

Addendum to Overview and Scrutiny Report

Committee: Sustainable Communities Overview and Scrutiny Panel

25th January 2011

Healthier Communities & Older People Overview and Scrutiny Panel

26th January 2011

Corporate Capacity Overview and Scrutiny Panel

27th January 2011

Children and Young People Overview and Scrutiny Panel

8th February 2011

Overview and Scrutiny Commission

9th February 2011

Agenda item:

Subject: Budget Update 2011/12 – Additional recommendation and amended information

Lead officer: Caroline Holland

Lead member: Councillor Mark Allison

Contact officer: Grant Miles, Head of Finance

Urgent report

Reason for urgency: The legal requirements for Access to Information have not been met for the Sustainable Communities and Healthier Communities and Older People Overview and Scrutiny Panels. The Chair(man) has approved the submission of this report as a matter of urgency to allow the Panel the opportunity to comment on the budget and put forward recommendations to the meeting of the Overview and Scrutiny Commission on 9 February 2011.

Recommendations:

1. That the Panel consider the latest information in respect of the Phase 3 savings and growth and refer comments on the draft package of budget proposals to the Overview and Scrutiny Commission.
 2. That the Overview and Scrutiny Commission considers the comments of the Panels and provides a response on the Phase 3 savings and growth to Cabinet when it meets on 14th February 2011.
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Addendum to Overview and Scrutiny Report

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Phase 1 and Phase 2 savings and growth have already been provided to the Panel. However since the original package of savings and growth were agreed by Cabinet on 13th December 2010, additional information was considered by Cabinet on 17th January 2011, which agreed:
 1. That Cabinet approves the updated draft Budget 2011/12 package, draft Medium Term Financial Strategy 2011-2015, and draft Capital Programme 2011-15.
 2. That Cabinet note that a decision relating to savings proposal CSF15 in respect of Merton Music Foundation has been deferred and any decision in relation to this will be reported to the Scrutiny Panels and the Overview and Scrutiny Commission on 9 February 2011.
- 1.2 Minutes from Cabinet on 17th January in respect of this agenda item are included as Annex 1.
- 1.3 Additional information agreed by Cabinet on the 17th January 2011 is attached for consideration of the Panel.

Extract from minutes of Cabinet meeting

CABINET

17 JANUARY 2011

TIME: 7.15pm – 8.10pm

PRESENT: Councillor Stephen Alambritis (in the Chair); Councillors Mark Allison, Mark Betteridge, Linda Kirby, Edith Macauley, Maxi Martin, Peter Walker and Martin Whelton

BUDGET 2011/12 AND MTSF 2011-15 (Agenda Item 10)

Reason for Urgency

The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Budget 2011/12 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2011-2015. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 2nd March 2011 and set a Council Tax as appropriate for 2011/12.

Councillor Mark Allison made a number of introductory comments:

he thanked all those involved in constructing the budget to date and, in particular he extended his appreciation to scrutiny and the opposition parties for holding the executive to account and for drawing out matters that may be problematical in the future;

since the last meeting of Cabinet the Government has announced its assessment for Merton and further detail has been received in respect of various grants. Taken together this gives rise to an increase in the budget gap from approximately £24m to £26m. The papers identify approximately £14m of savings following a concentrated process of identifying where service reductions can be made in the fairest manner;

as a result of various other measures the gap has been closed to approximately £3m although a number of concerns remain around some Government grants being reduced in particular areas; and

efforts will continue towards achieving a balanced budget including a freeze of the council tax.

The Director of Corporate Services drew members' attention to the areas of growth detailed on page 160 of the submitted report which includes a release of some of the corporate contingency in respect of Children, Schools and Families and in respect of shortfalls in Environment and Regeneration. The draft capital programme is detailed and changes are anticipated to include any additional funding streams that may be available and also having regard to those grants that require further clarification. The Director also drew attention to the update included in the report regarding the Council's pension fund (page 101 of the submitted report refers).

Referring to the issue of the voluntary sector, Councillor Linda Kirby gave tribute to

CABINET
17 JANUARY 2011

the officers for the amount of time and effort that has gone into addressing the various grant funding issues. In particular, she thanked the voluntary sector team working with the Council and their input to risk assessment and prioritising. The voluntary sector team consulted with voluntary groups encouraging them to make revised bids for funding. An assessment of the revised bids was made by officers suggesting a cut of 15-16% this being much less than the voluntary sector was expecting. She thanked the Compact for their efforts in regard to these matters confirming that work is ongoing.

In respect of the Taylor Road issue, it remains the case that the Council still requires to decide to dispose of or maintain the building. In this regard, consultation with the BME Forum is required due to their Strategy including Taylor Road. The Council wishes to encourage the BME to maximise their funding opportunities through application to other funding organisations. In this way the Council may be in a position to pass on costs rather than cut services.

There followed comments from other members both thanking all those involved in dealing with voluntary sector concerns and, in so doing, maintaining the valued relationship between the Council and voluntary sector groups.

Councillor Mark Betteridge made a number of comments and, in particular, referred to the significant decisions to be taken by the Council in the future and the need to have regard to the borough's residents and their input and support.

The Chair put the recommendations to the meeting and it was

RESOLVED: That

1. approval is given to the updated draft Budget 2011/12 package, draft Medium Term Financial Strategy 2011-2015 and draft Capital Programme 2011-15; and
2. it is noted that a decision relating to savings proposal CSF15 in respect of Merton Music Foundation has been deferred and any decision in relation to this will be reported to the Scrutiny Panels and the Overview and Scrutiny Commission on 9 February 2011.

Cabinet

Date: 17 January 2011

Agenda item:

Wards:

Subject: Budget 2011/12 and MTFS 2011-15

Lead officer: Caroline Holland

Lead member: Councillor Mark Allison

Key Decision Reference Number: This report is written and any decisions taken are within the Budget and Policy Framework Procedure Rules as laid out in Part 4-C of the Constitution.

Contact officer: Andy Wood

Urgent report:

Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Budget 2011/12 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2011-2015. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 2nd March 2011 and set a Council Tax as appropriate for 2011/12.

Recommendations:

1. That Cabinet approves the updated draft Budget 2011/12 package, draft Medium Term Financial Strategy 2011-2015, and draft Capital Programme 2011-15.
 2. That Cabinet note that a decision relating to savings proposal CSF15 in respect of Merton Music Foundation has been deferred and any decision in relation to this will be reported to the Scrutiny Panels and the Overview and Scrutiny Commission on 9 February 2011.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 At the meeting of Cabinet on 13th December 2010, Members approved the latest available draft Budget 2011/12 package, draft Medium Term Financial Strategy 2011-2015 and draft Capital Programme 2011-15 for consultation with the scrutiny panels and commission in January and February 2011.
- 1.2 Due to the size of the budget gap and ongoing analysis of the impact of the Local Government Finance Settlement, work is continuing to produce a robust, balanced budget. Also the impact of future inflation movements on the budget and the impact of 2010/11 budget pressures need to be reviewed as late in the budget process as possible to ensure that information is as up to

date as can reasonably be expected. As a result of details arising from the Settlement and further work on savings there is a need for an additional package of measures to be identified.

- 1.3 The report also discusses the potential implications of the new Council Tax Freeze Grant, possible arrangements for veto of excessive council tax increases and capping rules which may restrict the Council's scope in the future to cover for the loss of grant.
- 1.4 The report also sets out details of the latest draft capital programme 2011-15 including associated revenue implications to ensure that revenue and capital implications of the budget process are fully integrated.
- 1.5 The report sets out the planned timetable which is designed to enable the Council to set a balanced budget and Council Tax at its meeting on 2nd March 2011.
- 1.6 Finally, the workforce implications arising from the budget process are summarised in the report.

2. **DETAILS**

- 2.1 On 13th December 2010, Cabinet received a report on the budget for 2011/12, MTFS 2011-2015 and capital programme 2011-15 detailing progress made so far towards setting a balanced revenue budget for 2011/12 and fully funded capital programme.
- 2.2 The report reviewed and updated the budget position set out in the Cabinet report on 8th November 2010 which was considered by the Overview and Scrutiny Commission on 18th November 2010. This included consideration of the first phase of savings, proposed to enable a balanced budget to be set.
- 2.3 The report to Cabinet in December included a second phase of savings and some growth proposals. The Medium Term Financial Strategy 2011-15 was updated to incorporate the savings and growth proposals as detailed in the report. Cabinet on 13th December 2010 resolved that:-
 1. the latest information in respect of the Budget 2011/12 and Medium Term Financial Strategy 2011-2015 is noted and that approval is given to the latest package of budget proposals and draft Medium Term Financial Strategy 2011-2015 and refers them to the Overview and Scrutiny Commission and Panels for comment;
 2. it is noted that the two savings for which decisions were held in abeyance following Cabinet on 8 November (i.e. _ Page 55 of the printed agenda – Ref: CSF15 Reducing of Financial Support to Merton Music Foundation; and _ Page 79 of the printed agenda –

Ref: CC22 Direct Provision, Closure of Taylor Road”) will be considered again in January 2011;

3. the draft Capital Programme 2011-15 is noted and confirms the draft programme to refer to the Overview and Scrutiny Commission and Panels for comment;
4. it is noted that there will be a review of the Capital Strategy to ensure that the funding of the programme and the debt outstanding of the authority can be optimised;
5. Council is recommended to approve the addition of the Sure Start-Children’s Centres scheme, estimated to cost £0.612m, to the Capital Programme and approval is given to a new capital scheme relating to the technical costs of joining the London Libraries Consortium; and
6. the comments of the Overview and Scrutiny Commission on the initial package referred to it by Cabinet on 8 November 2010 are noted together with the responses as set out in agenda item 3 of this agenda.

2.4 The updated MTFS to Cabinet on 13th December 2010, taking into account the savings and growth proposals included in that report, identified the budget gap as follows:-

| | Forecast 2011/12 £m | Forecast 2012/13 £m | Forecast 2013/14 £m | Forecast 2014/15 £m | 4 Year Total £m |
|---|---------------------------|---------------------------|---------------------------|---------------------------|-----------------------|
| Revised Gap (after savings/income and growth) & four year cumulative total | 23.673 | 18.407 | 14.713 | 13.764 | 70.557 |
| Less: Growth Block sum included above | (3.245) | 0.000 | 0.000 | 0.000 | (3.245) |
| Add: Approved growth met from block sum | 0.221 | 0.000 | 0.000 | 0.000 | 0.221 |
| Add: Approved growth not met from block sum | 0.253 | 0.339 | 0.000 | 0.000 | 0.592 |
| Add: Balance of Growth Block sum not used | 3.024 | 0.000 | 0.000 | 0.000 | 3.024 |
| Draft Savings Proposals (Phases 1 and 2) | (12.794) | (0.058) | (0.015) | 0.000 | (12.867) |
| Revised Budget Gap | 11.132 | 18.688 | 14.698 | 13.764 | 58.282 |

2.4.1 This assumes that the savings in government grant required in 2010/11 are fully achieved. Progress is set out in paragraph 2.5.2.

2.5 Savings in 2011/12

2.5.1 Departments have made significant progress in identifying savings and Cabinet have approved savings of £12.794m against an initial target of £14m.

a) **General Fund Savings:**

| | SAVINGS TARGET | Reported to Cabinet 8 th November | Additional Savings identified (Phase 2) | SHORTFALL/ (SURPLUS) |
|---|-------------------|--|--|-------------------------|
| | 2011/12 | 2011/12 | | 2011/12 |
| | £000 | £000 | £000 | £000 |
| Chief Executive's Corporate Services | 387 } 3,031 } | 3,581 | 0 } | (163) |
| Environmental Services | 4,702 | 2,724 | 1,530 | 448 |
| Children, Schools and Families | 1,422 | (Note 1) 492 | 717 | 213 |
| Community and Housing | 4,458 | (Note 2) 2,654 | 1,096 | 708 |
| Total | 14,000 | 9,451 | 3,343 | 1,206 |

Note 1: Excludes CSF15: Reducing of Financial Support to Merton Music Foundation (£0.072m in 2011/12) held in abeyance until January 2011.

Note 2: Excludes CC22: Closure of Taylor Road (£0.022m in 2011/12) held in abeyance until January 2011.

2.5.2 In addition, as a result of the need to find in-year savings to meet reductions in government grant in 2010/11 departments also had to identify reductions in Area Based Grants. Progress against this is set out in the table below:-

ABG Savings:

| | ABG LOSS | Reported to Cabinet 8 th November | Additional Savings identified (Phase 2) | SHORTFALL/ (SURPLUS) |
|---------------------------------------|--------------|--|--|-------------------------|
| | £000 | £000 | £000 | £000 |
| Chief Executive's | 66 | 66 | 0 | 0 |
| Corporate Services | 0 | 0 | 0 | 0 |
| Environmental Services | 22 | 0 | 0 | 22 |
| Children, Schools and Families | 919 | 789 | 120 | 10 |
| Community and Housing | 106 | 10 | 96 | 0 |
| Total | 1,113 | 865 | 216 | 32 |

2.6 **Local Government Finance Settlement 2011-13**

2.6.1 The 2011-12 and 2012-13 Provisional Local Government Finance Settlement was announced on 13 December 2010. It provides provisional allocations to local authorities for 2011/12 and 2012/13 based on the headline totals published as part of the Spending Review in October 2010. The fact that it is only a two year Settlement is not an aid to Merton's medium and long-term planning.

2.6.2 Previously, revenue grant funding to local authorities consisted of three main elements:-

- Formula Grant (Revenue Support Grant + Share of Business Rates pool)
- Area Based Grants and other non ring-fenced grants
- Specific and Special Grants – ring-fenced

2.6.3 Year on Year Changes in Formula Grant:

| | 2011/12 % | 2012/13 % |
|-----------------|--------------|--------------|
| England | -9.9 | -7.3 |
| London boroughs | -11.3 | -7.6 |
| Inner London | -11.2 | -7.4 |
| Outer London | -11.3 | -7.9 |
| GLA | -4.9 | -5.9 |
| Merton | -13.3 | -9.4 |

2.6.4 The DCLG has presented the figures for authorities in terms of Revenue Spending Power. Revenue Spending Power is defined as the aggregate of the authority's council tax income, formula grant, other specific grants and NHS funding for social care. To ensure greater certainty in funding the data used to calculate this grant will be based on figures as at the provisional finance settlement. Changes made after this date will not be included. For Merton, the key figures are:-

CALCULATION OF REVENUE SPENDING POWER

| | 2010/11 £m | 2011/12 £m | Change £m | Change % | 2011/12 Adjusted £m | 2012/13 £m | Change £m | Change % |
|----------------------------------|---------------|---------------|---------------|---------------|---------------------------|---------------|---------------|--------------|
| Council Tax requirement | 82.163 | 82.163 | 0 | 0 | 82.163 | 82.163 | 0 | 0 |
| Formula Grant | 67.733 | N/A | N/A | N/A | 66.182 | 59.961 | -6.221 | -9.40 |
| Rolled –in grants | 9.103 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Sub-total: Formula Grant | 76.836 | 66.617 | 10.219 | -13.30 | 66.182 | 59.961 | -6.221 | -9.40 |
| Specific & Special Grants | 17.030 | 20.490 | 3.460 | 20.32 | 18.893 | 19.332 | 0.439 | 2.32 |
| Sub-total: Grants | 93.866 | 87.107 | -6.759 | -7.20 | 85.075 | 79.293 | -5.732 | -6.8 |
| Estimated Revenue Spending Power | 176.029 | 169.270 | -6.759 | -3.84 | 167.238 | 161.456 | -5.782 | -3.46% |

2.6.5 Reduction in Formula Grant

Taking into account the rolled-in grants, the reduction in formula grant from 2010/11 to 2011/12 is £10.219m, (-13.3%) and from 2011/12 to 2012/13 is £6.221m (-9.4%). In order to allocate this reduction, the simplest and fairest method is to reduce each element pro rata to recoup the total grant lost. This is set out in the following table:-

| Grant | 2010/11 | 2011/12 | Change | 2012/13 | Change | | | | |
|---------------------------------------|---------------|---------------|----------------|---------------|---------------|---------|---------|---------|---------|
| | Provisional | | | | | 2011/12 | 2011/12 | 2012/13 | 2012/13 |
| | Settlement | | | | | | | | |
| | GF | GF | GF | GF | GF | | | | |
| | £m | £m | £m | £m | £m | | | | |
| Formula Grant (Actual 2010/11) | 67.733 | 58.788 | -8.945 | 52.962 | -5.826 | | | | |
| Funding top-sliced from grants | -0.543 | -0.543 | 0.000 | -0.543 | 0.000 | | | | |
| <u>Rolled-in Grants:</u> | | | | | | | | | |
| Corporate Services | 0.123 | 0.106 | -0.016 | 0.096 | -0.011 | | | | |
| Children Schools & Families | 1.121 | 0.973 | -0.148 | 0.877 | -0.096 | | | | |
| Environment and Regeneration | 0.065 | 0.056 | -0.009 | 0.051 | -0.006 | | | | |
| Community & Housing | 8.337 | 7.234 | -1.103 | 6.520 | -0.716 | | | | |
| Sub-total: Rolled-in Grants | 9.103 | 7.829 | -1.274 | 6.999 | -0.830 | | | | |
| Total | 76.836 | 66.617 | -10.219 | 59.961 | -6.656 | | | | |

A detailed analysis of these changes is set out in Appendix 2.

2.6.6 Specific and Special Grants

Changes in specific and special grants are treated differently. Although not all of these are ring-fenced in 2011/12, it has been assumed that changes in these are earmarked for specific purposes, so any increase/decrease in grant is matched by a corresponding increase/decrease in expenditure meaning that there is no overall change in the budget gap. Increases will be subject to review to see if savings can be made. The impact of decreases will also be considered to see if the financial effect can be contained within the area of spend. There will be an update on this as part of the report to Cabinet on 14 February 2011.

| | 2010/11 | 2011/12 | Change | 2012/13 | Change |
|---|---------------|---------------|--------------|------------|------------|
| | GF | GF | 2011/12 | GF | 2012/13 |
| | £m | £m | £m | £m | £m |
| Learning Disability (2010/11 Adjusted) | 6.520 | 6.653 | 0.133 | 6.810 | 0.157 |
| Early Years Intervention Grant (2010/11 adjusted) | 8.301 | 7.600 | -0.701 | 8.069 | 0.469 |
| Migration Impact Fund (2010/11) | 0.079 | 0.000 | -0.079 | 0.000 | 0.000 |
| Preventing Violent Extremism | 0.160 | 0.000 | -0.160 | 0.000 | 0.000 |
| Housing Benefit & Council Tax Benefit Admin Subsidy | 1.566 | 1.597 | 0.031 | TBA | TBA |
| Preventing Homelessness (2010/11 adjusted) | 0.403 | 0.500 | 0.097 | 0.403 | -0.097 |
| Indicative Council Tax Freeze Grant * | 0.000 | 2.088 | 2.088 | 2.088 | 0.000 |
| NHS funding to Support Social Care Benefit Health * | 0.000 | 2.052 | 2.052 | 1.962 | -0.090 |
| Total | 17.030 | 20.490 | 3.460 | TBA | TBA |

* New source of funding

2.6.7 One aspect of the Provisional Settlement that will lead to potential difficulties is the fact that a number of funding streams have been

ended or have yet to be confirmed. Analysis of the implications for services of these is continuing, The grants that have been confirmed as ended are set out in Appendix 3, as are those which are under review/unknown. At the time of writing this report, not all information has been received. The position will be updated in the report to Cabinet on 14 February 2011.

- 2.6.8 In addition, there may be some sources of funding that services receive via other agencies which will be discontinued as a result of funding cuts in those areas.
- 2.6.9 Current practice is that, where a service is funded by grant, if the grant funding source ends then the service should be discontinued or an alternative funding source identified.
- 2.6.10 A more detailed summary of the Provisional Settlement is set out in Appendix 1.

2.7 **Corporate and Technical Adjustments**

Officers have continued to review all areas of their budgets in liaison with Cabinet members in order to be able to present a balanced budget in March 2011 which takes into account the latest available information. Corporate and technical provisions have been reviewed to update them for the latest available information and to identify areas which could contribute to bridging the funding gap.

2.7.1 Pay and Prices

a) Pay:

2010/11 – As previously notified, because of the lack of progress in pay negotiations, the Trade Unions registered a formal dispute with the employers on 26 July under paragraph 17 of the Green Book constitution which means that the matters under dispute will be referred to ACAS for arbitration.

2011/12 - The Government has previously announced that “a two year pay freeze will be introduced from 2011-12 for public sector workforces, except for those earning £21,000 or less, who will receive an increase of at least £250 a year”.

Pay Claim 2011/12: The Trade Union Side of the National Joint Council for Local Government Services has submitted (on 13 October 2010) a pay claim for 2011/12. The headline claim is: “An increase of at least £250 on all salaries and spinal column points for 2011/12 and a joint review of employment condition proposals tabled by the trade unions in 2008/9.” This equates to an increase of approximately 1.2%.

The budget provision for a pay award in 2010/11 of £0.810m was clawed back and added to the corporate contingency. The provision

of £0.428m will be held centrally, pending the outcome of pay negotiations in 2011/12.

b)

Prices:

CPI annual inflation – the Government’s target measure – was 3.3% in November which increased from 3.2% in October . There were upward pressures from food and non-alcoholic drinks, particularly bread, cereals and meat; clothing and footwear; and furniture, household equipment and maintenance. These upward pressures were partially offset by down trends in air transport fares, fuels and lubricants and the price of recreation and culture. In the year to November, RPI annual inflation was 4.7% up from 4.5% in October, with the main factors that affected CPI also affecting the RPI.

