTURE								
ER04	Reductions in supplies & services budgets; Increased income at Morden Assembly Hall and the Watersports Centre; Grant reduction of c15% to both Polka and Attic Theatres.	29	29	0	G	James McGinlay		N
ER05	Increase income through installation of multi use games area at Canons Leisure Centre.	15	15	0	G	James McGinlay		N
EN33	Recharging for staff time & reduction of 0.2fte.	33	33	0	G	James McGinlay		N
EN35	Increased Income through various charging increases.	11	11	0	G	James McGinlay		N
EN36	Increased Income through sale of advice & guidance.	15	15	0	G	James McGinlay		N
EN38	Reduction of Core Arts Grants to Polka Theatre.	4	4	0	G	James McGinlay		N
BUILDING & DEVELOPMENT CONTROL								
EN06	Staff reduction of 2fte.	73	73	0	G	James McGinlay		N
TRAFFIC & HIGHWAYS								
EN23	Reduction in Grounds Maintenance Budget.	50	50	0	G	James McGinlay		N
EN24	Deletion of Major Project Engineer Post.	30	30	0	G	James McGinlay		N
EN25	Reduction in the Surface Water Budget.	18	18	0	G	James McGinlay		N
EN26	Reduction in the Ditching Budget.	11	11	0	G	James McGinlay		N
EN27	Reduction in the Lining Budget.	10	10	0	G	James McGinlay		N
EN28	Reduction in Energy budget.	70	70	0	G	James McGinlay		N
FUTURE MERTON								
EN41	Review of staffing levels by 1.5fte within the section following transformation review.	40	40	0	G	James McGinlay		N
EN43	Community grant scheme reduction.	60	60	0	G	James McGinlay		N
GREENSPACES								
EN45	Further commercialisation and development of sports and allied parks services	96	67	29	R	James McGinlay		Y
ENVIRONMENTAL HEALTH, TRADING STANDARDS & LICENCING								
ER10	Merton & Richmond shared regulatory services.	100	100	0	A	John Hill	Shared Service began on 1st August. Due to the delayed start date, the full £100k saving may not be met this financial year. However, any shortfall is expected to be met from posts currently vacant within the section.	N
WASTE SERVICES								
ER17	Ceasing compensation payments to Sutton as part of SLWP agreement. Planning costs reduction Reduction in costs of waste process per tonne Consultancy and legal costs cease in relation to new partnership contracts	10 59 1207 213	10 59 1207 188	0 0 0 25	G G G R	Cormac Stokes		N N N Y
ER25	Commercial Waste and Recycling	250	0	250	R	Cormac Stokes	The section is currently in the process of recruiting a commercial waste manager following recommendations from Eumonia who undertook a full review of the service. Current income targets will not be achieved. E&R have recently recruited a Strategic commercial sales manager who will be devoting 20% of their time to support the Waste Operation sales area.	Y
EN13	Alter management structure as a result of recommendations in consultants report.	56	56	0	G	Cormac Stokes		N
EN15	Improved performance management and implementation of the Council's new sickness policy resulting in a reduction in agency staff usage.	100	0	100	R	Cormac Stokes	The 2014/15 baseline budget was reduced by £100k, and the agency related expenditure is forecast to reduce from £2,012k in 2013/14 to £1,607k in 2014/15. The street cleansing service is not covering all annual leave and sickness absence to reduce to cost of agency spend. However, the service is still forecasting an overspend.	Y
EN17	Reduction in Staffing 1.5 FTE	65	65	0	G	Cormac Stokes		N
EN18	Reduction in cost of waste processing per tonne (phase B) contract gate fee	135	135	0	G	Cormac Stokes		N
EN19	Reduction/Re-negotiation of Phase A Contracts.	295	295	0	G	Cormac Stokes		N
EN20	Reduction of tonnage to landfill based on current projections for disposal	60	60	0	G	Cormac Stokes		N
EN21	Dividend from positive movements in Foreign Exchange rates associated with capital costs of Phase B facility resulting in improved unitary charge	50	50	0	G	Cormac Stokes		N
PARKING SERVICES								
EN03	Enforcement of new CPZ's (Controlled Parking Zones)	50	10	40	R	John Hill	The CPZ implementation programme for this year is such that it is unlikely to generate the level of income previously forecast from enforcement. The saving will be mitigated by the employment of additional CEOs to cover sickness, absences and areas of non-compliance not routinely patrolled within the existing staff rotas.	Y
EN04	Implementation of Pay & Display machines in new CPZ's (Controlled Parking Zones)	75	15	60	R	John Hill	This is ongoing, but not at the rate previously forecast.	Y
EN12	Refocusing of resources on areas of non-compliance in order to tackle traffic congestion hotspots and increase efficiency of the service.	48	48	0	G	John Hill		N
Total Environment and Regeneration Savings 2014/15		3338	2834	504				