Provision of £5.549m is included in the MTFs in 2011/12 for price increases. This equates to a 2% increase for most non-employee budgets, plus additional amounts where inflation is expected to exceed that.

c)

Utilities:

Given the volatility of utilities costs over the past 2-3 years, provision has been included to provide cover for potential increases in these budget heads. The budget for 2010/11 is £0.717m and provision of £0.217m is included in the inflation provision for additional utilities costs. The MTFs, therefore, includes £0.934m for the potential inflationary impact of a large increase in utilities costs. Current contracts expire in September and October 2011 and are likely to show an increase over current costs but not as significant as estimated. The latest estimated increases for the next three years are:-

| 2011/12 £000 | 2012/13 £000 | 2013/14 £000 |
|-----------------|-----------------|-----------------|
| 102 | 186 | 35 |

Given the volatility of utilities budgets in the current economic climate, it may be prudent to retain the £0.217m element in the inflation provision for utilities as costs in this area can fluctuate dramatically through fuel shortages, and oil and gas supply problems. The lump sum budget of £0.717m could be released.

d)

Outlook for inflation

The Bank of England published its latest quarterly inflation report on 10th November. The recovery in the UK economy is expected to continue but the large fall in output during the recession means that some spare capacity is likely to remain for some time. Although the outlook for growth is highly uncertain, it is considered that the

recovery in output is likely to be maintained, reflecting the stimulus to private demand from monetary policy, assisted by the strengthening of the global economy and the lower level of sterling. CPI inflation is likely to remain above the 2% target throughout 2011, reflecting the forthcoming increase in VAT and upward pressure from import price inflation. The Bank of England report assumes that quantitative easing remains at the £200 billion currently issued.

The key issue is to try to accurately predict the inflation trend during 2011/12. In order to do this, an analysis has been undertaken of the HM Treasury Forecasts for the UK economy, which offers a comparison of independent forecasts for a range of economic factors, including RPI and CPI. The forecasts, based on the December 2010 report, suggest the following inflation rates over the next year:-

| | Lowest | Highest | Average |
|-------------------------|---------------|----------------|----------------|
| 2010 (Quarter 4) | % | % | % |
| - CPI | 2.6 | 3.4 | 3.0 |
| - RPI | 3.5 | 4.7 | 4.4 |
| | | | |
| 2011 (Quarter 4) | | | |
| - CPI | 2.0 | 3.6 | 2.8 |
| - RPI | 2.4 | 4.6 | 3.5 |

2.7.2 Based on the average independent forecasts, the average inflation rate during 2011 is estimated to be around 2.9% for CPI and 3.9% for RPI. The worst case is expected to be around 3.5% for CPI and 4.7% for RPI.

2.8 Treasury Management, Capital Financing and Investment Income:

2.8.1 The assumptions relating to the revenue implications of the draft capital programme are informed by the latest information available on treasury management. This will be reviewed throughout the budget process

2.8.2 Borrowing, Investment and Debt Management Strategy

On 9 December 2010, the Bank of England's Monetary Policy Committee (MPC) voted to maintain the official Bank Rate paid on commercial bank reserves at 0.5%. The Committee also voted to maintain the stock of asset purchases financed by the issuance of central bank reserves at £200 billion (Quantitative Easing). In light of the economic outlook, the MPC judged that maintaining the Bank Rate at 0.5% and maintaining quantitative easing at £200 billion was appropriate to meet the 2% CPI inflation target over the medium term. However, because the prospects for inflation remain highly uncertain, the MPC have indicated that they are prepared to respond with changes to interest rates in either direction as the balance of risks evolves. However, over the remaining months of

this financial year it is not anticipated that there will be any significant change.

The short-term market, which influences investment return, remains restrained by a low Base Rate (0.5%), substantial market liquidity, and the prospect of slow economic recovery. Rates available in 2010/11 from appropriate credit worthy counterparties have ranged from near 0.2% to 0.5% for overnight to week deposits, to near 1.5% for one year. Efforts have been made to exploit the higher rates available for longer periods to the extent that liquidity and concern to be well-placed for 2011/12 investment allow.

Outlook for interest rates

The Centre for Economics and Business Research (CEBR) is forecasting that UK interest rates will stay at 0.5% into 2011 and not reach 2% until 2014. A comparison of independent forecasts for the UK economy produced by HM Treasury (December 2010) gives the following projections:-

| | Lowest | Highest | Average |
|-------------------------|---------------|----------------|----------------|
| 2010 (Quarter 4) | % | % | % |
| Bank Base Rate | 0.0 | 0.8 | 0.5 |
| | | | |
| 2011 (Quarter 4) | | | |
| Bank Base Rate | 0.5 | 2.0 | 0.9 |

Sector, in their December 2010 update, are forecasting the following trend for the Bank Base Rate over the next two years:-

| Bank Rate | End Q4 2010 | End Q1 2011 | End Q2 2011 | End Q3 2011 | End Q4 2011 | End Q1 2012 | End Q2 2012 | End Q3 2012 |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Sector Treasury | 0.5% | 0.5% | 0.5% | 0.5% | 0.75% | 1.0% | 1.25% | 1.5% |
| Capital Economics | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | N/A |
| UBS | 0.5% | 0.5% | 0.5% | 0.75% | 1.0% | N/A | N/A | N/A |

2.9 Collection Fund

2.9.1 Any surplus or deficit on the Collection Fund is shared between, or charged to, the Council and its preceptors in proportion to their demands upon the Collection Fund. The 2009/10 audited surplus is £5.999m and the estimated shares are £1.298m to the GLA and £4.701m to Merton.

2.9.2 The budget for 2010/11 included an amount of £2.341m to support the revenue budget, and £0.5m thereafter. Given the level of surplus as at 31st March 2010 and the Council’s continuing good performance in collection of council tax it should be possible to

increase the level of annual contribution from the Collection Fund to support the revenue budget to £1m from 2012/13 onwards.

| | |
|-------------------------------|---------|
| <u>COLLECTION FUND</u> | 2010/11 |
| | £m |
| Surplus 31/03/2010 | 4.701 |
| <u>Less</u> | |
| Budget 2010/11 | -2.341 |
| MTFS 2011/12 | -0.500 |
| Estimated Balance | 1.860 |

Any use of the estimated balance in 2011/12 should be treated as a one-off.

For example, the balance could be utilised as follows:-

| | |
|---------|---------|
| 2011/12 | £1.360m |
| 2012/13 | £0.500m |

2.10 Council Tax Base

A report is going to Cabinet on 17 January which sets out details relating to the Council Tax Base for 2011/12. The Council Tax Base for 2011/12 is 74,485.9 compared with 74,250.1 for 2010/11. The additional yield from Council Tax in 2011/12 arising from the increase in council tax base is approximately £0.260m. The MTFS included an amount of £0.400m, therefore a shortfall of £0.140m which it is proposed is funded by a reduction in the contingency.

2.11 Single Status

There have been some further settlements in 2010/11. The budget in 2010/11 is £0.628m. This area is currently being reviewed to ascertain whether any or all of the remaining provision will be required in 2011/12.

2.12 LAA Performance Reward Grant

A claim has been submitted for Performance Reward Grant (PRG) of £1.703m and this is expected to be paid as 50:50 revenue and capital grant. No expenditure commitments have been made against this and the Chief Executive will be meeting with Merton Partnership to discuss how it will be utilised, as per their previous agreement.

2.13 Contingency

2.13.1 The budget approved for 2010/11 includes provision of £2.9m as a contingency to meet unforeseen cost and demand pressures

particularly those arising as the economy recovers from the recession.

As a result of various changes during 2010/11 arising from monitoring procedures, there have been virements from other budgets into the contingency:-

| | £m |
|--|--------------|
| Approved contingency 2010/11 | 2.900 |
| Free Personal Care at Home Bill – now scrapped | 0.380 |
| Pay inflation clawback | 0.810 |
| P3/P4 – Parking income adjustment | 0.470 |
| Bulky waste (one-off contribution) | (0.044) |
| Latest contingency (December 2010) | 4.516 |

It was recognised that the contingency needed to be temporarily increased as reported to Cabinet previously on 18 January 2010 and 22 February 2010, in order to provide cover for spending pressures within Children, Schools and Families and income shortfalls in Environment and Regeneration and potential budget pressures which could not be recognised with certainty in terms of magnitude and timing.

2.13.2 In paragraph 3.4 and Appendix 6, the proposed growth includes amounts for increases in CSF budgets for Children’s Social Care staffing and placements totalling £1.1m and also to address the rebasing of E&R income totalling £1.5m which has been a budgetary pressure throughout 2010/11 and is expected to continue. Accordingly, it is proposed to reduce the contingency budget in 2011/12 by £2.6m to fund this essential growth.

2.13.3 The change in the change would be as summarised below:-

| | £m |
|--|---------|
| Ongoing adjusted contingency c/f | 4.560 |
| Less: | |
| Earmarked for potential increase in CSF costs | (1.100) |
| Earmarked to address E&R funding shortfall | (1.500) |
| Council Tax Base – adjustment in estimated yield | (0.140) |
| | |
| Contingency remaining for other pressures | 1.820 |

2.14 Pension Fund Actuarial Review
Barnett Waddingham, the Council’s actuaries are carrying out an actuarial valuation of the London Borough of Merton Pension Fund (“the Fund”) as at 31 March 2010. The valuation is being carried out in accordance with Regulation 77 of the Local Government

Pension Scheme Regulations 1997 (“the Regulations”) as amended. When the actuaries final report is produced further details will be provided. Based on discussions so far, the information is as follows:-

a) Past Service Deficiency

The current budgetary contribution is based on a 12 year recovery period. The expected results of the formal valuation indicate that the assets of the Fund currently represent approximately 83% of the accrued liabilities of the Fund. This has decreased from 90% as at 31 March 2007.

Clearly, the bigger the annual contribution that the Council can afford to make, the sooner the deficit will be eliminated. At the same time, it is recognised that as a result of the Hutton Review, there are likely to be changes to the Local Government Pension Scheme which will reduce the employers’ liability and therefore contribution levels but from which year is not yet clear. Also, the Council has a significant budget gap to address. The MTFs includes provision within the inflation amount for the additional employers contributions arising from early retirements as well as the lump sum contribution arising from the 2007 valuation.

The budget for 2010/11 is £5.386m and £0.463m is recharged to schools for their element, giving a net budget of £4.923m. The MTFs includes £0.834m uplift in 2011/12 to give a base budget for 2011/12 of £6.220m less schools recharge of £0.463m giving a net base budget in 2011/12 of £5.757m, assuming no change in the schools recharge.

The actuaries assessment is that, in order to clear the past service deficiency over 15 years, three years longer than currently provided for, and providing for additional contributions to address in-year early retirements, the estimated financial implications, compared with budget will be:-

| Based on 15 years (previously 12 years) | 2011/12 £000 | 2012/13 £000 | 2013/14 £000 | New Revaluation 2014/15 £000 |
|---|-----------------|-----------------|-----------------|---------------------------------------|
| Lump sum | 4,800 | 5,000 | 5,250 | 6,450 |
| Additional employers contributions arising from early retirements | 400 | 800 | 1,200 | 200 |
| Total | 5,200 | 5,800 | 6,450 | 6,650 |
| Base Budget (MTFS) | 6,220 | 7,020 | 7,820 | 8,620 |
| Surplus | 1,020 | 1,220 | 1,370 | 1,970 |

This indicates that the council could opt for higher annual contributions to address the past service deficiency over a shorter period or release some budget to reduce the budget gap. However, it would be advisable to review this annually as the budget for additional employers contributions arising from early retirements is subject to fluctuation and difficult to forecast with accuracy. Discussions with the actuary indicate that they would be prepared to consider a 15 year repayment period to make good the deficit.

b) Future Service Employer Contributions

The actuary advises that employer contributions in respect of future service should be held at 14.1% of payroll costs which is the same as the current level.

2.15 Review of Reserves

There are two reserves within the Council's accounts as at 31st March 2010 which have currently been identified as being available for release. These are

| | £m |
|-------------|-------|
| VAT Reserve | 0.724 |
| Section 117 | 0.100 |

2.16 Summary of Corporate and Technical Adjustments

2.16.1 The corporate and technical adjustments which are included in the MTFs and discussed in this report will continue to be reviewed as the budget process proceeds and final updates provided to the 14 February 2011 Cabinet.

2.17 Review of 2010/11 Revenue Forecast

2.17.1 The latest budgetary control information on revenue expenditure and income based on spend to the end of November, shows a forecast underspend of £8.672m at the year end, of which £4.275m relates to the revenue effects of the capital programme and will be re-invested in the capital programme in 2011/12.

The current estimated balance of £4.397m would increase General Fund balances and therefore be available to reduce the gap but only as a one-off contribution in 2011/12 and would need to be replaced in future years. An update will be reported to 14 February Cabinet, subject to any further call in relation to redundancy costs.

3. **UPDATE/REVIEW OF DEPARTMENTAL SAVINGS AND GROWTH**

3.1 Savings agreed by Cabinet on 13 December 2010 and subject to scrutiny totalled £12.794m in 2011/12 and are summarised in paragraph 2.5.1 (a).

3.2 Officers have continued to review their budgets in order to find additional savings to reduce the gap. Additional savings have been identified and details are provided in Appendix 5 and these are summarised in the following tables:-

| Phase 3 SAVINGS – Non ABG | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|----------------------------------|----------------|----------------|----------------|----------------|
| | £m | £m | £m | £m |
| Chief Executive's | 0.000 | 0.000 | 0.000 | 0.000 |
| Corporate Services | 0.000 | 0.000 | 0.000 | 0.000 |
| Children, Schools and Families | 0.141 | 0.000 | 0.000 | 0.000 |
| Environment and Regeneration | 0.330 | 0.110 | 0.000 | 0.000 |
| Community and Housing | 0.709 | 0.000 | 0.000 | 0.000 |
| TOTAL | 1.180 | 0.110 | 0.000 | 0.000 |

| Phase 3 SAVINGS – ABG | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--------------------------------|----------------|----------------|----------------|----------------|
| | £m | £m | £m | £m |
| Chief Executive's | 0.000 | 0.000 | 0.000 | 0.000 |
| Corporate Services | 0.000 | 0.000 | 0.000 | 0.000 |
| Children, Schools and Families | 0.000 | 0.000 | 0.000 | 0.000 |
| Environment and Regeneration | 0.022 | 0.000 | 0.000 | 0.000 |
| Community and Housing | 0.000 | 0.000 | 0.000 | 0.000 |
| TOTAL | 0.022 | 0.000 | 0.000 | 0.000 |

| Phase 3 SAVINGS – All Savings | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | £m | £m | £m | £m |
| Chief Executive's | 0.000 | 0.000 | 0.000 | 0.000 |
| Corporate Services | 0.000 | 0.000 | 0.000 | 0.000 |
| Children, Schools and Families | 0.141 | 0.000 | 0.000 | 0.000 |
| Environment and Regeneration | 0.352 | 0.110 | 0.000 | 0.000 |
| Community and Housing | 0.709 | 0.000 | 0.000 | 0.000 |
| TOTAL | 1.202 | 0.110 | 0.000 | 0.000 |

3.3 The decision in relation to one of the items previously held in abeyance by Cabinet on 8 November and 13 December 2010, i.e. CSF15 Merton Music Foundation, has been deferred. Any decision in relation to this will be reported to the Scrutiny Panels and the Overview and Scrutiny Commission on 9 February 2011.

3.4 If the savings put forward in Phase 3 are agreed, the total savings in 2011/12 compared against the targets set would be as summarised in the following tables:-

a) General Fund Savings: Non ABG

| | SAVINGS TARGET | Reported to Cabinet 13 th December | Additional Savings identified (Phase 3) | SHORTFALL/ (SURPLUS) |
|---|------------------|---|---|----------------------|
| | 2011/12 £000 | 2011/12 £000 | £000 | 2011/12 £000 |
| Chief Executive's Corporate Services | 387 } 3,031 } | 3,581 | 0 } | (163) |
| Environmental Services | 4,702 | 4,254 | 330 | 118 |
| Children, Schools and Families | 1,422 | 1,209 | 141 | 72 |
| Community and Housing | 4,458 | 3,750 | 709 | (1) |
| Total | 14,000 | 12,794 | 1,180 | 26 |

b) General Fund Savings: ABG

| | ABG LOSS | Reported to Cabinet 13 th December | Additional Savings identified (Phase 3) | SHORTFALL/ (SURPLUS) |
|---------------------------------------|--------------|---|---|----------------------|
| | £000 | £000 | £000 | £000 |
| Chief Executive's | 66 | 66 | 0 | 0 |
| Corporate Services | 0 | 0 | 0 | 0 |
| Environmental Services | 22 | 0 | 22 | 0 |
| Children, Schools and Families | 919 | 909 | 0 | 10 |
| Community and Housing | 106 | 106 | 0 | 0 |
| Total | 1,113 | 1,081 | 22 | 10 |

3.4.1 For non-ABG savings, the revised mix of deliverable and political risk of the savings proposals, as previously presented to Cabinet on 13 December 2010 plus those additional draft proposals now presented are set out in the following chart, i.e. those savings where there is deemed to be a high reputational impact and a high risk of non-deliverability are 11.75%, or £1.642m by value, of the total gross savings.

| | | | | |
|----------------------------|---------------|--------------------------|-----------------|----------------|
| DELIVERABILITY RISK | High | 4.51% | 2.86% | 11.75% |
| | | 1.4% 2010/11) | (10.1% 2010/11) | (0.4% 2010/11) |
| | Medium | 8.13% | 31.05% | 13.62% |
| | | (9.1% 2010/11) | (27.1% 2010/11) | (2.8% 2010/11) |
| | Low | 13.11% | 8.53% | 6.44% |
| | | (28.8% 2010/11) | (17.0% 2010/11) | (3.3% 2010/11) |
| | | Low | Medium | High |
| | | REPUTATIONAL RISK | | |

3.4.2 The savings have also been analysed by type and this is set out in Appendix 5.

3.5 Update/Review of Growth

3.5.1 Growth proposals totalling £0.474m were recommended by Cabinet on 13 December 2010 and the amount of growth included in the MTFS was:-

| | 2011/12 £m | 2012/13 £m | 2013/14 £m | 2014/15 £m |
|---|---------------|---------------|---------------|---------------|
| Chief Executive's } Corporate Services } | 0.180 | 0.250 | 0.000 | 0.000 |
| Environmental Services | 0.221 | 0.089 | 0.000 | 0.000 |
| Children, Schools and Families | 0.000 | 0.000 | 0.000 | 0.000 |
| Community and Housing | 0.073 | 0.000 | 0.000 | 0.000 |
| Total | 0.474 | 0.339 | 0.000 | 0.000 |
| Add: Growth block sum not yet used | 3.024 | 0 | 0 | 0 |
| Growth included in MTFS (Cabinet 13/12/10) | 3.498 | 0.339 | 0.000 | 0.000 |

3.5.2 Additional growth proposals have been identified and details are set out in Appendix 6. A summary is included in the following table:-

| New Growth proposals | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|----------------------------------|----------------|----------------|----------------|----------------|
| | £m | £m | £m | £m |
| Chief Executive's | 0.000 | 0.000 | 0.000 | 0.000 |
| Corporate Services | 0.000 | 0.000 | 0.000 | 0.000 |
| Children, Schools and Families * | 1.100 | 0.000 | 0.000 | 0.000 |
| Environment and Regeneration * | 1.500 | 0.000 | 0.000 | 0.000 |
| Community and Housing | 0.028 | 0.000 | 0.000 | 0.000 |
| TOTAL | 2.628 | 0.000 | 0.000 | 0.000 |

*To be funded by a reduction in the contingency

3.5.3 If the growth put forward in Round 3 is agreed, the total growth would be as summarised in the following table:-

| Total Growth proposals | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--------------------------------|----------------|----------------|----------------|----------------|
| | £m | £m | £m | £m |
| Chief Executive's } | | | | |
| Corporate Services } | 0.180 | 0.250 | 0.000 | 0.000 |
| Children, Schools and Families | 1.100 | 0.000 | 0.000 | 0.000 |
| Environment and Regeneration | 1.721 | 0.089 | 0.000 | 0.000 |
| Community and Housing | 0.101 | 0.000 | 0.000 | 0.000 |
| TOTAL | 3.102 | 0.339 | 0.000 | 0.000 |

3.4.4 The draft growth proposals have also been analysed by type and this is set out in Appendix 6.

3.6 Revised Budget Gap

3.6.1 Updating the MTFs for the implications arising from the Provisional Settlement and the growth and savings in this report means that the budget gap is as follows:-

| | Forecast 2011/12 £m | Forecast 2012/13 £m | Forecast 2013/14 £m | Forecast 2014/15 £m | Cumulative £m |
|---|---------------------------|---------------------------|---------------------------|---------------------------|------------------|
| Gap (after savings/income and growth) & four year cumulative total | 23.673 | 18.407 | 14.713 | 13.764 | 70.557 |
| Draft Savings Proposals (Phases 1 and 2) | -12.794 | -0.058 | -0.015 | 0.000 | -12.867 |
| Growth (Phases 1&2) | 0.253 | 0.339 | 0.000 | 0.000 | 0.592 |
| Revised Budget Gap to Cabinet 13th December | 11.132 | 18.688 | 14.698 | 13.764 | 58.282 |
| Changes in Net Expenditure since Cabinet (13 Dec.) | | | | | |
| a) Reduction in contingency to fund growth | -2.740 | | | | -2.740 |
| b) Additional growth 2011/12 | 2.628 | | | | 2.628 |
| c) Remove block sum for growth not utilised | -3.024 | | | | -3.024 |
| d) Additional savings 2011/12 | -1.180 | -0.110 | | | -1.290 |
| e) Adjustment to reflect difference in grant loss | 2.719 | -0.844 | -1.875 | 0.000 | 0.000 |
| f) Adjustment to reflect actual Council Tax Base | 0.140 | | | | 0.140 |
| Sub-total: Changes since Cabinet 13 December | -1.457 | -0.954 | 1.875 | 0.000 | -4.358 |
| Revised Gap including changes | 9.675 | 17.734 | 12.823 | 13.764 | 53.924 |
| Council Tax Freeze Grant * | -2.060 | -2.060 | 0.000 | 0.000 | -4.120 |
| Departmental Share of Grants rolled into Formula Grant | -1.274 | -0.830 | 0.000 | 0.000 | -2.104 |
| Revised Gap | 6.341 | 14.844 | 12.823 | 13.764 | 47.644 |

* The figure quoted in the Local Government Finance Settlement of £2.088m was an estimate and based on Merton's proposed Council Tax Base, an increase in Council Tax of 2.5% equates to £2.060m

3.6.2 Balancing the budget

As indicated in this report, there are options available to set a balanced budget in 2011/12 but some are one-offs and a long term solution will be required. One scenario to narrow the gap is as follows:-

| | 2011/12 £m | 2012/13 £m |
|---------------------------------|---------------|---------------|
| Revised Gap | 6.341 | 14.844 |
| Less: | | |
| Pension Fund – Actuarial Review | (1.020) | (0.200) |
| Other Reserves | (0.824) | 0.824 |
| Use of Collection Fund | (1.360) | 0.860 |
| Revised Gap | 3.137 | 16.328 |

There is also the issue that, with the uncertainty of the future of some of the grants, it is therefore not possible or advisable to set a balanced budget at this stage as the gap could increase if some grants are not forthcoming, leaving very little time to address the implications that this produces.

3.6.3 Council Tax Freeze Grant

The Government has set aside £650 million to ensure that every council can freeze council tax in 2011/12, without a knock on effect

in local services. Instead, the Government will provide councils that choose to freeze council tax with the equivalent of a 2.5% increase in funding. The Government also wants to protect council taxpayers from authorities which choose to reject the offer and impose excessive council tax rises. Through the Localism Bill, the Government plans to introduce a power for residents to veto excessive council tax increases through a referendum. In the meantime, the Government can take capping action against councils who propose excessive rises.

The broad intention is that a local authority that freezes or reduces its Band D council tax in 2011-12 will receive an additional grant equivalent to them having set a 2.5 per cent increase from their 2010-11 level. Specifically, the scheme refers to Band D council tax as an authority's basic amount of council tax.

Merton's average Band D for the area in 2010/11 is £1,106.57. A 2.5% increase in this would be £27.66 and the yield based on Merton's Council Tax Base for 2011/12 of 74,485.9 would be £2.060m.

Special expenses

All special items (other than parish precepts) are included in an authority's basic amount of council tax. Therefore, the average of all an authority's special items (including its special expenses) over the whole of its area is the amount that will be used to judge eligibility for the grant.

Any proposed council tax increase by Wimbledon and Putney Conservators would therefore be taken into account in assessing whether Merton is eligible for Council Tax Freeze Grant. Levies that the Council pays to Lee Valley, the London Pension Fund Authority and the Environment Agency are not taken into account.

Any grant paid to an authority for freezing or reducing its council tax in 2011-12 will be matched exactly in each subsequent year of the Spending Review to compensate for the income foregone for a freeze. Authorities will not have to continue to freeze or reduce their council tax from 2012-13 to continue to receive this grant, however, we have only received confirmation of the grant for 2011/12 and 2012/13 as it is a two-year settlement.

3.6.4 Capping of Council Tax increases

Capping rules may restrict the Council's scope to set council tax levels to cover for the loss of grant in future years.

When announcing the Provisional Settlement on 13 December 2010, the Secretary of State for Communities and Local Government, Eric Pickles, stated that "Government also want to ensure that council tax payers are protected against authorities that

reject the offer (of Council Tax Freeze Grant) and impose excessive council tax rises. We will introduce powers for residents to veto excessive council tax increases through a local referendum. In the meantime, the Government will take capping action against councils that propose excessive rises. When the House debates the final local government finance report next year, I will set out the capping principles. I will also publish shortly details of the figures that will be used to compare authorities' budgets between years, should capping be necessary. The previous Government had planned to cap the police authorities of Greater Manchester and Nottinghamshire after they set excessive increases in 2010-11. Subject to challenge, we will ensure that, should they decide not to freeze the council tax, neither can impose an increase of over 2.5% in 2011-12." The inference may be that the capping limit will be set at 2.5%

4. UPDATE OF MTFs

4.1 If the MTFs is updated for the latest information set out in Sections 2 and 3, the position is as set out in paragraph 3.5 above. Due to the uncertainty surrounding some revenue grants, the final position cannot be reported at this stage. If less external funding is available this may increase further the remaining budget gap. It is hoped that a final position on the grants can be reported to Cabinet on 14 February.

4.2 Given the remaining uncertainty surrounding grants and the complexity of how this information impacts on both service budgets and corporate budgets, it is not proposed to produce detailed budget summaries at this stage. Detailed budget summaries will be provided as part of the budget report to Cabinet on 14 February, which it is envisaged will demonstrate a balanced budget.

5. SCHOOLS BUDGETS: FUNDED BY DEDICATED SCHOOLS GRANT

5.1 Currently the Children, Schools and Families Department (CSFD) has a gross revenue expenditure of £175.2 million. This expenditure is funded as follows:

| | £ million |
|-----------------------------|-----------|
| Specific/Revenue Grants* | 137.0 |
| Revenue Support Grant (RSG) | 36.2 |
| Client Income | 2.0 |
| | ----- |
| Total Income | 175.2 |

* Comprises 95 Individual Grants

5.2 The Department for Education (DfE) is making significant changes to the grant funding regime which will impact significantly on the operation of the CSFD. This will result in the current complex grant

regime being reduced to four main grants, this is summarised in the following table

| Grant | 2010-11 £M | Reduction £M | Reduction % | 2011-12 £M |
|---|---------------|-----------------|----------------|---------------|
| RSG (5 Grants) | 36.22 | (0.15) | (0.4) | 36.07 |
| Dedicated Schools Grant (17 Grants) | 120.59 | 0 | 0.0 | 120.59 |
| Early Intervention & Prevention (22 Grants) | 8.31 | (0.71) | (8.5) | 7.60 |
| Young Peoples Learning Agency (4 Grants) | 4.45 | ? | ? | 4.45 |
| Sub-total: Four main Grants | 169.57 | (0.86) | (0.5) | 168.71 |
| Grants Ending (31 Grants) | 2.51 | (2.51) | 100.0 | 0 |
| Outstanding Grants (16 Grants) | 1.08 | ? | ? | 1.08 |
| Total | 173.16 | (3.37) | 1.9 | 169.79 |

- 5.3 Non-Dedicated Schools Grant: Officers are currently working through the impact of these funding changes and are compiling budgets based on delivering core statutory services. The Early Intervention and Prevention Grant comprises key children's services such as Early Years and Respite Support for Disabled Children, unringfencing this grant allows local discretion in its deployment on services.
- 5.4 Dedicated Schools Grant (DSG): The DSG is triggered based on the numbers of pupils registered as part of the annual January census. In 2010-11 Merton triggered £4,801.35 for each pupil registered. The additional grants have increased this per pupil funding by £623.22 to £5,424.57. Central Government have protected schools funding maintaining funding levels from 2010-11 to 2011-12. Merton faces acute pressures on its DSG through the time lag in funding growing pupil numbers which is not triggered until 7 months after pupils attend school. In addition, it is envisaged that once the minimum funding guarantee has been met in respect of schools funding there will be little or no money available to meet Special Educational Need pressures.
- 5.5 Given the loss of central education grants officers will work in partnership with the schools Forum to see whether there is any capacity to use elements of school related grants to support our capacity to support core school improvement and narrowing the gap work. Should it not be possible to identify sufficient resource from the DSG (due to acute pressures) then a general fund bid will need to be submitted. Officers are currently identifying the minimum funding required.

5.6 **Schools Forum**

The Local Authority (LA) is required to consult the schools forum and take into account its views before the formula is finalised and school budget shares determined for 2011-2012. In addition the LA must seek the forums approval to any relaxation of the central expenditure limit within the DSG. The forum can request that schools be consulted on any of the issues put before it in order that a wider range of schools views can be taken into account in formulating decisions.

6. **HOUSING REVENUE ACCOUNT**

6.1 The account will be closed after April 2011 subject to the Secretary of State's approval and no recognition of potential transfers of final balances has been taken into account at this stage, due to the uncertainty of the timing and final amounts left in the account.

7. **BALANCES AND RESERVES**

7.1 Revenue Reserves

The Council's General Fund balances were £10.649m as at 31st March 2010. The figure of £10.649m includes a sum of £0.4m of unspent Area Based Grant (ABG) at 31st March 2010, which has now been earmarked in 2010/11 to meet outstanding obligations arising from the reduction in government grant funding of ABG.

7.2 Aside from the ABG element, there was no planned addition to or use of this in 2010/11. It is proposed to present a report on the Council's balances and reserves to the Overview and Scrutiny Commission on 19th January 2011.

7.3 As indicated in the report to Cabinet on 13th December 2010, there may be a potential need to apply some General Fund balances to fund redundancy costs.

7.4 A review of other reserves has indicated some resources available for release and these are detailed in paragraph 2.15.

8. **GREATER LONDON AUTHORITY PRECEPT AND OTHER LEVIES**

8.1 GLA – currently projecting no change in precept but their final budget will not be set until 23 February 2011.

8.2 Other Levies

The Council is required by statute to pay certain levies to the organisations listed as follows:-

- London Pension Fund Authority –
- Lee Valley Regional Park
- Environment Agency

8.3 Details of the levies will not be known until late January/early February.

8.4 Wimbledon and Putney Commons Conservators (WPCC)

A separate precept is levied in respect of those residents of properties bordering the Wimbledon and Putney Commons.

Details of the WPCC precept will not be known until January 2011.

9. **WORKFORCE IMPLICATIONS**

9.1 The Council has received approval to a capitalisation direction of £0.477m in respect of statutory redundancy payments. The direction represents 38% of the amount requested which has been scaled back following a high level of demand from authorities.

9.2 The current estimated numbers of staff vulnerable to redundancy, broken down by department and projected forward in three time tranches, is set out in the following table.

Estimates of Staff vulnerable to redundancy as at 11 January 2011

| | By 31/3/11 | By 31/7/11 | Beyond 31/7/11 | Total |
|--------------------------|------------|------------|----------------|-------|
| CSF | 47 | TBC | TBC | 47 |
| CS/CE/ Transformation | 35 | 15 | TBC | 50 |
| E&R | 58 | 8 | 4 | 70 |
| C&H | 43 | TBC | TBC | 43 |
| Total | 183 | 23 | 4 | 210 |

9.3 It should be noted that these figures will be subject to constant change as there are a number of variables such as: redeployment, bumped redundancy, new posts identified as vulnerable to redundancy, slotting in/ring-fencing, etc

9.4 HR Managers are updating the data on a regular basis as the situation evolves. We are also keeping staff side colleagues informed through regular monthly consultation meetings.

9.5 Based on an average cost of £23,000 per redundancy, the costs in each period and in total are as follows:-

| | By 31/3/11 | By 31/7/11 | Beyond 31/7/11 | Total |
|------------------|------------|------------|----------------|-------|
| | £m | £m | £m | £m |
| Redundancy costs | 4.209 | 0.529 | 0.092 | 4.830 |

These will be funded through corporate budgets, capitalisation, the OCPB reserve and General Fund balances as necessary.

10. **CAPITAL PROGRAMME 2011-15**

10.1 The draft Capital Programme 2011/15 is attached for consideration. As previously reported, the major item in the programme is the issue of addressing increasing pupil numbers. The figures in the programme are based on the lower cost option. This item accounts for the majority of the increases in Children, Schools and Families of :-

- 2011/12 £1.1m
- 2012/13 £22.1m
- 2013/14 £10.9m
- 2014/15 £2.9m

Other departments' increases in these years are:

- 2011/12 £4.9m (includes TFL)
- 2012/13 £1.0m
- 2013/14 £0.4m
- 2014/15 £0.4m

10.2 **Savings on hold**

The schemes relating to the potential savings placed on hold within Environment and Regeneration, as agreed at Council on the 24th November, to fund the proposed wheeled bin scheme have been retained within the draft Capital Programme and have subsequently been reprofiled to 2011/12 as the outcome of the Scrutiny Review will not be until during 2011/12, No provision has been made within the Capital Programme for the wheeled bin scheme at this stage pending the outcome of the Scrutiny Review.

10.3 **Additional Grants**

Since the last report to Cabinet, the **Schools Capital Grant Allocations** for Local Authorities 2011-12 have been announced. The total allocation for the amount that the authority can directly spend is £8.598m. The Department for Education indicates that in future years "while the allocation and management for these programmes may change to reflect the recommendations of the (capital) review, it is expected that the funding available for basic need and capital maintenance of schools will be roughly in line with the funding for 2011-12". This does not necessarily mean that in 2012/13 onwards Merton's capital grant funding will be at the same figure as in 2011/12, but it is reasonable to assume an amount of £8.5m for the remainder of the programme until further clarification is received.

10.4 The devolved capital allocations to schools in respect of buildings, ICT and other capital needs have been significantly reduced, with the total allocation for non-VA Merton maintained schools being only £364,165. In the last few years an average 420 place primary school would have received approximately £44k, and a 1200 place secondary school £120k. Now they will receive approximately just £9.5k and £27k respectively. This will reduce schools spending power for buildings and IT, but also put more pressure on our schools capital maintenance programme as we won't be able to keep our joint funding arrangements as they are for such items - currently we don't consider anything less than £20k and then expect a significant contribution from the school.

10.5 Since the last report to Cabinet the Mayor of London has announced the **TFL grant allocations** for 2011/12. Merton will receive £3.516m in total and this has now been included in the draft Capital Programme. The three main elements are as follows:

- In respect of the LIP allocation (Corridors, Neighbourhoods and Supporting Measures programmes) the settlement equates to an overall reduction of 4% in 2011-12, a further 5% in 2012/13 and a further 12% in 2013/14. This represents a 21% reduction in Merton's LIP funding in 2013/14 compared to the original allocation for 2011/12. The LIP in 2011/12 is £1.851m
- However, Merton has received additional "major scheme" funding for the Destination Wimbledon project to the value of £1.151m for 2011/12.
- The element for Principal Road Maintenance is frozen at the level of the previous year of £414,000

10.6 Since the last report to Cabinet the DCLG has announced the Capitalisation Directions 2010-11 in respect of statutory redundancy payments. All councils received substantially less than they had bid for and Merton's Capitalisation Direction was for £0.477m. The budgets in the Capital Programme for 2010/11 and 2011/12 were £1m in both years. These budgets have therefore been reduced to £0.477m and £0.400m in 2010/11 and 2011/12 respectively.

10.7 **Effects on Revenue**

Based on the current capital financing revenue budgets in the MTFs, the draft programme is affordable in the next two financial years (2011/12 and 2012/13) providing the revenue surpluses from 2010/11 and 2011/12 are reinvested. In the final two years of the

programme (2013/14 and 2014/15) the capital financing revenue budgets are increasingly in deficit. In the final year of the programme, 2014/15, the increase in deficit appears to be declining. However, inevitably as time moves on, new schemes will be recognised that need to be addressed in that year, specifically the contract currently being negotiated by the South London Waste Partnership will have an impact in that year, although its significance cannot yet be quantified. The full impact of capital grants are taken account of in the forecast revenue budgets. If a grant is not yet clarified then the capital expenditure in respect of that grant is also excluded, so that the net effect is £nil. The calculations do not include the use of any capital receipts.

Draft Revenue Effects of Draft Capital Programme

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|------------------------|------------------|--------------|--------------|--------------|
| | £000 | £000 | £000 | £000 |
| Revenue Effects | 18,109 | 22,612 | 26,627 | 27,779 |
| Budget allowed in MTFS | 20,607 | 23,107 | 24,927 | 25,796 |
| Surplus | * (2,498) | (495) | | |
| Deficit | | | 1,700 | 1,983 |

* Due to slippage in the current programme.

10.8 The rapidly increasing deficit occurs because the main impact of capital spending is in the year following the capital spend. Based on an even capital spend throughout the financial year, in the first year of capital spend there is only half a year's interest charged to the revenue account, but in subsequent years the full year's impact (a full years interest and principal repayment) take effect. This is effectively a 2.5% charge in the first year and a 10.5% charge in the years thereafter. (10.5% is an average rate and will vary dependent upon asset life, but is based on the average rate in 2009/10)

10.9 Use of Cash Balances

It should be noted that borrowing may be either from external sources e.g. banks, or from internal sources e.g. earmarked reserves set aside for a particular liability which is not immediately required such as the Insurance Reserve. This internal borrowing would have to be repaid when the Insurance Reserve balance is used to support revenue items. The repayment would effectively be by external borrowing from the PWLB to replace the internal borrowing. The basis principle is that internal borrowing always eventually becomes external borrowing. Therefore the "Underlying debt" shown in the next table is both internal and external borrowing.

10.10 In 2010/11 no external borrowing has been undertaken to date. It is projected that all borrowing in 2010/11 will be internal but that it will be repaid and replaced by external borrowing commencing in 2011/12 and completing in 2012/13.

10.11 A requirement of the Local Authority Prudential Code is that financial reports should clearly show the forecast “Underlying debt” of the authority as well as the authority’s external debt. This is because the temporary use of cash balances gives a misleading picture of the liabilities of the authority.

The effect on the authority’s **underlying borrowings** cumulatively of the draft capital programme would be as follows:

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|-------------------------------|---------|---------|---------|---------|---------|---------|
| | £m | £m | £m | £m | £m | £m |
| Underlying debt B/F | | 151 | 182 | 209 | 251 | 256 |
| New borrowing less repayments | | 31 | 27 | 42 | 5 | (8) |
| Underlying debt C/F | 151 | 182 | 209 | 251 | 256 | 248 |

The effect on the authority’s **external borrowings** cumulatively of the draft capital programme would be as follows:

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|-------------------------------|---------|---------|---------|---------|---------|---------|
| | £m | £m | £m | £m | £m | £m |
| External debt B/F | | 131 | 131 | 186 | 237 | 242 |
| New borrowing less repayments | | | 55 | 51 | 5 | (8) |
| External debt C/F | 131 | 131 | 186 | 237 | 242 | 234 |

10.12 **Draft Prudential Indicators (PIs)**

The Prudential Indicators set out in the table below, look at the impact of the draft capital programme on council tax payers in absolute terms without considering the budgets allowed in the MTFs. The increase in 2011/12 over 2010/11 is slightly higher than that reported to the previous Cabinet. This is because of the revised lower forecast of 2010/11 due to the fact that it is now projected that all actual borrowing in 2010/11 will be internal.

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|---------|---------|---------|---------|
| | £m | £m | £m | £m |
| Increase in capital financing costs arising from the Capital Programme | 4.277 | 4.503 | 4.015 | 1.152 |
| Expressed in terms of: | | | | |
| Effect on Band D Council Tax (£) | £57.42 | £60.45 | £53.90 | £15.47 |
| Effect on Band D Council Tax (%) | 5.21% | 5.48% | 4.89% | 1.40% |
| % of Council Tax spent on debt servicing | 22.04% | 27.52% | 32.41% | 33.81% |
| % of Revenue * Spending Power spent on debt servicing | 10.70% | 14.00% | 16.49% | 17.21% |

Note: The increase in capital financing costs for 2011/12 set out above is the increase of the projected costs for 2011/12 over the latest estimated costs for 2010/11 as per CIPFA guidance.

* This is not one of the CIPFA PIs but a useful guide to the amount of capital spent against the Revenue Spending Power newly defined in the local government finance settlement.

10.13 **Review**

Although the draft capital programme would be affordable for 2011/12 and 2012/13, there will be an increasing problem of rising debt in future years. The review of the Capital Strategy will continue to ensure that the funding of the programme and the debt outstanding of the authority can be optimised.

10.14 **Appendices**

- Appendix 4(1) summarises all the financial years of the programme.
- Appendix 4 (2) sets out the build-up by borrowing and grants of each year of the programme.
- Appendix 4 (3) sets out all of the increases/decreases and their full year revenue effects.
- Appendix 4 (4) lists the departmental details of the draft programme.
- Appendix 4(5) lists the amendments which recognise reduction in costs.

11. **ALTERNATIVE OPTIONS**

11.1 The Council has to set a balanced budget for 2011/12. During the budget process a wide range of savings, growth and funding strategies will be considered in order to set a balanced budget for 2011/12 and address the Council's business plan priorities.

12. **CONSULTATION UNDERTAKEN OR PROPOSED**

12.1 There will be continue to be regular update reports throughout the process to keep Members and Chief Officers apprised of the latest position.

13. **REMAINING PROCESS AND TIMETABLE**

13.1 The key remaining dates in the timetable for the Budget and Business Planning process are:-

- Scrutiny Panels January – February 2011
- Overview and Scrutiny Commission 9th February 2011
- Cabinet 14th February 2011
- Council 2nd March 2011

14. **FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

14.1 Financial and resource implications are incorporated within the report. There are no property implications arising from this report.

15. **LEGAL AND STATUTORY IMPLICATIONS**

15.1 The Director of Corporate Services, as Section 151 officer has a statutory responsibility to ensure the proper administration of the Council's financial affairs. This includes ensuring that a balanced budget is set. Relevant considerations relating to the budget are addressed in the report. Further work will be carried out as the budget and business planning processes move forward. In determining the budget the Council must have regard to all relevant considerations including all those statutory considerations which it is required by law to address when exercising its various functions.

16. **HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

16.1 As a result of some savings proposals there will be staffing implications which may result in redeployment, redundancy or the deletion of vacant posts.

16.2 In order that the Council fulfils its statutory obligation in a consistent way, guidance notes for managers have been produced for handling the change management processes, this includes redundancy consultation.

16.3 Equalities Impact Assessments for each phase 3 savings proposal are provided at Appendix 7.

17. **CRIME AND DISORDER IMPLICATIONS**

17.1 All relevant implications arising from relevant savings proposals have been addressed in the report. Further work will be carried out as the budget and planning processes move forward.

18. **RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

18.1 All relevant implications have been addressed in the report. Further work will be carried out as the budget and planning processes move forward.