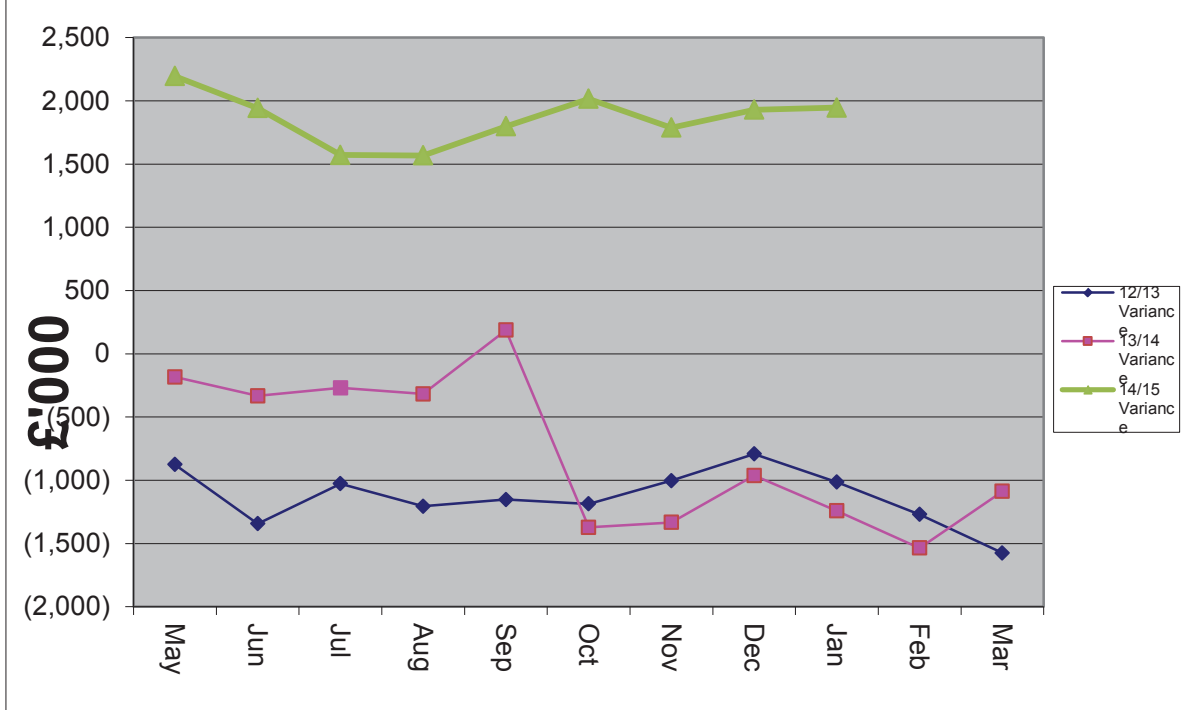
The following charts show the forecast year end variance by department with a comparison for 2012/13 and 2013/14:



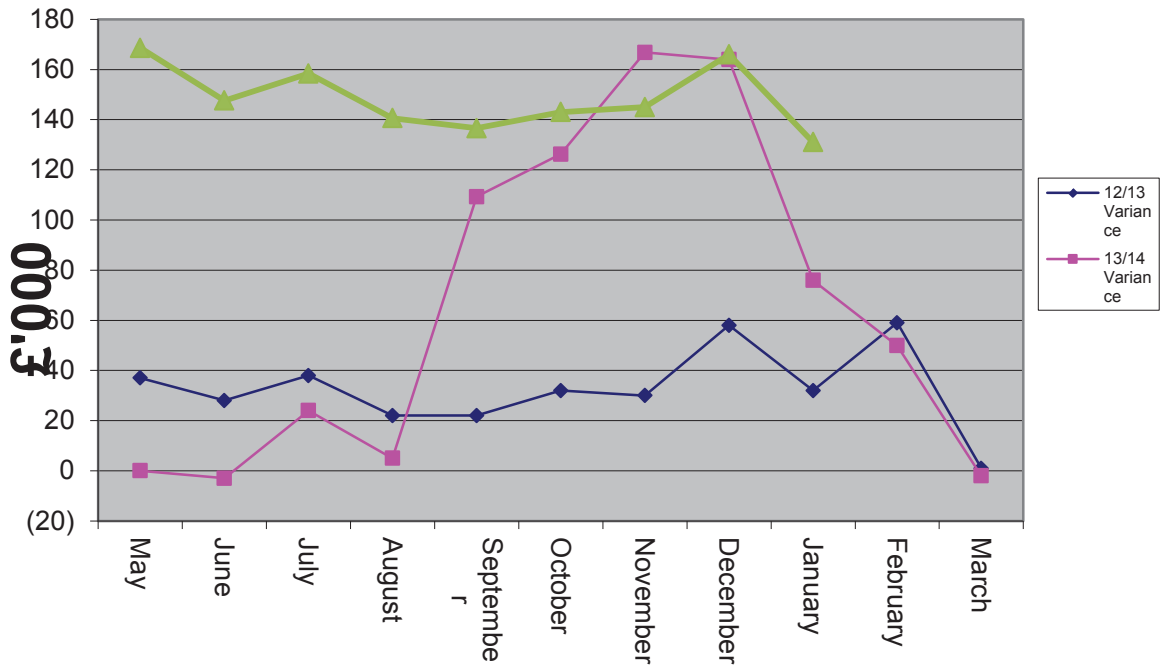
Environment and Regeneration



Adult Social Care



Libraries & Adult Education



Housing General Fund