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

Appendix 1: Summary of Local Government Finance Settlement

Appendix 2: Summary of Formula Grant including rolled-in grants

Appendix 3: Summary of Ended Grants, Grants under review, and Grants not yet determined

Appendix 4: Capital Programme

Appendix 5: Phase 3 Savings proposals

Appendix 6: Phase 3 Growth proposals

Appendix 7: Equalities Impact Assessments for Phase 3 savings

BACKGROUND PAPERS

Previous reports to Cabinet

Budget files in Corporate Services department

LOCAL GOVERNMENT FINANCE SETTLEMENT 2011-13

Summary of General Fund Impact (excluding Schools)

The 2011-12 and 2012-13 Provisional Local Government Finance Settlement was announced on 13 December 2010. It provides provisional allocations to local authorities for 2011/12 and 2012/13 based on the headline totals published as part of the Spending Review in October 2010.

Previously, revenue grant funding to local authorities consisted of three main elements:-

- Formula Grant (Revenue Support Grant + Share of Business Rates pool)
- Area Based Grants and other non-ring-fenced grants
- Specific and Special Grants – ringfenced

The Settlement confirmed that many of the existing grants will be rolled into formula grant, some will remain as core revenue grants, some have ended. There is still currently uncertainty with respect to a number of grants and more details are being released on a daily basis.

Year on Year Changes in Formula Grant:

| | 2011/12 % | 2012/13 % |
|-----------------|--------------|--------------|
| England | -9.9 | -7.3 |
| London boroughs | -11.3 | -7.6 |
| Inner London | -11.2 | -7.4 |
| Outer London | -11.3 | -7.9 |
| GLA | -4.9 | -5.9 |
| Merton | -13.3 | -9.4 |

Changes to Aggregate External Finance

Total funding for local authorities will be worth £30.0bn in 2011-12, excluding schools, PFI and police funding (outside of formula grant). Formula grant funding, nationally, will be worth £24.9bn, accounting for 83% of this total. Merton's revenue grants are included in the following table:-

| Merton Revenue Grant | 2011/12 allocation £m | % |
|---|-----------------------------|-------|
| Formula Grant | 66.617 | 76.5 |
| Early intervention Grant | 7.600 | 8.7 |
| Learning Disability and Health Reform | 6.653 | 7.6 |
| Council Tax Freeze Grant | 2.088 | 2.4 |
| Housing and Council Tax Benefit Subsidy Admin | 1.597 | 1.8 |
| NHS Funding to Support Social Care and Benefit Health | 2.052 | 2.4 |
| Preventing Homelessness | 0.500 | 0.6 |
| Total | 87.107 | 100.0 |

FUNDING PROTECTION AND FLOORS

There will be two forms of funding protection from 2011-12 onwards: floor damping and the Transition Grant.

- Floor damping - As in previous years, a funding “floor” will be applied to each authority to minimise year-on-year changes in its level of cash grant. In 2011-12 floors will be set at a negative level for the first time, guaranteeing each authority a maximum decrease in funding (rather than a minimum increase, as has previously been the case). A new floor system is proposed which reflects the extent to which authorities rely on formula grant. Each authority’s budget requirement is financed either by formula grant or council tax – “grant dependency” is defined as the proportion of each authority’s 2010/11 budget requirement that was funded through the 2010/11 formula grant. For social service authorities, councils are grouped into four floor bands according to their level of grant dependency:-

| Floor Band | 2011-12 floor | 2012-13 floor | No. of London Authorities |
|-------------------------------|---------------|---------------|---------------------------|
| Band 1 (most dependent) | -11.3% | -7.4% | 17 |
| Band 2 | -12.3% | -8.4% | 3 |
| Band 3 (Merton’s Band) | -13.3% | -9.4% | 9 |
| Band 4 (least dependent) | -14.3% | -10.4% | 4 |

Merton is in Band 3.

- Transition grant - An additional revenue grant (Transition Grant) will be paid to those local authorities who would otherwise see a reduction in their ‘revenue spending power’ of more than 8.9% in either 2011-12 or 2012-13. The grant will be worth £85m in 2011-12 and £14m in 2012-13.

IMPACT ON MERTON

The DCLG have presented the figures for authorities in terms of Revenue Spending Power. Revenue Spending Power is defined as the aggregate of council tax, formula grant, other specific grants and NHS funding for social care. To ensure greater certainty in funding the data used to calculate this grant will be based on figures as at the provisional finance settlement. Changes made after this date will not be included.

CALCULATION OF REVENUE SPENDING POWER

| | 2010/11 £m | 2011/12 £m | Change £m | Change % | 2011/12 Adjusted £m | 2012/13 £m | Change £m | Change % |
|----------------------------------|---------------|---------------|---------------|---------------|---------------------------|---------------|---------------|--------------|
| Council Tax requirement | 82.163 | 82.163 | 0 | 0 | 82.163 | 82.163 | 0 | 0 |
| Formula Grant | 67.733 | N/A | N/A | N/A | 66.182 | 59.961 | -6.221 | -9.40 |
| Rolled –in grants | 9.103 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Sub-total: Formula Grant | 76.836 | 66.617 | 10.219 | -13.30 | 66.182 | 59.961 | -6.221 | -9.40 |
| Specific & Special Grants | 17.030 | 20.490 | 3.460 | 20.32 | 18.893 | 19.332 | 0.439 | 2.32 |
| Sub-total: Grants | 93.866 | 87.107 | -6.759 | -7.20 | 85.075 | 79.293 | -5.732 | -6.8 |
| Estimated Revenue Spending Power | 176.029 | 169.270 | -6.759 | -3.84 | 167.238 | 161.456 | -5.782 | -3.46% |

Reduction in Formula Grant

Taking into account the rolled-in grants, the reduction in formula grant from 2010/11 to 2011/12 is £10.219m, (-13.3%) and from 2011/12 to 2012/13 is £6.221m (-9.4%). In order to allocate this reduction, the simplest and fairest method is to reduce each element pro rata. This is set out in the following table:-

| Grant | 2010/11 Provisional Settlement | 2011/12 | Change | 2012/13 | Change |
|---|--------------------------------------|---------------|----------------|---------------|----------------|
| | GF £m | GF £m | 2011/12 £m | GF £m | 2012/13 £m |
| Formula Grant (Actual 2010/11) | 67.733 | 58.788 | (8.945) | 52.962 | (5.826) |
| <u>Rolled-in Grants:</u> | | | | | |
| Corporate Services | 0.123 | 0.106 | -0.016 | 0.096 | -0.011 |
| Children Schools & Families | 0.660 | 0.512 | -0.148 | 0.415 | -0.096 |
| Environment and Regeneration | -0.016 | -0.025 | -0.009 | -0.030 | -0.006 |
| Community & Housing | 8.336 | 7.236 | -1.101 | 6.518 | -0.717 |
| <u>Sub-total: Rolled-in Grants</u> | 9.103 | 7.829 | -1.274 | 6.999 | -0.830 |
| Total | 76.836 | 66.617 | -10.219 | 59.961 | -6.656 |

A detailed analysis of these changes is set out in Appendix 2.

Specific and Special Grants

Changes in specific and special grants are treated differently. It is assumed that changes in these are earmarked for specific purposes, so any increase/decrease in grant is matched by a corresponding increase/decrease in expenditure so that there is no overall change in the budget gap.

| | 2010/11 | 2011/12 | Change | 2012/13 | Change |
|---|---------------|---------------|--------------|------------|------------|
| | GF | GF | 2011/12 | GF | 2012/13 |
| | £m | £m | £m | £m | £m |
| Learning Disability (2010/11 Adjusted) | 6.520 | 6.653 | 0.133 | 6.810 | 0.157 |
| Early Years Intervention Grant (2010/11 adjusted) | 8.301 | 7.600 | -0.701 | 8.069 | 0.469 |
| Migration Impact Fund (2010/11) | 0.079 | 0.000 | -0.079 | 0.000 | 0.000 |
| Preventing Violent Extremism | 0.160 | 0.000 | -0.160 | 0.000 | 0.000 |
| Housing Benefit & Council Tax Benefit Admin Subsidy | 1.566 | 1.597 | 0.031 | TBA | TBA |
| Preventing Homelessness (2010/11 adjusted) | 0.403 | 0.500 | 0.097 | 0.403 | -0.097 |
| Indicative Council Tax Freeze Grant | 0.000 | 2.088 | 2.088 | 2.088 | 0.000 |
| NHS funding to Support Social Care Benefit Health | 0.000 | 2.052 | 2.052 | 1.962 | -0.090 |
| Total | 17.030 | 20.490 | 3.460 | TBA | TBA |

Indicative Council Tax Freeze Grant

The Government have included an amount of grant within the Provisional Settlement on the assumption that local authorities do not propose a council tax increase. If this is the case, the grant will be available to fund expenditure/reduce the budget gap.

Remaining Uncertainty

There is still a lot of work to be done to fully analyse the Provisional Settlement and some key information has still not been announced.

- PFI grant - Merton's budget = £9.353m
- Housing Benefit and Council Tax Benefit Admin. Subsidy – the grant allocation for 2012/13 will not be announced until Autumn 2011.

One aspect of the Provisional Settlement that will lead to potential difficulties is the fact that a number of funding streams have been ended or have yet to be confirmed. Analysis of the implications for services of these is continuing,

The grants that have ended are set out in Appendix 3.

In addition, there may be some sources of funding that services receive via other agencies which will be discontinued as a result of funding cuts in those areas. (Appendix 3 refers)

Capital Funding

Capital funding to local authorities will be by way of capital grant from 2011/12. There will be no supported borrowing allocations from 2011/12 onwards.

No details are yet available from the DCLG but information has been released on Schools Capital via the Department for Education.

Schools capital allocations for 2011-12

On 13 December 2010, the Secretary of State announced details of allocation of over £2 billion of capital funding for 2011-12 to schools and local authorities.

The announcement included details of allocation of:

- £800 million of basic need funding to local authorities to provide school places where needed in their area, in all categories of taxpayer-funded schools
- £858 million of maintenance capital to local authorities to support the needs of the schools that they maintain and for the Sure Start children's centres in their area
- £196 million of locally-coordinated VA programme capital to support the maintenance capital needs of voluntary-aided schools
- £185 million of devolved formula capital for schools.

For Merton

In summary we have received the following for 2011/12:

- £6.087 million in basic need
 - £2.511 million in capital maintenance (previously labelled 'modernisation')
- = £8.6 million total

£0.962m has been allocated for Voluntary Aided schools maintenance – Merton officers co-ordinate this but it doesn't go through the council.

With regards to future years the DfE state "Allocations for 2012-13 until 2014-15 will be informed by the outcome of the capital review, which will be published in early 2011. While the allocation and management for these programmes may change to reflect the recommendations of the review, it is expected that the funding available for basic need and capital maintenance of schools will be roughly in line with the funding for 2011-12"

The devolved capital allocations to schools have been cut significantly, with the total allocation for non-VA Merton maintained schools being only £364,165. In the last few years an average 420 place primary school would have received approximately £44k, and a 1200 place secondary school £120k. Now they will receive approximately just £9.5k and £27k respectively. This will reduce schools spending power for buildings and IT, but also put more pressure on Merton's schools capital maintenance programme as the Council will no longer be able to keep joint funding arrangements as they are for such items - currently Merton does not consider anything under £20k and then expects a significant contribution from the school

APPENDIX 2

FORMULA GRANT including ROLLED IN GRANTS 2011-2013

| | DEPT. | Provisional Settlement GF £m | 2011/12 GF £m | Change 2011/12 £m | 2012/13 GF £m | Change 2012/13 £m |
|---|--------------|------------------------------------|---------------------|-------------------------|---------------------|-------------------------|
| Formula Grant | | 67.733 | 58.788 | -8.945 | 52.962 | -5.826 |
| Adjustments | | | | -0.435 | | -0.435 |
| <u>Funding top-sliced:</u> | | | | | | |
| Private Sewers | | -0.076 | -0.076 | 0.000 | -0.076 | 0.000 |
| Planning Inspectorate SUDs Appeals Costs | | -0.005 | -0.005 | 0.000 | -0.005 | 0.000 |
| Academies | | -0.462 | -0.462 | 0.000 | -0.462 | 0.000 |
| Sub-total: Funding top-sliced | | -0.543 | -0.543 | 0.000 | -0.543 | 0.000 |
| Rolled-in Grants | | | | | | |
| Local Involvement Networks (LINKS) | CE/CS | 0.123 | 0.106 | -0.017 | 0.096 | -0.011 |
| Sub-total: CS Grants | CE/CS | 0.123 | 0.106 | -0.017 | 0.096 | -0.011 |
| Concessionary Fares | C&H | 1.179 | 1.023 | -0.156 | 0.922 | -0.101 |
| Mobile Homes Act | C&H | 0.001 | 0.001 | 0.000 | 0.001 | 0.000 |
| Mental Health | C&H | 0.505 | 0.438 | -0.067 | 0.395 | -0.043 |
| Learning & Disability Development Fund | C&H | 0.143 | 0.124 | -0.019 | 0.112 | -0.012 |
| Mental Capacity Act & Independent Mental Capacity | C&H | 0.091 | 0.079 | -0.012 | 0.071 | -0.008 |
| Carers Grant (C&H share) | C&H | 0.686 | 0.595 | -0.091 | 0.536 | -0.059 |
| Adult Social Care Workforce | C&H | 0.436 | 0.378 | -0.058 | 0.341 | -0.037 |
| Personal Social Services | C&H | 0.960 | 0.833 | -0.127 | 0.751 | -0.083 |
| Supporting People | C&H | 3.385 | 2.938 | -0.447 | 2.647 | -0.291 |
| Housing Strategy for Older People | C&H | 0.070 | 0.061 | -0.009 | 0.055 | -0.006 |
| AIDS Support | C&H | 0.240 | 0.208 | -0.032 | 0.188 | -0.021 |
| Preserved Rights | C&H | 0.641 | 0.556 | -0.085 | 0.501 | -0.055 |
| Sub-total: C&H Grants | | 8.337 | 7.234 | -1.103 | 6.520 | -0.716 |
| Child Death Review Processes | CSF | 0.034 | 0.030 | -0.004 | 0.026 | -0.003 |
| Carers Grant (CSF Share) | CSF | 0.171 | 0.149 | -0.022 | 0.134 | -0.015 |
| Child & Adolescent Mental Health Services for Children in Care (Care Matters White Paper) | C&H | 0.448 | 0.389 | -0.059 | 0.351 | -0.039 |
| | CSF | 0.189 | 0.164 | -0.025 | 0.148 | -0.016 |
| LSC Staff Transfer | CSF | 0.279 | 0.242 | -0.037 | 0.218 | -0.024 |
| Sub-total: CSF Grants | | 1.121 | 0.974 | -0.147 | 0.877 | -0.096 |
| Economic Assessment Duty | E&R | 0.065 | 0.056 | -0.009 | 0.051 | -0.006 |
| Sub-total: E&R Grants | | 0.065 | 0.056 | -0.009 | 0.051 | -0.006 |
| Sub-total: Rolled-in Grants | | 9.103 | 7.829 | -1.274 | 7.001 | -0.830 |
| Formula Grant | | 76.836 | 66.617 | -10.219 | 59.961 | -6.656 |
| Adjustments to 2011/12 | | | -0.435 | | | 0.435 |
| | | | 66.182 | | 59.961 | -6.221 |

APPENDIX 3

SUMMARY OF ENDED GRANTS

| | <u>Type</u> | | Merton 2010/11 |
|-------|-------------------|---|---------------------------|
| | | Grant | £m |
| Ended | ABG | 14 - 19 Flexible Funding Pot | 0.035 |
| Ended | ABG | Choice Advisers | 0.025 |
| Ended | ABG | Cohesion | 0.000 |
| Ended | ABG | Designated Teacher Funding | 0.008 |
| Ended | ABG | Education Health Partnerships | 0.043 |
| Ended | ABG | Extended Schools Start-Up Grants | 0.244 |
| Ended | ABG | In-year ABG cuts: Home Office | -0.022 |
| Ended | ABG | Local Enterprise Growth Initiative | 0.000 |
| Ended | ABG | Preventing Violent Extremism | 0.160 |
| Ended | ABG | Primary National Strategy - Central Co-ordination | 0.099 |
| Ended | ABG | School Development Grant (LA Element) | 0.248 |
| Ended | ABG | School Gates Employment | 0.000 |
| Ended | ABG | School Improvement Partners | 0.058 |
| Ended | ABG | School Intervention Grant | 0.037 |
| Ended | ABG | School Travel Advisers | 0.017 |
| Ended | ABG | Secondary National Strategy - Behaviour and Attendance | 0.068 |
| Ended | ABG | Secondary National Strategy - Central Co-ordination | 0.122 |
| Ended | ABG | Stronger Safer Communities Fund | 0.000 |
| Ended | ABG | Sustainable Travel - General Duty | 0.012 |
| Ended | Specific Grant | Generations Together | 0.000 |
| Ended | Specific Grant | Growth Areas, Points and Eco Towns | 0.000 |
| Ended | Specific Grant | Housing Market Renewal | 0.000 |
| Ended | Specific Grant | Playing for Success | 0.160 |
| Ended | Specific Grant | Prospectus and Common Application Process | 0.011 |
| Ended | ABG | Working Neighbourhoods Fund | 0.000 |
| | | Total Ended Grants | 1.325 |

APPENDIX 3

SUMMARY OF GRANTS UNDER REVIEW AND UNKNOWN TO DATE

| | <u>Type</u> | <u>Grant</u> | Merton 2010/11 £m |
|----------------|----------------|---|----------------------------------|
| HO Grant (tba) | ABG | Community Call for Action/Overview Scrutiny Committee | 0.002 |
| HO Grant (tba) | ABG | Stronger Safer Communities | 0.216 |
| HO Grant (tba) | ABG | Young People's Substance Misuse Partnership | 0.061 |
| Retained | Specific Grant | GLA Revenue | 0.000 |
| Under Review | ABG | Extended Rights to Free Transport | 0.004 |
| Under Review | Specific Grant | Music Services | 0.243 |
| Unknown | ABG | Aggregate Levy Sustainability Fund | 0.000 |
| Unknown | ABG | Climate Change | 0.023 |
| Unknown | ABG | Environmental Damage Regulations | 0.000 |
| Unknown | ABG | Familiarisation costs of new statutory guidance on social housing allocations | 0.001 |
| Unknown | ABG | NI160 STATUS Survey | 0.008 |
| Unknown | ABG | Pitt Review Implementation – SWMPs | 0.000 |
| Unknown | Specific Grant | City Challenge | 0.011 |
| Unknown | Specific Grant | Coastal Change Pathfinders | 0.000 |
| Unknown | Specific Grant | GLA - Capital | 0.000 |
| Unknown | Specific Grant | Waste Management Pilots | 0.000 |
| | | Total Unknown/Under Review | 0.569 |

**CAPITAL BUDGETS 2010-2013
SUMMARY OF OVERALL POSITION**

CURRENT PROGRAMME PERIOD 2010/13

| Department | New 2010/11 Total budget - after reprofiling | Revised 2011/12 before Changes | 2011/12 Increases/ Decreases | Revised 2011/12 including Changes | Revised 2012/13 before Changes | 2012/13 Increases/ Decreases | Revised 2012/13 including Changes |
|--------------------------------|--|---|------------------------------------|--|--------------------------------------|------------------------------------|--|
| | | £000s | £000s | £000s | £000s | £000s | £000s |
| Corporate Services | 8,495 | 8,438 | (409) | 8,029 | 7,780 | - | 7,780 |
| Children, Schools and Families | 37,083 | 20,115 | 1,090 | 21,205 | 10,264 | 22,055 | 32,319 |
| Environment and Regeneration | 16,814 | 27,653 | 4,691 | 32,344 | 25,339 | 1,170 | 26,509 |
| Community and Housing | 4,336 | 497 | 38 | 535 | 637 | (200) | 437 |
| TOTAL | 66,728 | 56,703 | 5,410 | 62,113 | 44,020 | 23,025 | 67,045 |

ADDITIONAL YEARS 2013/14 & 2014/15

| Department | Continuation of existing schemes 2013/14 | 2013/14 Increases/ Decreases | Proposed Schemes 2013/14 | Continuation of existing schemes 2014/15 | 2014/15 Increases/ Decreases | Proposed Schemes 2014/15 |
|--------------------------------|---|------------------------------------|--------------------------------|---|------------------------------------|--------------------------------|
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Corporate Services | 2,555 | | 2,555 | 2,095 | | 2,095 |
| Children, Schools and Families | | 10,925 | 10,925 | | 2,920 | 2,920 |
| Environment and Regeneration | 7,672 | 375 | 8,047 | 7,672 | 370 | 8,042 |
| Community and Housing | 287 | | 287 | 287 | | 287 |
| TOTAL | 10,514 | 11,300 | 21,814 | 10,054 | 3,290 | 13,344 |

**CAPITAL BUDGETS 2010-2013
SUMMARY OF OVERALL POSITION**

| | Capital Programme | Funded by Borrowing | Funded by Grant |
|--|-------------------|---------------------|-----------------|
| | £000s | £000s | £000s |
| Original 2010/11 | 53,816 | 39,403 | 14,413 |
| SEN Centre of Excellence (Schools Forum funding) | 3,140 | 3,140 | |
| Additional Grant | 8,568 | | 8,568 |
| Slippage | 22,182 | 14,893 | 7,289 |
| Reprofiling/ | (15,537) | (12,257) | (3,280) |
| Amendments | (1,294) | (1,294) | |
| Schemes on Hold | (4,147) | (4,147) | |
| TOTAL | 66,728 | 39,738 | 26,990 |
| Original 2011/12 | 42,067 | 38,769 | 3,298 |
| CSF Grant | | (8,598) | 8,598 |
| Reprofiling/ | 10,553 | 7,273 | 3,280 |
| Amendments | (64) | (64) | |
| Schemes on Hold | 4,147 | 4,147 | |
| Increases/Decreases (TFL grant) | 3,516 | | 3,516 |
| Increases/Decreases | 1,894 | 1,894 | |
| TOTAL | 62,113 | 43,421 | 18,692 |
| Original 2012/13 | 39,036 | 36,066 | 2,970 |
| Additional Grant | | (8,500) | 8,500 |
| Reprofiling/ | 4,984 | 4,984 | |
| Increases/Decreases | 23,025 | 23,025 | |
| TOTAL | 67,045 | 55,575 | 11,470 |
| Continuation of existing schemes 2013/14 | 10,514 | 10,514 | |
| Additional Grant | | (8,500) | 8,500 |
| Increases/Decreases | 11,300 | 11,300 | |
| TOTAL | 21,814 | 13,314 | 8,500 |
| Continuation of existing schemes 2014/15 | 10,054 | 10,054 | |
| Additional Grant | | (8,500) | 8,500 |
| Increases/Decreases | 3,290 | 3,290 | |
| TOTAL | 13,344 | 4,844 | 8,500 |

Summary of Increases/Decreases

Appendix 4(3)

| | | 2011/12 Increases/ Decreases | 2012/13 Increases/ Decreases | 2013-14 Increases/ Decreases | 2014-15 Increases/ Decreases | Full Year Revenue Effects |
|---|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|---------------------------------|
| | | £000s | £000s | £000s | £000s | £000s |
| Scheme Description | | | | | | |
| Corporate Services | Roadway within Chapel Orchard and Worsfold House | 66 | | | | 7 |
| | Replacement of air conditioning equipment | 50 | | | | 5 |
| | IT Equipment Room Air Conditioning | 75 | | | | 8 |
| | Redundancy Payments | (600) | | | | (63) |
| Children, Schools and Families | Primary places additional growth | (490) | 20,265 | 9,725 | 1,450 | 3,250 |
| | Schools Modernisation & Access Initiative | 900 | 900 | 870 | 870 | 372 |
| | Primary school autism unit | 470 | 400 | 30 | | 95 |
| | Secondary school expansion | | | 100 | 500 | 63 |
| | Brightwell | 100 | 100 | 200 | 100 | 53 |
| | Youth & Community centres reprovion | 110 | 390 | | | 53 |
| | | | | | | |
| Environment and Regeneration | Climbing wall | 30 | | | | Invest to Save |
| | Merton Energy Loan Fund | 50 | 50 | | | 5 |
| | Highway Asset Management | 75 | 75 | | | 16 |
| | Street Lighting Energy Reduction | 400 | 400 | 150 | 150 | Invest to Save |
| | CCTV - Safer Merton & Parking | 50 | 50 | | | Invest to Save |
| | Bushey Road Bridge | 120 | 45 | 65 | 60 | 30 |
| | Additional Bridges Improvement | 305 | 250 | 160 | 160 | 92 |
| | Wimbledon Park Watersports Centre | 28 | | | | 3 |
| | John Innes Rec/Rutlish wall | 117 | | | | 11 |
| | Workshop - Fleet Maintenance | | 300 | | | 32 |
| Community and Housing | Marlborough Hall Refurbishment | 138 | | | | Invest to Save |
| | Refurbishment of West Barnes Library | (100) | | | | (11) |
| | Refurbishment of other libraries | | (200) | | | (21) |
| | | | | | | |
| Increase/Decreases funded by borrowing | | 1,894 | 23,025 | 11,300 | 3,290 | 4,001 |
| Earmarked Schemes - Transport for London | | 3,516 | | | | |
| Total Increases/Decreases | | 5,410 | 23,025 | 11,300 | 3,290 | 4,001 |

CAPITAL BUDGETS 2010-2015

| Corporate Services | 2010/11 Budget incl slippage | Changes as a result of Reprofiling | Amendments 2010-11 | New 2010/11 Total budget - after reprofiling | 2011/12 as per Capital Programme | Changes as a result of Reprofiling | Amendments 2011-12 | Increases/D ecreases | Revised 2011/12 | 2012/13 as per Capital Programme | Changes as a result of Reprofiling | Revised 2012/13 | Proposed 2013-14 Budget | Proposed 2014-15 Budget |
|---|------------------------------------|--|-----------------------|--|--|--|-----------------------|-------------------------|--------------------|--|--|-----------------|----------------------------|----------------------------|
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| Scheme Description | | | | | | | | | | | | | | |
| IT | | | | | | | | | | | | | | |
| Connect to N3 Netwrk NHS Spine | 150 | | (120) | 30 | | | | | | | | | | |
| Corporate mobile working | 213 | | (213) | 0 | 64 | | (64) | | | | | | | |
| CRM / Self Service | 300 | (84) | (135) | 81 | | 44 | | 44 | | 40 | 40 | | 45 | 45 |
| Disaster recovery (IT Generator) | 483 | (107) | | 376 | | 107 | | 107 | | | | | | |
| Document Management - Contractual | 251 | | | 251 | | | | | | | | | | |
| e-procurement | 236 | (136) | | 100 | | 136 | | 136 | | | | | | |
| IT Equipment | 777 | (284) | | 493 | 565 | 284 | | 849 | 620 | | 620 | | 350 | 350 |
| IT Strategy | 973 | (300) | (22) | 651 | 460 | (410) | | 50 | | 710 | 710 | | | |
| Livelink Updated | 99 | (99) | | | | 99 | | 99 | | | | | | |
| PABX | 305 | (80) | | 225 | | 80 | | 80 | | | | | | |
| Replace Providerlink / Homecare Rostering / Scheduling | 139 | | | 139 | | | | | | | | | | |
| Streetworks Permit | 52 | (52) | | | | 52 | | 52 | | | | | | |
| Transformation (IT) | 1,080 | (415) | | 665 | 2,000 | 415 | | 2,415 | 2,000 | | 2,000 | | 900 | 800 |
| Development of shared services through cloud computing | 1,000 | (650) | | 350 | | 650 | | 650 | | | | | | |
| Handheld Terminals - Parking | | | | | | | | | | | | | | |
| R&M | | | | | | | | | | | | | | |
| Capitalisation MTFS includes an equal credit | 1,500 | | | 1,500 | 1,500 | | | | 1,500 | 1,500 | | 1,500 | | |
| Civic Centre refurbishment | 821 | (16) | | 805 | 540 | 16 | | 556 | 510 | | 510 | | 360 | |
| Civic Centre Windows | | | | | | | | | 1,600 | | 1,600 | | | |
| Energy Utilities Invest to Save | 106 | | | 106 | 100 | | | 100 | | | | | 100 | 100 |
| Invest to Save schemes - General | 150 | | | 150 | 100 | | | 100 | 100 | | 100 | | 100 | 100 |
| Redundancy Payments | 1,000 | | (523) | 477 | 1,000 | | (600) | 400 | | | | | | |
| Repair and Maintenance | 1,222 | | (86) | 1,136 | 700 | | | 700 | 700 | | 700 | | 700 | 700 |
| DDA - Access to Buildings | 504 | | (195) | 309 | | | | | | | | | | |
| CHP Equipment | 650 | | | 650 | | | | | | | | | | |
| 2009/10 Overspends | 0 | | | 0 | | | | | | | | | | |
| TOTAL | 12,012 | (2,223) | (1,294) | 8,495 | 7,029 | 1,473 | (64) | -600 | 7,838 | 7,030 | 750 | 7,780 | 2,555 | 2,095 |

| | | |
|--|----|----|
| Roadway within Chapel Orchard and Worsfold House | 66 | 66 |
| Replacement of air conditioning equipment | 50 | 50 |
| IT Equipment Room Air Conditioning | 75 | 75 |

| | | |
|-----------------------------|------------|------------|
| New scheme increases | 191 | 191 |
|-----------------------------|------------|------------|

| | | |
|------------------------------|-------------|--------------|
| TOTAL PROPOSED BUDGET | -409 | 8,029 |
|------------------------------|-------------|--------------|

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| 7,780 | 2,555 | 2,095 |
|--------------|--------------|--------------|

| Children, Schools and Families | 2010/11 Budget incl slippage | Changes as a result of Reprofiting | New 2010/11 Total budget - after reprofiling | 2011/12 as per Capital Programme | Changes as a result of Reprofiting | Increases/D decreases | Revised 2011/12 | 2012/13 as per Capital Programme | Changes as a result of Reprofiting | Increases/D decreases | Revised 2012/13 | Proposed 2013-14 Budget | Proposed 2014-15 Budget |
|---|------------------------------|------------------------------------|--|----------------------------------|------------------------------------|-----------------------|-----------------|----------------------------------|------------------------------------|-----------------------|-----------------|-------------------------|-------------------------|
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| Schools Access Initiative Inclusion | 83 | | 83.04 | 70 | | | 70 | 70 | | | 70 | | |
| Intergenerational Centre | 254 | | 254.19 | | | | | | | | | | |
| Aiming High | 28 | | 28.00 | | | | | | | | | | |
| 8-13 Play Spaces | 94 | | 94.23 | | | | | | | | | | |
| Adventure Playground | 224 | 337 | 560.74 | | | | | | | | | | |
| OLM Additional Software Licences | 60 | | 60.00 | | | | | | | | | | |
| ICT Harnessing Technology Grant | 728 | | 728.00 | | | | | | | | | | |
| Building School for the Future (BSF) feasibility work | 663 | (650) | 13.43 | 1,300 | (1,300) | | | 1,250 | (1,250) | | | | |
| S106 Aragon School gates | 1 | | 0.71 | | | | | | | | | | |
| St John Fisher Governor's 10% | 1 | | 0.96 | | | | | | | | | | |
| Youth Capital Fund | 98 | | 98.00 | | | | | | | | | | |
| Youth Centre Buildings | 51 | | 50.83 | | | | | | | | | | |
| School Meals Kitchens | 6 | | 6.02 | | | | | | | | | | |
| SEN - Melrose | 23 | | 22.74 | | | | | | | | | | |
| Raynes Park Sports Pavilion | 141 | | 140.80 | | | | | | | | | | |
| SEN | | | - | | | | | | | | | | |
| Cricket Green Site | 120 | | 120.00 | | | | | | | | | | |
| Items not yet allocated to a particular scheme | | | - | | | | | | | | | | |
| Childrens Centres | 812 | | 628.00 | | | | | | | | | | |
| Modernisation - Other | 43 | | 43.00 | | | | | | | | | | |
| Primary Capital Programme | 132 | | 132.00 | | | | | | | | | | |
| Pupil Growth - Other | 3,651 | (3,651) | - | 14,515 | (14,515) | | | 4,710 | (2,501) | | 2,209 | | |
| Pupil Growth - Holy Trinity/Wimbledon | 0 | | 0.33 | | | | | | | | | | |
| Pupil Growth - School Expansions | | | - | | | | | | | | | | |
| PVI 2010/11 | 1,000 | | 65.00 | | | | | | | | | | |
| Primary Expansion Expenditure to be allocated | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| TOTAL | 46,666 | (8,464) | 37,083 | 15,885 | 4,230 | | 20,115 | 6,030 | 4,234 | | 10,264 | | |

| | | | | | | | | | |
|---|--|--|------|------|--|--------|--------|-------|-------|
| Primary places additional growth | | | -490 | -490 | | 20,265 | 20,265 | 9,725 | 1,450 |
| Schools Modernisation & Access Initiative | | | 900 | 900 | | 900 | 900 | 870 | 870 |
| Primary school autism unit | | | 470 | 470 | | 400 | 400 | 30 | |
| Secondary school expansion | | | | | | | | 100 | 500 |
| Brightwell | | | 100 | 100 | | 100 | 100 | 200 | 100 |
| Youth & Community centres reprovion | | | 110 | 110 | | 390 | 390 | | |

| | | | | | | |
|---|------|------|-------|-------|-------|------|
| New scheme increases and decreases | 1090 | 1090 | 22055 | 22055 | 10925 | 2920 |
|---|------|------|-------|-------|-------|------|

| | | | | | | |
|------------------------------|--------------|---------------|---------------|---------------|---------------|--------------|
| TOTAL PROPOSED BUDGET | 1,090 | 21,205 | 22,055 | 32,319 | 10,925 | 2,920 |
|------------------------------|--------------|---------------|---------------|---------------|---------------|--------------|

| | 2010/11 Budget incl slippage | Changes as a result of Reprofiled 2010/11 | New 2010/11 Total budget - after reprofiling | 2011/12 as per Capital Programme | Changes as a result of Reprofiling 2011/12 | Increases/D ecreases | Revised 2011/12 | 2012/13 as per Capital Programme | Changes as a result of Reprofiled 2012/13 | Increases/D ecreases | Revised 2012/13 | Proposed 2013-14 Budget | Proposed 2014-15 Budget |
|--|------------------------------------|---|--|--|---|-------------------------|--------------------|--|---|-------------------------|--------------------|-------------------------------|-------------------------------|
| Environment and Regeneration | | | | | | | | | | | | | |
| Leisure Centres | | | | | | | | | | | | | |
| Replacement of Leisure Centre Plant and Machinery including accelerated schemes in 2009/10 | 347 | | 347 | 600 | | | 600 | 350 | | | 350 | 300 | 300 |
| Leisure Centres | | | | | | | | | | | | | |
| Plant and Ceiling Works (all Leisure Centres) | | | | | | | | | | | | | |
| Morden Pool Park and Leisure Centre Investment | | | | 1,000 | | | 1,000 | 10,000 | | | 10,000 | | |
| Leisure Facilities and Support Services | | | | | | | | | | | | | |
| Decorating Gap Road Chapel | | | | | | | | | | | | | |
| Heritage/Culture | | (100) | | 200 | 100 | | 300 | 700 | | | 700 | | |
| Wimbledon Theatre Refurbishment | 550 | | 550 | | | | | | | | | | |
| Raynes Park Sports Ground | 7 | | 7 | | | | | | | | | | |
| Public Art Work | 20 | | 20 | | | | | | | | | | |
| Big Lottery Play Areas | 27 | | 27 | | | | | | | | | | |
| Vestry Hall | 1 | | 1 | | | | | | | | | | |
| On and Off Street Parking | | | | | | | | | | | | | |
| Parking management - CPZ; disabled parking bays & waiting restrictions | 380 | | 380 | 380 | | | 380 | | | | | | |
| Resurfacing of Peel House Upper Car Park | 215 | | 215 | | | | | | | | | | |
| St Mark's Car Park (structural) | 75 | | 75 | | | | | | | | | | |
| Improved parking for shop parades (dropped kerbs, machines, etc) | 100 | (100) | | 100 | 100 | | 200 | 100 | | | 100 | | |
| Parking | 191 | (15) | 176 | | | 15 | 15 | | | | | | |
| Handheld Terminals - Parking | 120 | (100) | 20 | | | 100 | 100 | | | | | | |
| Plans and Projects | | | | | | | | | | | | | |
| Climate Change Initiatives | 317 | (100) | 217 | 140 | 100 | | 240 | 140 | | | 140 | 140 | 140 |
| Mitcham Market Garden Project | 40 | | 40 | | | | | | | | | | |
| Property Management and Review | | | | | | | | | | | | | |
| WCA investment | | | | | | | | | | | | | |
| Acquisitions Programme | 900 | | 900 | | | | | | | | | | |
| Invest to Save | 50 | | 50 | 140 | | | 140 | 140 | | | 140 | 140 | 140 |
| Minor Land Purchases (Rookwood Avenue) | 5 | (5) | | | 5 | | 5 | | | | | | |
| P3 Site | 25 | | 25 | | | | | | | | | | |
| Regeneration Partnerships | | | | | | | | | | | | | |
| Investment In Deprived Areas - East Merton | 267 | (120) | 147 | 80 | 120 | | 200 | 80 | | | 80 | | |
| Investment in industrial estates to create high-tech industrial park for key sectors | 250 | (200) | 50 | 250 | 200 | | 450 | 250 | | | 250 | | |
| Regeneration | | | | | | | | | | | | | |
| Town Centre Improvements | 671 | (600) | 71 | 420 | 600 | | 1,020 | 450 | | | 450 | | |
| Town Centre Investment | | | | 250 | | | 250 | 250 | | | 250 | 500 | 500 |
| Mitcham means Business | 250 | (100) | 150 | | 100 | | 100 | | | | | | |
| Queensmere Road | 5 | | 5 | | | | | | | | | | |
| Street Scene | | | | | | | | | | | | | |
| Street Scene Improvement Programme | 1,829 | (1,044) | 785 | 1,250 | 1,044 | | 2,294 | 1,250 | | | 1,250 | 1250 | 1250 |
| Street tree programme (25 year programme) | 125 | (25) | 100 | 125 | 25 | | 150 | 125 | | | 125 | 125 | 125 |
| Street Lighting | | | | | | | | | | | | | |
| Street Lighting Replacement Programme | 211 | | 211 | 245 | | | 245 | 269 | | | 269 | 269 | 269 |
| Traffic and Parking Management | | | | | | | | | | | | | |
| 20's Plenty & Area Traffic Calming | 105 | | 105 | 96 | | | 96 | 86 | | | 86 | | |
| Area Traffic calming measures/investigation | 290 | | 290 | 90 | | | 90 | 100 | | | 100 | 90 | 90 |
| Boroughwide waiting restrictions | 27 | | 27 | | | | | | | | | | |
| Footway parking - policy/pilot schemes | 50 | | 50 | | | | | | | | | | |
| Minor traffic / danger reduction measures | | | | 100 | | | 100 | 120 | | | 120 | 120 | 120 |
| Traffic surveys & Investigations | | | | 30 | | | 30 | 30 | | | 30 | | |
| Traffic surveys and safety measures/investigations | 90 | | 90 | 46 | | | 46 | 56 | | | 56 | 70 | 70 |
| Traffic Lights | 459 | (458) | 1 | 186 | 458 | | 644 | | | | | | |

| | 2010/11 Budget incl slippage | Changes as a result of Reprofilng 2010/11 | New 2010/11 Total budget - after reprofiling | 2011/12 as per Capital Programme | Changes as a result of Reprofilng 2011/12 | Increases/D increases | Revised 2011/12 | 2012/13 as per Capital Programme | Changes as a result of Reprofilng 2012/13 | Increases/D increases | Revised 2012/13 | Proposed 2013-14 Budget | Proposed 2014-15 Budget |
|---|------------------------------------|---|--|--|--|--------------------------|--------------------|--|---|--------------------------|--------------------|-------------------------------|-------------------------------|
| Environment and Regeneration | | | | | | | | | | | | | |
| Replacement of Fleet Vehicles | 1,161 | (535) | 626 | 500 | 535 | | 1,035 | | | | | | |
| Morden Town Centre - Highway Improvements | | | | | | | | | | | | | |
| Durnsford Road Works | 5 | | 5 | | | | | | | | | | |
| Public Transport Infrastructure | 555 | (200) | 355 | | 200 | | 200 | | | | | | |
| Portacabin Accomm Garth Road | 16 | (16) | (0) | | 16 | | 16 | | | | | | |
| Waste Operations | | | | | | | | | | | | | |
| Alley Gating Scheme - Fly Tipping | 57 | | 57 | 50 | | | 50 | 50 | | | 50 | 50 | 50 |
| Barrows and Bins Replacement Programme | 6 | | 6 | 60 | | | 60 | 60 | | | 60 | 60 | 60 |
| Extension of kitchen waste collection to entire borough | 500 | (500) | | | 500 | | 500 | | | | | | |
| Kitchen waste containers replacement | | | | | | | | 26 | | | 26 | | |
| Planned Maintenance of Re-use/recycling Sites | 43 | | 43 | 40 | | | 40 | 40 | | | 40 | 40 | 40 |
| Street Waste Collection Machines | 200 | | 200 | | | | | | | | | | |
| Waste Phase B requirements - Replace Large Waste Collection Vehicles and Purchases | 2,089 | (434) | 1,655 | 2,465 | 434 | | 2,899 | 990 | | | 990 | | |
| Litter Bin Replacement + Dog Bin Replacement | 5 | | 5 | | | | | | | | | | |
| Waste Services | 290 | (115) | 175 | | 115 | | 115 | | | | | | |
| Other | | | | | | | | | | | | | |
| Completion of the mobile working initiative | 50 | | 50 | | | | | | | | | | |
| 50 Montgomery Close | 15 | | 15 | | | | | | | | | | |
| Rathbone Training Centre | 20 | | 20 | | | | | | | | | | |
| Haydons Road | 1 | | 1 | | | | | | | | | | |
| Recycle a Cycle | 5 | | 5 | | | | | | | | | | |
| Wayfinding Schemes | 7 | | 7 | | | | | | | | | | |
| Sports Initiative | 80 | | 80 | | | | | | | | | | |
| Demolition and rebuild of changing rooms at Morden Park | | | | 110 | | | 110 | | | | | | |
| John Innes Park Zaun fencing around the Recreation Ground | | | | | | | | 40 | | | 40 | | |
| New Projects E&R | 20 | | 20 | | | | | | | | | | |
| Wheeled Bin scheme - subject to Scrutiny Review | | | | | | | | | | | | | |
| TOTAL including Wheeled Bins | 25,812 | (8,997) | 16,814 | 18,656 | 8,997 | | 27,653 | 25,339 | | | 25,339 | 7672 | 7672 |

| | | | | | | | | | | | | | |
|---|--------------|---------------|--|--|--|--|--|--|--|--|--------------|---------------|--------------|
| Climbing wall | 30 | 30 | | | | | | | | | | | |
| Merton Energy Loan Fund | 50 | 50 | | | | | | | | | | | |
| Highway Asset Management | 75 | 75 | | | | | | | | | | | |
| Street Lighting Energy Reduction | 400 | 400 | | | | | | | | | | 150 | 150 |
| CCTV - Safer Merton & Parking | 50 | 50 | | | | | | | | | | | |
| Bushey Road Bridge | 120 | 120 | | | | | | | | | | 65 | 60 |
| Additional Bridges Improvement | 305 | 305 | | | | | | | | | | 160 | 160 |
| Wimbledon Park Watersports Centre | 28 | 28 | | | | | | | | | | | |
| John Innes Rec/Rutlish wall | 117 | 117 | | | | | | | | | | | |
| Workshop - Fleet Maintenance | | | | | | | | | | | | | |
| New scheme increases | 1,175 | 1,175 | | | | | | | | | | 375 | 370 |
| Earmarked Schemes - Transport for London | 3,516 | 3,516 | | | | | | | | | | | |
| New scheme increases | 4,691 | 4,691 | | | | | | | | | | 375 | 370 |
| TOTAL PROPOSED BUDGET | 4,691 | 32,344 | | | | | | | | | 1,170 | 26,509 | 8,042 |

CAPITAL BUDGETS 2010-2013

| Community and Housing | 2010/11 Budget incl slippage | Changes as a result of Reprofiling | New 2010/11 Total budget - after reprofiling | 2011/12 as per Capital Programme | Changes as a result of Reprofiling | Increases/D ecreases | Revised 2011/12 | 2012/13 as per Capital Programme | Changes as a result of Reprofiling | Increases/D ecreases | Revised 2012/13 | Proposed 2013 14 Budget | Proposed 2014- 15 Budget |
|--|---------------------------------|--|--|--|--|-------------------------|--------------------|--|--|-------------------------|--------------------|----------------------------|-----------------------------|
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| Scheme Description | | | | | | | | | | | | | |
| Media Fund | 287 | | 287 | 287 | | | 287 | 287 | | | 287 | 287 | 287 |
| Works to Merton Adult Education Centre to facilitate expansion of Joseph Hood School | 350 | | 350 | | | | | | | | | | |
| Day Centre Kitchen/ Toilet/ IT Upgrades | | | | 110 | | | 110 | 150 | | | 150 | | |
| Refurbishment of West Barnes Library | | | | 100 | | -100 | | | | | | | |
| Refurbishment of other libraries | | | | | | | | 200 | | -200 | | | |
| Gypsy/Travellers site | 7 | | 7 | | | | | | | | | | |
| Improving Information Management | 10 | | 10 | | | | | | | | | | |
| Meopham Road | 970 | | 970 | | | | | | | | | | |
| Affordable Housing Fund | 210 | | 210 | | | | | | | | | | |
| Regeneration | 16 | | 16 | | | | | | | | | | |
| 5 Clifford Avenue - Contribution from Sutton & Merton PCT | 450 | | 450 | | | | | | | | | | |
| St Catherine's School | 1,963 | | 1,963 | | | | | | | | | | |
| JMC LD Day Centre | 28 | | 28 | | | | | | | | | | |
| Libraries | 46 | | 46 | | | | | | | | | | |
| TOTAL | 4,336 | | 4,336 | 497 | | -100 | 397 | 637 | | -200 | 437 | 287 | 287 |

| | | |
|--------------------------------|-----|-----|
| Marlborough Hall Refurbishment | 138 | 138 |
|--------------------------------|-----|-----|

| | | |
|-----------------------------|------------|------------|
| New scheme increases | 138 | 138 |
|-----------------------------|------------|------------|

| | | | | | | | | | |
|------------------------------|--|-----------|------------|------------|--|-------------|------------|------------|------------|
| TOTAL PROPOSED BUDGET | | 38 | 535 | 637 | | -200 | 437 | 287 | 287 |
|------------------------------|--|-----------|------------|------------|--|-------------|------------|------------|------------|

Amendments to 2010/11 Programme**Appendix 4(5)**

| | 2010-11 | 2011-12 | Total |
|-------------------------------------|----------------|-------------|----------------|
| | £000 | £0 | £0 |
| Corporate Services - IT | | | |
| Connect to N3 Netwrk NHS Spine | (120) | | (120) |
| Corporate mobile working | (213) | (64) | (277) |
| CRM / Self Service | (135) | | (135) |
| IT Strategy | (22) | | (22) |
| | | | |
| TOTAL IT | (490) | (64) | (554) |
| | | | |
| Corporate Services - R&M | | | |
| Repairs and Maintenance | (86) | | -86 |
| DDA - Access to Buildings | (195) | | (195) |
| | | | |
| TOTAL R&M | (281) | 0 | (281) |
| | | | |
| Redundancy Payments | (523) | | (523) |
| | | | |
| TOTAL | (1,294) | (64) | (1,358) |

SAVINGS ANALYSIS FOR CABINET 17th January 2011 including All Savings

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|----------------|----------------|----------------|----------------|
| <u>CABINET 8th November 2010:</u> | £000 | £000 | £000 | £000 |
| Chief Executive's and Corporate Services | 3,647 | -100 | 0 | 0 |
| Children, Schools and Families | 1,281 | 13 | 0 | 0 |
| Environment and Regeneration | 2,724 | -7 | 15 | 0 |
| Community and Housing | 2,664 | 40 | 0 | 0 |
| Total | 10,316 | -54 | 15 | 0 |

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|----------------|----------------|----------------|----------------|
| <u>Cabinet 13th December 2010:</u> | £000 | £000 | £000 | £000 |
| Chief Executive's and Corporate Services | 0 | 0 | 0 | 0 |
| Children, Schools and Families | 837 | 0 | 0 | 0 |
| Environment and Regeneration | 1,530 | 0 | 0 | 0 |
| Community and Housing | 1,192 | 112 | 0 | 0 |
| Total | 3,559 | 112 | 0 | 0 |

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|----------------|----------------|----------------|----------------|
| <u>Cabinet 17th January 2011:</u> | £000 | £000 | £000 | £000 |
| Chief Executive's and Corporate Services | 0 | 0 | 0 | 0 |
| Children, Schools and Families | 141 | 0 | 0 | 0 |
| Environment and Regeneration | 352 | 110 | 0 | 0 |
| Community and Housing | 709 | 0 | 0 | 0 |
| Total | 1202 | 110 | 0 | 0 |

| ALL SAVINGS | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|----------------|----------------|----------------|----------------|
| <u>CABINET 8 Nov.'10 + 13 Dec.'10 + 17th Jan.'11</u> | £000 | £000 | £000 | £000 |
| Chief Executive's and Corporate Services | 3,647 | -100 | 0 | 0 |
| Children, Schools and Families | 2,259 | 13 | 0 | 0 |
| Environment and Regeneration | 4,606 | 103 | 15 | 0 |
| Community and Housing | 4,565 | 152 | 0 | 0 |
| Total | 15,077 | 168 | 15 | 0 |

SAVINGS ANALYSIS FOR CABINET 17th January 2011 Non ABG Savings

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|--------------|-------------|-------------|-------------|
| CABINET 8th November 2010: | £000 | £000 | £000 | £000 |
| Chief Executive's and Corporate Services | 3,581 | -100 | 0 | 0 |
| Children, Schools and Families | 492 | 13 | 0 | 0 |
| Environment and Regeneration | 2,724 | -7 | 15 | 0 |
| Community and Housing | 2,654 | 40 | 0 | 0 |
| Total | 9,451 | -54 | 15 | 0 |

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|--------------|-------------|-------------|-------------|
| Cabinet 13th December 2010: | £000 | £000 | £000 | £000 |
| Chief Executive's and Corporate Services | 0 | 0 | 0 | 0 |
| Children, Schools and Families | 717 | 0 | 0 | 0 |
| Environment and Regeneration | 1,530 | 0 | 0 | 0 |
| Community and Housing | 1,096 | 112 | 0 | 0 |
| Total | 3,343 | 112 | 0 | 0 |

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|-------------|-------------|-------------|-------------|
| Cabinet 17th January 2011: | £000 | £000 | £000 | £000 |
| Chief Executive's and Corporate Services | 0 | 0 | 0 | 0 |
| Children, Schools and Families | 141 | 0 | 0 | 0 |
| Environment and Regeneration | 330 | 110 | 0 | 0 |
| Community and Housing | 709 | 0 | 0 | 0 |
| Total | 1180 | 110 | 0 | 0 |

| NON - ABG SAVINGS | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|---------------|-------------|-------------|-------------|
| CABINET 8 Nov.'10 + 13 Dec.'10 + 17th Jan.'11 | £000 | £000 | £000 | £000 |
| Chief Executive's and Corporate Services | 3,581 | -100 | 0 | 0 |
| Children, Schools and Families | 1,350 | 13 | 0 | 0 |
| Environment and Regeneration | 4,584 | 103 | 15 | 0 |
| Community and Housing | 4,459 | 152 | 0 | 0 |
| Total | 13,974 | 168 | 15 | 0 |

SAVINGS ANALYSIS FOR CABINET 17th January 2011 ABG Savings

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|----------------|----------------|----------------|----------------|
| <u>CABINET 8th November 2010:</u> | £000 | £000 | £000 | £000 |
| Chief Executive's and Corporate Services | 66 | 0 | 0 | 0 |
| Children, Schools and Families | 789 | 0 | 0 | 0 |
| Environment and Regeneration | 0 | 0 | 0 | 0 |
| Community and Housing | 10 | 0 | 0 | 0 |
| Total | 865 | 0 | 0 | 0 |

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|----------------|----------------|----------------|----------------|
| <u>Cabinet 13th December 2010:</u> | £000 | £000 | £000 | £000 |
| Chief Executive's and Corporate Services | 0 | 0 | 0 | 0 |
| Children, Schools and Families | 120 | 0 | 0 | 0 |
| Environment and Regeneration | 0 | 0 | 0 | 0 |
| Community and Housing | 96 | 0 | 0 | 0 |
| Total | 216 | 0 | 0 | 0 |

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|----------------|----------------|----------------|----------------|
| <u>Cabinet 17th January 2011:</u> | £000 | £000 | £000 | £000 |
| Chief Executive's and Corporate Services | 0 | 0 | 0 | 0 |
| Children, Schools and Families | 0 | 0 | 0 | 0 |
| Environment and Regeneration | 22 | 0 | 0 | 0 |
| Community and Housing | 0 | 0 | 0 | 0 |
| Total | 22 | 0 | 0 | 0 |

| ABG SAVINGS | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|----------------|----------------|----------------|----------------|
| <u>CABINET 8 Nov.'10 + 13 Dec.'10 + 17th Jan.'11</u> | £000 | £000 | £000 | £000 |
| Chief Executive's and Corporate Services | 66 | 0 | 0 | 0 |
| Children, Schools and Families | 909 | 0 | 0 | 0 |
| Environment and Regeneration | 22 | 0 | 0 | 0 |
| Community and Housing | 106 | 0 | 0 | 0 |
| Total | 1,103 | 0 | 0 | 0 |

SAVINGS ANALYSIS FOR CABINET 17th January 2011 including All Savings

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|----------------|----------------|----------------|----------------|
| <u>CABINET 8th November 2010:</u> | £000 | £000 | £000 | £000 |
| Corporate Capacity | 3,647 | -100 | 0 | 0 |
| Children and Young People | 1,281 | 13 | 0 | 0 |
| Sustainable Communities | 2,886 | -7 | 15 | 0 |
| Healthier Communities and Older People | 2,502 | 40 | 0 | 0 |
| Total | 10,316 | -54 | 15 | 0 |

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|----------------|----------------|----------------|----------------|
| <u>Cabinet 13th December 2010:</u> | £000 | £000 | £000 | £000 |
| Corporate Capacity | 0 | 0 | 0 | 0 |
| Children and Young People | 837 | 0 | 0 | 0 |
| Sustainable Communities | 1,611 | 0 | 0 | 0 |
| Healthier Communities and Older People | 1,111 | 112 | 0 | 0 |
| Total | 3,559 | 112 | 0 | 0 |

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|----------------|----------------|----------------|----------------|
| <u>Cabinet 17th January 2011:</u> | £000 | £000 | £000 | £000 |
| Corporate Capacity | 0 | 0 | 0 | 0 |
| Children and Young People | 141 | 0 | 0 | 0 |
| Sustainable Communities | 387 | 110 | 0 | 0 |
| Healthier Communities and Older People | 674 | 0 | 0 | 0 |
| Total | 1202 | 110 | 0 | 0 |

| ALL SAVINGS | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|----------------|----------------|----------------|----------------|
| <u>CABINET 8 Nov.'10 + 13 Dec.'10 + 17th Jan.'11</u> | £000 | £000 | £000 | £000 |
| Corporate Capacity | 3,647 | -100 | 0 | 0 |
| Children and Young People | 2,259 | 13 | 0 | 0 |
| Sustainable Communities | 4,884 | 103 | 15 | 0 |
| Healthier Communities and Older People | 4,287 | 152 | 0 | 0 |
| Total | 15,077 | 168 | 15 | 0 |

SAVINGS ANALYSIS FOR CABINET 17th January 2011 Non ABG Savings

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|--------------|-------------|-------------|-------------|
| <u>CABINET 8th November 2010:</u> | £000 | £000 | £000 | £000 |
| Corporate Capacity | 3,581 | -100 | 0 | 0 |
| Children and Young People | 492 | 13 | 0 | 0 |
| Sustainable Communities | 2,886 | -7 | 15 | 0 |
| Healthier Communities and Older People | 2,492 | 40 | 0 | 0 |
| Total | 9,451 | -54 | 15 | 0 |

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|--------------|-------------|-------------|-------------|
| <u>Cabinet 13th December 2010:</u> | £000 | £000 | £000 | £000 |
| Corporate Capacity | 0 | 0 | 0 | 0 |
| Children and Young People | 717 | 0 | 0 | 0 |
| Sustainable Communities | 1,611 | 0 | 0 | 0 |
| Healthier Communities and Older People | 1,015 | 112 | 0 | 0 |
| Total | 3,343 | 112 | 0 | 0 |

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|-------------|-------------|-------------|-------------|
| <u>Cabinet 17th January 2011:</u> | £000 | £000 | £000 | £000 |
| Corporate Capacity | 0 | 0 | 0 | 0 |
| Children and Young People | 141 | 0 | 0 | 0 |
| Sustainable Communities | 365 | 110 | 0 | 0 |
| Healthier Communities and Older People | 674 | 0 | 0 | 0 |
| Total | 1180 | 110 | 0 | 0 |

| NON - ABG SAVINGS | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|---------------|-------------|-------------|-------------|
| <u>CABINET 8 Nov.'10 + 13 Dec.'10 + 17th Jan.'11</u> | £000 | £000 | £000 | £000 |
| Corporate Capacity | 3,581 | -100 | 0 | 0 |
| Children and Young People | 1,350 | 13 | 0 | 0 |
| Sustainable Communities | 4,862 | 103 | 15 | 0 |
| Healthier Communities and Older People | 4,181 | 152 | 0 | 0 |
| Total | 13,974 | 168 | 15 | 0 |

SAVINGS ANALYSIS FOR CABINET 17th January 2011 ABG Savings

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|-------------|-------------|-------------|-------------|
| <u>CABINET 8th November 2010:</u> | £000 | £000 | £000 | £000 |
| Corporate Capacity | 66 | 0 | 0 | 0 |
| Children and Young People | 789 | 0 | 0 | 0 |
| Sustainable Communities | 0 | 0 | 0 | 0 |
| Healthier Communities and Older People | 10 | 0 | 0 | 0 |
| Total | 865 | 0 | 0 | 0 |

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|-------------|-------------|-------------|-------------|
| <u>Cabinet 13th December 2010:</u> | £000 | £000 | £000 | £000 |
| Corporate Capacity | 0 | 0 | 0 | 0 |
| Children and Young People | 120 | 0 | 0 | 0 |
| Sustainable Communities | 0 | 0 | 0 | 0 |
| Healthier Communities and Older People | 96 | 0 | 0 | 0 |
| Total | 216 | 0 | 0 | 0 |

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|-------------|-------------|-------------|-------------|
| <u>Cabinet 17th January 2011:</u> | £000 | £000 | £000 | £000 |
| Corporate Capacity | 0 | 0 | 0 | 0 |
| Children and Young People | 0 | 0 | 0 | 0 |
| Sustainable Communities | 22 | 0 | 0 | 0 |
| Healthier Communities and Older People | 0 | 0 | 0 | 0 |
| Total | 22 | 0 | 0 | 0 |

| ABG SAVINGS | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|--------------|-------------|-------------|-------------|
| <u>CABINET 8 Nov.'10 + 13 Dec.'10 + 17th Jan.'11</u> | £000 | £000 | £000 | £000 |
| Corporate Capacity | 66 | 0 | 0 | 0 |
| Children and Young People | 909 | 0 | 0 | 0 |
| Sustainable Communities | 22 | 0 | 0 | 0 |
| Healthier Communities and Older People | 106 | 0 | 0 | 0 |
| Total | 1,103 | 0 | 0 | 0 |

PANEL: CHILDREN & YOUNG PEOPLE PHASE 3 SAVINGS: 2011-2015

| Panel | Ref | Description of Saving | Baseline Budget 10/11 £000 | 2011/12 £000 | 2012/13 £000 | 2013/14 £000 | 2014/15 £000 | Risk Analysis - Deliverability | Risk Analysis - Reputational Impact | Type of Saving (see key) | |
|--|-------|--|---|--------------|--------------|--------------|--------------|--------------------------------|-------------------------------------|--------------------------|------|
| Education | | | | | | | | | | | |
| C&YP | CSF36 | <p>Description Service Implication Staffing Implications Business Plan implications Impact on other departments Equalities Implications</p> | <p>Merton's LgFL Annual Revenue Contribution Saving will be achieved through reduction in Merton's match funding contribution currently funding MLE consultants in schools - we will seek to achieve higher 'buy back' commitments from schools in order to retain service. 1 possible redundancy if schools do not buy back None None None</p> | 57 | 57 | | | | Medium | Medium | SS2 |
| Cross Cutting | | | | | | | | | | | |
| C&YP | CSF37 | <p>Service Description Service Implication Staffing Implications Business Plan implications Impact on other departments Equalities Implications</p> | <p>Cross Cutting To be Identified after Grant Fall out Position Established Officers will minimise the impact on service delivery Not known at this stage None None None</p> | | 84 | | | | High | High | SNS1 |
| Total Children, Schools and Families Department Savings for 2011-2015 | | | | | 141 | 0 | 0 | 0 | | | |

SS1 Staffing: reduction in costs due to efficiency

SS2 Staffing: reduction in costs due to deletion/reduction in service

SNS1 Non - Staffing: reduction in costs due to efficiency

SNS2 Non - Staffing: reduction in costs due to deletion/reduction in service

SP1 Procurement / Third Party arrangements - efficiency

SG1 Grants: Existing service funded by new grant

SG2 Grants: Improved Efficiency of existing service currently funded by unringfenced grant

SPROP Reduction in Property related costs

Panel

C&YP

CC

HC&OP

SC

Children & Young People

Corporate Capacity

Healthier Communities & Older People

Sustainable Communities

PANEL: SUSTAINABLE COMMUNITIES PHASE 3 SAVINGS: 2011-2015

| Panel | Ref | Description of Saving | Baseline Budget 2010/11 £'000 | 2011/12 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2014/15 £'000 | Risk Analysis DELIVERABILITY | Risk Analysis REPUTATIONAL | Type of Saving (see key) | |
|-------|-------|---|--|---------------|---------------|---------------|---------------|------------------------------|----------------------------|--------------------------|------|
| SC | ER33a | <p>Service Area Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p> | <p><u>Spatial Planning, Transport Planning and Physical Regeneration</u></p> <p>From transformation of three teams into One (Note: Additional saving to £150k already agreed - ER33)</p> <p>Transformation of the Spatial Planning, Physical Regeneration and Transport Planning teams into one team.</p> <p>Reduction of L3 / L4 managers to be determined through transformation process. Transformation process to change the way of working of the three teams and drive out savings. Savings will come from reduction in use of agency staff, reduction in use of fixed term contracts and smarter use of income. Reduction in FTEs as a result will be through voluntary redundancy.</p> <p>The timing and priorities for project delivery will have to be revised to fit in with reduced resources</p> <p>The level of support to other depts will have to be reconsidered and possibly reduced to account for reduced resources.</p> <p>None anticipated</p> | 1,239 | 100 | | | | Medium | Medium | SS1 |
| SC | ER34a | <p>Service Area Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p> | <p><u>Waste Disposal</u></p> <p>Savings in Landfill Costs (Note: Additional saving to £250k already agreed - ER34)</p> <p>Relates primarily to residual waste for first 6 months of 2010/11 being 2.7% down compared with the same period for 2009/10. Deliverability risk includes landfill and haulage contract indices rates being higher than expected; and/or a resumption in waste growth resulting from a mix of additional housing, population increase and economic growth. Also some risk from the agreed (8 November Cabinet) stopping of green waste collection direct from households.</p> <p>None</p> <p>As above</p> <p>Minimal</p> <p>None</p> | 5,022 | 100 | 0 | 0 | 0 | Medium | Low | SNS1 |
| SC | ER37 | <p>Service Area Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p> | <p><u>Parking Services</u></p> <p>Additional enforcement in Bus Lanes - various</p> <p>Once the initial work has been completed and implemented there is likely to be an increase in third party complaints as we introduce enforcement to locations that are not currently enforced</p> <p>Due to an increase in PCNs issued there will be a need to assess if the current level of resources are sufficient to cope with the increase in representations</p> <p>There will be a requirement to consult in part and estimates of savings are based upon not achieving a full year effect</p> <p>The implementation of one of the proposals will require input from the Traffic and Highways section which will place demands on that team's resources</p> <p>None</p> | 3,065 | 130 | 110 | | | High | High | SI2 |

PANEL: SUSTAINABLE COMMUNITIES PHASE 3 SAVINGS: 2011-2015

| Panel | Ref | Description of Saving | | Baseline Budget 2010/11 £'000 | 2011/12 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2014/15 £'000 | Risk Analysis DELIVERABILITY | Risk Analysis REPUTATIONAL | Type of Saving (see key) |
|--------------|------|---|---|-------------------------------|---------------|---------------|---------------|---------------|------------------------------|----------------------------|--------------------------|
| SC | HO03 | <p>Service Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p> | <p>Housing Efficiency savings from homelessness grant 2011/12(assumption is made here that existing grant levels will be maintained</p> <p>Potential impact on the delivery of homelessness prevention activities, balanced against preseving staffing levels to deliver housing reform agenda</p> <p>None none None None</p> | 403 | 35 | | | | low | low | SG1 |
| SC | ER38 | <p>Service Area</p> <p>Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p> | <p><u>Physical Regeneration</u></p> <p>Reduction in supplies and services budgets (funded through ABG in 2010-11).</p> <p>ABG currently funding LDF Evidence Base Research work and project support officer to deliver Merton's Climate Change Capital Projects</p> <p>Project support work currently funded by ABG will end with loss of funding. Function subsumed within Future Merton transformation.</p> <p>Call on Climate Change Capital Funding for staff to deliver projects.</p> <p>Spatial Planning Policy (LDF Research) Facilities (Climate Change / Carbon Saving projects)</p> <p>None</p> | 67 | 22 | | | | Low | Low | SNS2 |
| Total | | | | | 387 | 110 | 0 | 0 | | | |

PANEL: HEALTHIER COMMUNITIES & OLDER PEOPLE PHASE 3 SAVINGS: 2011-2015

| Panel | Ref | Description of Saving | Baseline Budget 10/11 £000 | 2011/12 £000 | 2012/13 £000 | 2013/14 £000 | 2014/15 £000 | Risk Analysis - Deliverability | Risk Analysis - Reputational Impact | Type of Saving (see key) |
|-------|------|--|----------------------------|--------------|--------------|--------------|--------------|--------------------------------|-------------------------------------|--------------------------|
| HC&OP | CC22 | <p>Service Description Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p> | 124 | 24 | | | | Low | High | SNS2 |
| | | <p>Direct Provision Closure of Taylor Road building</p> <p>There are two options for this saving. Firstly, the building would close, meaning that the groups currently accessing the building would need to re-locate. Secondly, the building might stay open but groups using it would be required to pay the economic cost, thereby running the facility on a cost recovery basis. Consultation on this continues.</p> <p>Loss of part time post.</p> <p>Fits with Commissioning strategy</p> <p>None</p> <p>None - groups affected will continue to be eligible to apply for grant funding.</p> | | | | | | | | |
| HC&OP | CC26 | <p>Service Description Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p> | 1,763 | 255 | | | | Low | High | SP1 |
| | | <p>Access & Assessments and Commissioning Reduction in grant to voluntary organisations.</p> <p>These savings have been identified through a joint panel of the council, PCT and voluntary sector under the Compact process, based on shared work on priorities between these parties in recent months. The saving includes a £80k recurring increase in funding from the PCT and a £175 reduction in funding to voluntary sector grants.</p> <p>None</p> <p>None</p> <p>None</p> <p>Community care customers are at risk of exclusion from ordinary life for reasons of age, disability or illness. Measures which reduce or increase staffing or service therefore have an equality implication in that they affect people in this category.</p> | | | | | | | | |
| HC&OP | CC38 | <p>Service Description Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p> | 6,444 | 100 | | | | Low | Medium | SI1 |
| | | <p>All sections Increase fees to clients</p> <p>This increases the income target set in CC36 from £204 to £304 based on latest available income projections.</p> <p>None.</p> <p>None.</p> <p>None</p> <p>Community care customers are at risk of exclusion from ordinary life for reasons of age, disability or illness. Measures which increase their contribution towards service delivery have an equality implication in that they affect people in this category.</p> | | | | | | | | |

PANEL: HEALTHIER COMMUNITIES & OLDER PEOPLE PHASE 3 SAVINGS: 2011-2015

| Panel | Ref | Description of Saving | Baseline Budget 10/11 £000 | 2011/12 £000 | 2012/13 £000 | 2013/14 £000 | 2014/15 £000 | Risk Analysis - Deliverability | Risk Analysis - Reputational Impact | Type of Saving (see key) | |
|---|------|---|--|--------------|--------------|--------------|--------------|--------------------------------|-------------------------------------|--------------------------|-----|
| HC&OP | CC39 | <p>Service Description Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p> | <p>Access & Assessments and Commissioning Propose an inflation increase of 0% on all providers. This increases the saving set in CC02 from £638 to £738 by reducing the contingency for cases where a 0% inflation could be enforced due to contractual arrangements.</p> <p>None</p> <p>Contributes to efficiency savings</p> <p>None</p> <p>Community care customers are at risk of exclusion from ordinary life for reasons of age, disability or illness. Measures which reduce or increase staffing or service therefore have an equality implication in that they affect people in this category.</p> | 41,585 | 100 | | | | High | High | SP1 |
| HC&OP | CC40 | <p>Service Description Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p> | <p>Access & Assessments Use of Telecare Increased use of telecare will benefit Access and Assessment as more people can be supported to live at home with less home care and less recourse to residential care. The saving is based on an increase of 20 clients using telecare with an estimated saving per client of £3k.</p> <p>None</p> <p>None</p> <p>None</p> <p>Community care customers are at risk of exclusion from ordinary life for reasons of age, disability or illness. Measures which reduce or increase staffing or service therefore have an equality implication in that they affect people in this category.</p> | 645 | 60 | | | | Medium | Low | SI2 |
| HC&OP | CC41 | <p>Service Description Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p> | <p>Access & Assessments and Commissioning Forego take-up of Personal Social Services grant</p> <p>The Personal Social Services grant is intended to fund social care reform, learning disability campus closures and stroke strategy. Through prudent planning, Merton will still deliver these outcomes without full use of the grant.</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> | 960 | 135 | | | | Low | Low | SG2 |
| Total Community & Housing Department Savings for 2011-2015 | | | | 674 | 0 | 0 | 0 | | | | |

CABINET 17 January 2011

SUMMARY OF 2011/12 RISKS: ALL SAVINGS

DELIVERABILITY RISK

| | | | |
|---------------|---------------------------|---------------------------|--------------------------|
| High | 4.18% (1.4% 2010/11) | 2.65% (10.1% 2010/11) | 10.89% (0.4% 2010/11) |
| Medium | 8.17% (9.1% 2010/11) | 29.57% (27.1% 2010/11) | 15.27% (2.8% 2010/11) |
| Low | 14.27% (28.8% 2010/11) | 9.01% (17.0% 2010/11) | 5.97% (3.3% 2010/11) |
| | Low | Medium | High |

REPUTATIONAL RISK

CABINET 17 January 2011

SUMMARY OF 2011/12 RISKS: NON-ABG SAVINGS

| | | | | |
|----------------------------|---------------|---------------------------|---------------------------|--------------------------|
| DELIVERABILITY RISK | High | 4.51% (1.4% 2010/11) | 2.86% (10.1% 2010/11) | 11.75% (0.4% 2010/11) |
| | Medium | 8.13% (9.1% 2010/11) | 31.05% (27.1% 2010/11) | 13.62% (2.8% 2010/11) |
| | Low | 13.11% (28.8% 2010/11) | 8.53% (17.0% 2010/11) | 6.44% (3.3% 2010/11) |
| | | Low | Medium | High |
| | | REPUTATIONAL RISK | | |

CABINET 17 January 2011

SUMMARY OF 2011/12 RISKS: ABG SAVINGS

| | | | | |
|----------------------------|--------|--------------------------|-------------------------|-------------------------|
| DELIVERABILITY RISK | High | 0.00% (N/A 2010/11) | 0.00% (N/A 2010/11) | 0.00% (N/A 2010/11) |
| | Medium | 8.70% (N/A 2010/11) | 10.88% (N/A 2010/11) | 36.26% (N/A 2010/11) |
| | Low | 29.01% (N/A 2010/11) | 15.14% (N/A 2010/11) | 0.00% (N/A 2010/11) |
| | | Low | Medium | High |
| | | REPUTATIONAL RISK | | |

SAVINGS ANALYSIS FOR CABINET 17th January 2011 All Savings

| CABINET 8 November (Phase 1) | | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|-------------------------------------|--|----------------|----------------|----------------|----------------|
| | | £000 | £000 | £000 | £000 |
| SI1 | Income: increase in current level of charges | 652 | 0 | 0 | 0 |
| SI2 | Income: increase arising from expansion of existing service/new service | 830 | 10 | 0 | 0 |
| SS1 | Staffing: reduction in costs due to efficiency | 1,131 | 0 | 0 | 0 |
| SS2 | Staffing: reduction in costs due to deletion/reduction in service | 3,443 | 0 | 0 | 0 |
| SNS1 | Non - Staffing: reduction in costs due to efficiency | 423 | 0 | 0 | 0 |
| SNS2 | Non - Staffing: reduction in costs due to deletion/reduction in service | 1,586 | 28 | 15 | 0 |
| SP1 | Procurement / Third Party arrangements - efficiency | 2,186 | 40 | 0 | 0 |
| SG1 | Grants: Existing service funded by new grant | 62 | -22 | 0 | 0 |
| SG2 | Grants: Improved Efficiency of existing service currently funded by unringfenced grant | 3 | 0 | 0 | 0 |
| SPROP | Reduction in Property related costs | 0 | 0 | 0 | 0 |
| | | 10,316 | 56 | 15 | 0 |

| CABINET 13 December (Phase 2) | | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--------------------------------------|--|----------------|----------------|----------------|----------------|
| | | £000 | £000 | £000 | £000 |
| SI1 | Income: increase in current level of charges | 767 | 0 | 0 | 0 |
| SI2 | Income: increase arising from expansion of existing service/new service | 190 | 0 | 0 | 0 |
| SS1 | Staffing: reduction in costs due to efficiency | 630 | 0 | 0 | 0 |
| SS2 | Staffing: reduction in costs due to deletion/reduction in service | 918 | 0 | 0 | 0 |
| SNS1 | Non - Staffing: reduction in costs due to efficiency | 400 | 0 | 0 | 0 |
| SNS2 | Non - Staffing: reduction in costs due to deletion/reduction in service | 100 | 100 | 0 | 0 |
| SP1 | Procurement / Third Party arrangements - efficiency | 554 | 12 | 0 | 0 |
| SG1 | Grants: Existing service funded by new grant | 0 | 0 | 0 | 0 |
| SG2 | Grants: Improved Efficiency of existing service currently funded by unringfenced grant | 0 | 0 | 0 | 0 |
| SPROP | Reduction in Property related costs | 0 | 0 | 0 | 0 |
| | | 3,559 | 112 | 0 | 0 |

| Cabinet 17 January 2011 (Phase 3) | | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|--|----------------|----------------|----------------|----------------|
| | | £000 | £000 | £000 | £000 |
| SI1 | Income: increase in current level of charges | 100 | 0 | 0 | 0 |
| SI2 | Income: increase arising from expansion of existing service/new service | 190 | 110 | 0 | 0 |
| SS1 | Staffing: reduction in costs due to efficiency | 100 | 0 | 0 | 0 |
| SS2 | Staffing: reduction in costs due to deletion/reduction in service | 57 | 0 | 0 | 0 |
| SNS1 | Non - Staffing: reduction in costs due to efficiency | 184 | 0 | 0 | 0 |
| SNS2 | Non - Staffing: reduction in costs due to deletion/reduction in service | 46 | 0 | 0 | 0 |
| SP1 | Procurement / Third Party arrangements - efficiency | 355 | 0 | 0 | 0 |
| SG1 | Grants: Existing service funded by new grant | 35 | 0 | 0 | 0 |
| SG2 | Grants: Improved Efficiency of existing service currently funded by unringfenced grant | 135 | 0 | 0 | 0 |
| SPROP | Reduction in Property related costs | 0 | 0 | 0 | 0 |
| | | 1,202 | 110 | 0 | 0 |

| Cabinet 17 January 2011 (Phases 1-3) | | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|--|----------------|----------------|----------------|----------------|
| | | £000 | £000 | £000 | £000 |
| SI1 | Income: increase in current level of charges | 1,519 | 0 | 0 | 0 |
| SI2 | Income: increase arising from expansion of existing service/new service | 1,210 | 120 | 0 | 0 |
| SS1 | Staffing: reduction in costs due to efficiency | 1,861 | 0 | 0 | 0 |
| SS2 | Staffing: reduction in costs due to deletion/reduction in service | 4,418 | 0 | 0 | 0 |
| SNS1 | Non - Staffing: reduction in costs due to efficiency | 1,007 | 0 | 0 | 0 |
| SNS2 | Non - Staffing: reduction in costs due to deletion/reduction in service | 1,732 | 128 | 15 | 0 |
| SP1 | Procurement / Third Party arrangements - efficiency | 3,095 | 52 | 0 | 0 |
| SG1 | Grants: Existing service funded by new grant | 97 | -22 | 0 | 0 |
| SG2 | Grants: Improved Efficiency of existing service currently funded by unringfenced grant | 138 | 0 | 0 | 0 |
| SPROP | Reduction in Property related costs | 0 | 0 | 0 | 0 |
| | | 15,077 | 278 | 15 | 0 |

SAVINGS ANALYSIS FOR CABINET 17th January 2011 Non ABG Savings

| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|-------------------------------------|--|--------------|------------|-----------|----------|
| | | £000 | £000 | £000 | £000 |
| CABINET 8 November (Phase 1) | | | | | |
| SI1 | Income: increase in current level of charges | 652 | 0 | 0 | 0 |
| SI2 | Income: increase arising from expansion of existing service/new service | 830 | -100 | 0 | 0 |
| SS1 | Staffing: reduction in costs due to efficiency | 1,131 | 0 | 0 | 0 |
| SS2 | Staffing: reduction in costs due to deletion/reduction in service | 3,221 | 0 | 0 | 0 |
| SNS1 | Non - Staffing: reduction in costs due to efficiency | 323 | 0 | 0 | 0 |
| SNS2 | Non - Staffing: reduction in costs due to deletion/reduction in service | 1,053 | 28 | 15 | 0 |
| SP1 | Procurement / Third Party arrangements - efficiency | 2,176 | 40 | 0 | 0 |
| SG1 | Grants: Existing service funded by new grant | 62 | -22 | 0 | 0 |
| SG2 | Grants: Improved Efficiency of existing service currently funded by unringfenced grant | 3 | 0 | 0 | 0 |
| SPROP | Reduction in Property related costs | 0 | 0 | 0 | 0 |
| | | 9,451 | -54 | 15 | 0 |

| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--------------------------------------|--|--------------|------------|----------|----------|
| | | £000 | £000 | £000 | £000 |
| CABINET 13 December (Phase 2) | | | | | |
| SI1 | Income: increase in current level of charges | 767 | 0 | 0 | 0 |
| SI2 | Income: increase arising from expansion of existing service/new service | 190 | 0 | 0 | 0 |
| SS1 | Staffing: reduction in costs due to efficiency | 630 | 0 | 0 | 0 |
| SS2 | Staffing: reduction in costs due to deletion/reduction in service | 798 | 0 | 0 | 0 |
| SNS1 | Non - Staffing: reduction in costs due to efficiency | 400 | 0 | 0 | 0 |
| SNS2 | Non - Staffing: reduction in costs due to deletion/reduction in service | 100 | 100 | 0 | 0 |
| SP1 | Procurement / Third Party arrangements - efficiency | 458 | 12 | 0 | 0 |
| SG1 | Grants: Existing service funded by new grant | 0 | 0 | 0 | 0 |
| SG2 | Grants: Improved Efficiency of existing service currently funded by unringfenced grant | 0 | 0 | 0 | 0 |
| SPROP | Reduction in Property related costs | 0 | 0 | 0 | 0 |
| | | 3,343 | 112 | 0 | 0 |

| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|--|--------------|------------|----------|----------|
| | | £000 | £000 | £000 | £000 |
| Cabinet 17 January 2011 (Phase 3) | | | | | |
| SI1 | Income: increase in current level of charges | 100 | 0 | 0 | 0 |
| SI2 | Income: increase arising from expansion of existing service/new service | 190 | 110 | 0 | 0 |
| SS1 | Staffing: reduction in costs due to efficiency | 100 | 0 | 0 | 0 |
| SS2 | Staffing: reduction in costs due to deletion/reduction in service | 57 | 0 | 0 | 0 |
| SNS1 | Non - Staffing: reduction in costs due to efficiency | 184 | 0 | 0 | 0 |
| SNS2 | Non - Staffing: reduction in costs due to deletion/reduction in service | 24 | 0 | 0 | 0 |
| SP1 | Procurement / Third Party arrangements - efficiency | 355 | 0 | 0 | 0 |
| SG1 | Grants: Existing service funded by new grant | 35 | 0 | 0 | 0 |
| SG2 | Grants: Improved Efficiency of existing service currently funded by unringfenced grant | 135 | 0 | 0 | 0 |
| SPROP | Reduction in Property related costs | 0 | 0 | 0 | 0 |
| | | 1,180 | 110 | 0 | 0 |

| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|--|---------------|------------|-----------|----------|
| | | £000 | £000 | £000 | £000 |
| Cabinet 17 January 2011 (Phases 1-3) | | | | | |
| SI1 | Income: increase in current level of charges | 1,519 | 0 | 0 | 0 |
| SI2 | Income: increase arising from expansion of existing service/new service | 1,210 | 10 | 0 | 0 |
| SS1 | Staffing: reduction in costs due to efficiency | 1,861 | 0 | 0 | 0 |
| SS2 | Staffing: reduction in costs due to deletion/reduction in service | 4,076 | 0 | 0 | 0 |
| SNS1 | Non - Staffing: reduction in costs due to efficiency | 907 | 0 | 0 | 0 |
| SNS2 | Non - Staffing: reduction in costs due to deletion/reduction in service | 1,177 | 128 | 15 | 0 |
| SP1 | Procurement / Third Party arrangements - efficiency | 2,989 | 52 | 0 | 0 |
| SG1 | Grants: Existing service funded by new grant | 97 | -22 | 0 | 0 |
| SG2 | Grants: Improved Efficiency of existing service currently funded by unringfenced grant | 138 | 0 | 0 | 0 |
| SPROP | Reduction in Property related costs | 0 | 0 | 0 | 0 |
| | | 13,974 | 168 | 15 | 0 |

SAVINGS ANALYSIS FOR CABINET 17th January 2011 ABG Savings

| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|-------------------------------------|--|------------|----------|----------|----------|
| | | £000 | £000 | £000 | £000 |
| CABINET 8 November (Phase 1) | | | | | |
| SI1 | Income: increase in current level of charges | 0 | 0 | 0 | 0 |
| SI2 | Income: increase arising from expansion of existing service/new service | 0 | 0 | 0 | 0 |
| SS1 | Staffing: reduction in costs due to efficiency | 0 | 0 | 0 | 0 |
| SS2 | Staffing: reduction in costs due to deletion/reduction in service | 222 | 0 | 0 | 0 |
| SNS1 | Non - Staffing: reduction in costs due to efficiency | 100 | 0 | 0 | 0 |
| SNS2 | Non - Staffing: reduction in costs due to deletion/reduction in service | 533 | 0 | 0 | 0 |
| SP1 | Procurement / Third Party arrangements - efficiency | 10 | 0 | 0 | 0 |
| SG1 | Grants: Existing service funded by new grant | 0 | 0 | 0 | 0 |
| SG2 | Grants: Improved Efficiency of existing service currently funded by unringfenced grant | 0 | 0 | 0 | 0 |
| SPROP | Reduction in Property related costs | 0 | 0 | 0 | 0 |
| | | 865 | 0 | 0 | 0 |

| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--------------------------------------|--|------------|----------|----------|----------|
| | | £000 | £000 | £000 | £000 |
| CABINET 13 December (Phase 2) | | | | | |
| SI1 | Income: increase in current level of charges | 0 | 0 | 0 | 0 |
| SI2 | Income: increase arising from expansion of existing service/new service | 0 | 0 | 0 | 0 |
| SS1 | Staffing: reduction in costs due to efficiency | 0 | 0 | 0 | 0 |
| SS2 | Staffing: reduction in costs due to deletion/reduction in service | 120 | 0 | 0 | 0 |
| SNS1 | Non - Staffing: reduction in costs due to efficiency | 0 | 0 | 0 | 0 |
| SNS2 | Non - Staffing: reduction in costs due to deletion/reduction in service | 0 | 0 | 0 | 0 |
| SP1 | Procurement / Third Party arrangements - efficiency | 96 | 0 | 0 | 0 |
| SG1 | Grants: Existing service funded by new grant | 0 | 0 | 0 | 0 |
| SG2 | Grants: Improved Efficiency of existing service currently funded by unringfenced grant | 0 | 0 | 0 | 0 |
| SPROP | Reduction in Property related costs | 0 | 0 | 0 | 0 |
| | | 216 | 0 | 0 | 0 |

| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|--|-----------|----------|----------|----------|
| | | £000 | £000 | £000 | £000 |
| Cabinet 17 January 2011 (Phase 3) | | | | | |
| SI1 | Income: increase in current level of charges | 0 | 0 | 0 | 0 |
| SI2 | Income: increase arising from expansion of existing service/new service | 0 | 0 | 0 | 0 |
| SS1 | Staffing: reduction in costs due to efficiency | 0 | 0 | 0 | 0 |
| SS2 | Staffing: reduction in costs due to deletion/reduction in service | 0 | 0 | 0 | 0 |
| SNS1 | Non - Staffing: reduction in costs due to efficiency | 0 | 0 | 0 | 0 |
| SNS2 | Non - Staffing: reduction in costs due to deletion/reduction in service | 22 | 0 | 0 | 0 |
| SP1 | Procurement / Third Party arrangements - efficiency | 0 | 0 | 0 | 0 |
| SG1 | Grants: Existing service funded by new grant | 0 | 0 | 0 | 0 |
| SG2 | Grants: Improved Efficiency of existing service currently funded by unringfenced grant | 0 | 0 | 0 | 0 |
| SPROP | Reduction in Property related costs | 0 | 0 | 0 | 0 |
| | | 22 | 0 | 0 | 0 |

| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|--|--------------|----------|----------|----------|
| | | £000 | £000 | £000 | £000 |
| Cabinet 17 January 2011 (Phases 1-3) | | | | | |
| SI1 | Income: increase in current level of charges | 0 | 0 | 0 | 0 |
| SI2 | Income: increase arising from expansion of existing service/new service | 0 | 0 | 0 | 0 |
| SS1 | Staffing: reduction in costs due to efficiency | 0 | 0 | 0 | 0 |
| SS2 | Staffing: reduction in costs due to deletion/reduction in service | 342 | 0 | 0 | 0 |
| SNS1 | Non - Staffing: reduction in costs due to efficiency | 100 | 0 | 0 | 0 |
| SNS2 | Non - Staffing: reduction in costs due to deletion/reduction in service | 555 | 0 | 0 | 0 |
| SP1 | Procurement / Third Party arrangements - efficiency | 106 | 0 | 0 | 0 |
| SG1 | Grants: Existing service funded by new grant | 0 | 0 | 0 | 0 |
| SG2 | Grants: Improved Efficiency of existing service currently funded by unringfenced grant | 0 | 0 | 0 | 0 |
| SPROP | Reduction in Property related costs | 0 | 0 | 0 | 0 |
| | | 1,103 | 0 | 0 | 0 |

CABINET 13 December 2010**SUMMARY OF GROWTH BY DEPARTMENT**

| GROWTH | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--------------------------------|----------------|----------------|----------------|----------------|
| | £000 | £000 | £000 | £000 |
| Chief Executive's } | | | | |
| Corporate Services } | 180 | 250 | 0 | 0 |
| Children, Schools and Families | 0 | 0 | 0 | 0 |
| Environment & Regeneration | 221 | 89 | 0 | 0 |
| Community and Housing | 73 | 0 | 0 | 0 |
| TOTAL | 474 | 339 | 0 | 0 |

CABINET 17 January 2011**SUMMARY OF GROWTH BY DEPARTMENT**

| GROWTH | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--------------------------------|----------------|----------------|----------------|----------------|
| | £000 | £000 | £000 | £000 |
| Chief Executive's } | | | | |
| Corporate Services } | | | | |
| Children, Schools and Families | 1,100 | 0 | 0 | 0 |
| Environment & Regeneration | 1,500 | 0 | 0 | 0 |
| Community and Housing | 28 | 0 | 0 | 0 |
| TOTAL | 2,628 | 0 | 0 | 0 |

ALL GROWTH CABINET 13 December 2010 + CABINET 17 January 2011**SUMMARY OF GROWTH BY DEPARTMENT**

| GROWTH | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--------------------------------|----------------|----------------|----------------|----------------|
| | £000 | £000 | £000 | £000 |
| Chief Executive's } | | | | |
| Corporate Services } | 180 | 250 | 0 | 0 |
| Children, Schools and Families | 1,100 | 0 | 0 | 0 |
| Environment & Regeneration | 1,721 | 89 | 0 | 0 |
| Community and Housing | 101 | 0 | 0 | 0 |
| TOTAL | 3,102 | 339 | 0 | 0 |

CABINET 13 December 2010**SUMMARY OF GROWTH BY PANEL**

| GROWTH | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | £000 | £000 | £000 | £000 |
| Corporate Capacity | 180 | 250 | 0 | 0 |
| Children and Young People | 0 | 0 | 0 | 0 |
| Sustainable Communities | 221 | 89 | 0 | 0 |
| Healthier Communities & Older People | 73 | 0 | 0 | 0 |
| TOTAL | 474 | 339 | 0 | 0 |

CABINET 17 January 2011**SUMMARY OF GROWTH BY PANEL**

| GROWTH | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | £000 | £000 | £000 | £000 |
| Corporate Capacity | 0 | 0 | 0 | 0 |
| Children and Young People | 1,100 | 0 | 0 | 0 |
| Sustainable Communities | 1,500 | 0 | 0 | 0 |
| Healthier Communities & Older People | 28 | 0 | 0 | 0 |
| TOTAL | 2,628 | 0 | 0 | 0 |

ALL GROWTH CABINET 13 December 2010 + CABINET 17 January 2011**SUMMARY OF GROWTH BY PANEL**

| GROWTH | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | £000 | £000 | £000 | £000 |
| Corporate Capacity | 180 | 250 | 0 | 0 |
| Children and Young People | 1,100 | 0 | 0 | 0 |
| Sustainable Communities | 1,721 | 89 | 0 | 0 |
| Healthier Communities & Older People | 101 | 0 | 0 | 0 |
| TOTAL | 3,102 | 339 | 0 | 0 |

GROWTH ANALYSIS - All Panels

| CABINET 13 December 2010 | | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--------------------------|---|------------|------------|----------|----------|
| | | £000 | £000 | £000 | £000 |
| GI1 | Income: Decrease due to fall in demand for service | 0 | 0 | 0 | 0 |
| GI2 | Income: Decrease due to reduction/deletion of service | 221 | 89 | 0 | 0 |
| GS1 | Staffing: increase in level of service | 0 | 0 | 0 | 0 |
| GS2 | Staffing: New service | 0 | 0 | 0 | 0 |
| GNS1 | Non - Staffing: increase in level of service | 73 | 0 | 0 | 0 |
| GNS2 | Non - Staffing: New service | 0 | 0 | 0 | 0 |
| GP1 | Addition to Procurement / Third Party arrangements | 180 | 250 | 0 | 0 |
| GPROP | Increase in Property Related costs | 0 | 0 | 0 | 0 |
| | | 474 | 339 | 0 | 0 |

| CABINET 17 January 2011 | | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|-------------------------|---|--------------|----------|----------|----------|
| | | £000 | £000 | £000 | £000 |
| GI1 | Income: Decrease due to fall in demand for service | 1,500 | 0 | 0 | 0 |
| GI2 | Income: Decrease due to reduction/deletion of service | 0 | 0 | 0 | 0 |
| GS1 | Staffing: increase in level of service | 260 | 0 | 0 | 0 |
| GS2 | Staffing: New service | 0 | 0 | 0 | 0 |
| GNS1 | Non - Staffing: increase in level of service | 0 | 0 | 0 | 0 |
| GNS2 | Non - Staffing: New service | 0 | 0 | 0 | 0 |
| GP1 | Addition to Procurement / Third Party arrangements | 868 | 0 | 0 | 0 |
| GPROP | Increase in Property Related costs | 0 | 0 | 0 | 0 |
| | | 2,628 | 0 | 0 | 0 |

| Cabinet 13 December 2010 + Cabinet 17 January 2011 | | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|---|--------------|------------|----------|----------|
| | | £000 | £000 | £000 | £000 |
| GI1 | Income: Decrease due to fall in demand for service | 1,500 | 0 | 0 | 0 |
| GI2 | Income: Decrease due to reduction/deletion of service | 221 | 89 | 0 | 0 |
| GS1 | Staffing: increase in level of service | 260 | 0 | 0 | 0 |
| GS2 | Staffing: New service | 0 | 0 | 0 | 0 |
| GNS1 | Non - Staffing: increase in level of service | 73 | 0 | 0 | 0 |
| GNS2 | Non - Staffing: New service | 0 | 0 | 0 | 0 |
| GP1 | Addition to Procurement / Third Party arrangements | 1,048 | 250 | 0 | 0 |
| GPROP | Increase in Property Related costs | 0 | 0 | 0 | 0 |
| | | 3,102 | 339 | 0 | 0 |

PANEL: CHILDREN & YOUNG PEOPLE PHASE 3 GROWTH: 2011-2015

| Panel | Ref | Description of growth | 2011/12 £000 | 2012/13 £000 | 2013/14 £000 | 2014/15 £000 | Type of Growth (see key) |
|---|-------|---|-----------------|-----------------|-----------------|-----------------|--------------------------------|
| C&YP | CSF 1 | <p>Description - Service Implication -</p> <p>Children's Social Care Staffing Recruitment over the past year has reduced use of agency staff from over 40% to 25%. In order to achieve this we have re-graded some front line management posts and offered recruitment incentives for key social work posts. Growth of £200,000 is required to sustain retention packages for staff already in post and continue to recruit and reduce agency use further. Previous staffing budgets have estimated full year staffing costs based on staff being paid at lower ends of their pay scales, our retention strategy involves rewarding performance with increments and appointing capable staff to mid and higher range salaries. This remains the most cost effective way of sustaining service provision.</p> <p>i) Targeted Regrading of Specific Posts Staff continuity and developing successful access to resources model for reduced unit costs of new placements None</p> <p>Business Plan implications Impact on other departments Staffing Implications - Equalities Implications -</p> <p>Reduced rates of agency staff and better value for money See EIA</p> | 200 | | | | GS1 |
| C&YP | CSF 2 | <p>Description -</p> <p>Children's Social Care Placements Officers will continually review provision to accommodate demographic growth within 2011-12. Officers have constantly reviewed service provision to reduce expenditure in child placement provision and have significantly reduced the projected overspend by over £500,000. Volume pressures in children's social care have increased our numbers of children in care although we remain the lowest rate of children in care per 10,000 of all our statistical neighbours. Numbers of children in care have remained between 130 and 140. We have also reduced reliance on high cost external placements and will continue to do so through the Access to Resources project, however, this growth bid is required because our numbers of children in care are likely to remain level and we need to fund appropriate placements for them going forward. A number of our children in care in high cost placements are subject to permanency plans and future cost savings on these long term children in care are limited.</p> <p>i) Additional Fostering both cost of external long term placements and increasing in house capacity for more challenging children through incentives. Use of respite fostering as alternative to care for children on the threshold. ii) Secure Accommodation iii) Southwark Judgement iv) Financial support for post adoption and special guardianship to enable children to be placed with family members outside of the care system.</p> <p>Business Plan implications Impact on other departments Staffing Implications - Equalities Implications -</p> <p>Staff continuity and developing successful access to resources model for reduced unit costs of new placements None Reduced rates of agency staff and better value for money See EIA</p> | 590 | 150 | 100 | 60 | GP1 GP1 GP1 GS1 |
| Total Children and Young People Growth for 2011-2015 | | | 1,100 | 0 | 0 | 0 | |

PANEL: SUSTAINABLE COMMUNITIES PHASE 3 GROWTH: 2011-2015

| Panel | Ref | Description of Growth | 2011/12 £000 | 2012/13 £000 | 2013/14 £000 | 2014/15 £002 | Type of Growth (see key) |
|--|------|------------------------------------|--|-----------------|-----------------|-----------------|--------------------------------|
| SC | ERG3 | Service Area | | | | | |
| | | Description | Rebasing E&R Income budgets To address the fundamental shortfall in income budgets (particularly within Parking, Building Control and Development Control) which is estimated to be £1.5m in 2010-11 | 1,500 | | | |
| | | Service Implication | To ensure that budgeted income is achievable | | | | |
| | | Staffing Implications | None | | | | |
| | | Business Plan implications | None | | | | |
| | | Impact on other departments | None | | | | |
| | | Equalities Implications | None | | | | |
| Total Department Growth for 2011-2015 | | | 1,500 | 0 | 0 | 0 | |

Panel

C&YP Children & Young People
CC Corporate Capacity
HC&OP Healthier Communities & Older People
SC Sustainable Communities

Type of Growth Key

GI1 Income: Decrease due to fall in demand for service
GI2 Income: Decrease due to reduction/deletion of service
GS1 Staffing: increase in level of service
GS2 Staffing: New service
GNS1 Non - Staffing: increase in level of service
GNS2 Non - Staffing: New service
GP1 Addition to Procurement / Third Party arrangements
GPROP Increase in Property Related costs

PANEL: HEALTHIER COMMUNITIES & OLDER PEOPLE PHASE 3 GROWTH: 2011-2015

| Panel | Ref | Description of Growth | 2011/12 £000 | 2012/13 £000 | 2013/14 £000 | 2014/15 £000 | Type of Growth (see key) | |
|--|-------|---|---|-----------------|-----------------|-----------------|--------------------------------|-----|
| HC&OP | CCG07 | Service Description Service Implication Staffing Implications Business Plan implications Impact on other departments Equalities Implications | Concessionary Fares Increase in TfL settlement for 2011/12 None None None None None | 28 | | | | GP1 |
| Total Healthier Communities and Older People Growth for 2011-2015 | | | 28 | 0 | 0 | 0 | | |

Panel

| | |
|------------------|--------------------------------------|
| C&YP | Children & Young People |
| CC | Corporate Capacity |
| HC&OP | Healthier Communities & Older People |
| SC | Sustainable Communities |

Type of Growth Key

| | |
|--------------|---|
| GI1 | Income: Decrease due to fall in demand for service |
| GI2 | Income: Decrease due to reduction/deletion of service |
| GS1 | Staffing: increase in level of service |
| GS2 | Staffing: New service |
| GNS1 | Non - Staffing: increase in level of service |
| GNS2 | Non - Staffing: New service |
| GP1 | Addition to Procurement / Third Party arrangements |
| GPROP | Increase in Property Related costs |

Initial Equality Impact Assessment for Medium Term Financial Strategy (MTFS) Savings/Growth Proposal 2011/12

Merton's Corporate Equality Scheme sets out the Council's approach to valuing diversity and promoting equality. By mainstreaming equality issues into the proposed budgets for savings/growth helps Merton identify areas that might have a positive or negative impact on particular groups in the community.

CSF27 and 36

Report and Budget Title: -----

Reduction in council's annual revenue funding of London Grid for Learning (LGfL)

Outline of proposed savings/growth: -----

Summary information

How does the proposal for savings/growth impact on Merton's responsibility to promote equality of opportunity and community cohesion:

LgFL provides a regional ICT platform for schools to use in delivering the educational curriculum to children and young people. The proposed saving will be achieved through reducing the council's match funding of government grant and establishing buyback arrangement with schools for the LA support and consultancy provided. No specific impact on the council's responsibility to promote equality of opportunity is anticipated.

What actions, to address any negative impact have been identified?

None necessary.

What actions will be taken to mitigate and reduce the negative impact that has been identified?

None necessary

Is the proposal to go ahead/be amended (give details) or abandoned?

Go ahead

Completed by: Head of Service: **Paul Ballatt** -----Date **2/12/10**-----

Authorised by: Director **Yvette Stanley** -----Date **7/12/10**-----

| Group | Positive impact | Neutral | Negative impact | Evidence used, e.g. census, user surveys, local research etc | How might the proposal be amended to address any negative impact? | How will any potentially negative impact of the proposal be monitored and reviewed? |
|--|------------------------|----------------|------------------------|---|--|--|
| Men | | | | | | |
| Women | | | | | | |
| Boys | | √ | | | | |
| Girls | | √ | | | | |
| People of different age groups | | | | | | |
| Disabled people | | | | | | |
| People of any ethnic group including both settled and newly arrived communities | | | | | | |
| People of different faiths | | | | | | |
| Lesbian Gay Bisexual Transgender (LGBT) people | | | | | | |
| Vulnerable people e.g. looked after children, or low income households | | | | | | |
| People living in particular wards or neighbourhoods | | | | | | |

Initial Equality Impact Assessment for Medium Term Financial Strategy (MTFS) Savings/Growth Proposal 2011/12

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Report and Budget Title: Budget 2011-12 CSF grant fallout

Outline of issue: The DfE have radically changed the grant regime for education, schools and wider children's services: reducing the number of grants overall; mainstreaming a number into revenue support Grant (RSG) or dedicated schools Grant (DSG); merging a number of (reduced) grants into a new Early Intervention Grant which is not ring-fenced but includes the funding for a range of statutory children/education functions.

In year savings on ABG with a full year effect of c900k were proposed as part of the budget process. A further c3.2m (estimate) of funding fallout is now anticipated and 1m of grant is still to be announced. Some of these grant losses/reductions were anticipated due to their being fixed term, however the wide range of changes mean that officers are now having to review all grant related spend to bring activity in line with the significantly lower levels of resources now anticipated.

Summary information

How does the proposal for savings/growth impact on Merton's responsibility to promote equality of opportunity and community cohesion:

CSF grants are used to underpin statutory functions and to provide a broad range of services to children, schools and families. Many have been specifically designed to improve outcomes for vulnerable groups. Where appropriate resources are targeted to the most vulnerable young people and this supports our work to ensure equalities and social cohesion issues are addressed.

What actions, to address any negative impact have been identified?

The reduced levels of resources available will continue to be carefully targeted and funding will still provide support for disabled children, children and families at risk of statutory social care intervention, young people at risk of entry into the Criminal Justice system and children looked after by the authority.

What actions will be taken to mitigate and reduce the negative impact that has been identified?

As well as ensuring resources are appropriately targeted, we will also ensure that through our Transformation programme and effective commissioning and procurement of services we get the very best value from the resources available. This includes work across the Children's Trust partnership and with Schools to make best use of our collective resources in the borough.

Is the proposal to go ahead/be amended (give details) or abandoned? Go ahead

| | | | |
|---------------------------------------|-----------------------|-------------|-------------------|
| Completed by: Head of Service: | Paul Ballatt | Date | 04/01/11 |
| Authorised by: Director | Yvette Stanley | Date | 04/01/2011 |

| Group | Positive impact | Neutral | Negative impact | Evidence used, e.g. census, user surveys, local research etc | How might the proposal be amended to address any negative impact? | How will any potentially negative impact of the proposal be monitored and reviewed? |
|--|------------------------|----------------|------------------------|---|--|--|
| Men | | | | | | |
| Women | | | | | | |
| Boys | | √ | | | | |
| Girls | | √ | | | | |
| People of different age groups | | √ | | | | |
| Disabled people | | √ | | | | |
| People of any ethnic group including both settled and newly arrived communities | | √ | | | | |
| People of different faiths | | √ | | | | |
| Lesbian Gay Bisexual Transgender (LGBT) people | | √ | | | | |
| Vulnerable people e.g. looked after children, or low income households | | √ | | | | |
| People living in particular wards or neighbourhoods | | √ | | | | |

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Report and Budget Title: ER33a Sustainable Communities savings– Future Merton

Outline of proposed savings/: --Transforming the Spatial Planning, Physical Regeneration and Transport Planning teams into one team (Future Merton), proposed saving of £100,000 (In addition to £150k agreed at 13th Dec Cabinet)

Summary information

How does the proposal for savings/growth impact on Merton's responsibility to promote equality of opportunity and community cohesion:

Reductions in resources will mean a new level of service to customers commensurate with the resource allocation, though this will not impact disproportionately on any one group

What actions, to address any negative impact have been identified?

Use of accurate project planning and reporting to anticipate demands and manage expectations of service delivery. Use of alternative sources of income to supplement performance where appropriate

What actions will be taken to mitigate and reduce the negative impact that has been identified?

See above

Is the proposal to go ahead/be amended (give details) or abandoned?

To be considered at Cabinet 17th Jan

Completed by: Head of Service:

Authorised by: Director :

Date Dec 2010

Date Jan 2011

| Group | Positive impact | Neutral | Negative impact | Evidence used, e.g. census, user surveys, local research etc | How might the proposal be amended to address any negative impact? | How will any potentially negative impact of the proposal be monitored and reviewed? |
|--|------------------------|----------------|------------------------|---|--|--|
| Men | | X | | | | |
| Women | | X | | | | |
| Boys | | X | | | | |
| Girls | | X | | | | |
| People of different age groups | | X | | | | |
| Disabled people | | X | | | | |
| People of any ethnic group including both settled and newly arrived communities | | X | | | | |
| People of different faiths | | X | | | | |
| Lesbian Gay Bisexual Transgender (LGBT) people | | X | | | | |
| Vulnerable people e.g. looked after children, or low income households | | X | | | | |
| People living in particular wards or neighbourhoods | | X | | | | |

Initial Equality Impact Assessment for Medium Term Financial Strategy (MTFS) Savings/Growth Proposal 2011/12

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Report and Budget Title: Environment & Regeneration, Savings 2011-15, Waste Services, Waste Disposal

Outline of proposed savings/growth: **ER34a** Savings in Landfill Costs

Summary information

How does the proposal for savings/growth impact on Merton's responsibility to promote equality of opportunity and community cohesion:

There will be neither a positive nor a negative impact upon Merton's responsibility to promote equality of opportunity and community cohesion.

What actions, to address any negative impact have been identified? N/A

What actions will be taken to mitigate and reduce the negative impact that has been identified? N/A

Is the proposal to go ahead/be amended (give details) or abandoned?

Completed by: Head of Service: Cormac Stokes

Authorised by: Director : Chris Lee

Date December 2010

Date: December 2010

| Group | Positive impact | Neutral | Negative impact | Evidence used, e.g. census, user surveys, local research etc | How might the proposal be amended to address any negative impact? | How will any potentially negative impact of the proposal be monitored and reviewed? |
|--|------------------------|----------------|------------------------|---|--|--|
| Men | | X | | | | |
| Women | | X | | | | |
| Boys | | X | | | | |
| Girls | | X | | | | |
| People of different age groups | | X | | | | |
| Disabled people | | X | | | | |
| People of any ethnic group including both settled and newly arrived communities | | X | | | | |
| People of different faiths | | X | | | | |
| Lesbian Gay Bisexual Transgender (LGBT) people | | X | | | | |
| Vulnerable people e.g. looked after children, or low income households | | X | | | | |
| People living in particular wards or neighbourhoods | | X | | | | |

Initial Equality Impact Assessment for Medium Term Financial Strategy (MTFS) Savings/Growth Proposal 2011/12

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Report and Budget Title: ER37 Bus Lanes

Outline of proposed savings/growth: Additional enforcement in Bus Lanes - various

Summary information

How does the proposal for savings/growth impact on Merton's responsibility to promote equality of opportunity and community cohesion:

N/A

What actions, to address any negative impact have been identified?

N/A

What actions will be taken to mitigate and reduce the negative impact that has been identified?

N/A

Is the proposal to go ahead/be amended (give details) or abandoned? To be Considered at 17th January Cabinet

Completed by: Head of Service: John F. Hill

Date Dec 2010

Authorised by: Director

-Date Jan 2011

| Group | Positive impact | Neutral | Negative impact | Evidence used, e.g. census, user surveys, local research etc | How might the proposal be amended to address any negative impact? | How will any potentially negative impact of the proposal be monitored and reviewed? |
|--|------------------------|----------------|------------------------|---|--|--|
| Men | | X | | | | |
| Women | | X | | | | |
| Boys | | X | | | | |
| Girls | | X | | | | |
| People of different age groups | | X | | | | |
| Disabled people | | X | | | | |
| People of any ethnic group including both settled and newly arrived communities | | X | | | | |
| People of different faiths | | X | | | | |
| Lesbian Gay Bisexual Transgender (LGBT) people | | X | | | | |
| Vulnerable people e.g. looked after children, or low income households | | X | | | | |
| People living in particular wards or neighbourhoods | | X | | | | |

Initial Equality Impact Assessment for Medium Term Financial Strategy (MTFS) Savings/Growth Proposal 2011/12

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Report and Budget Title: ER38 Physical Regeneration budget reduction

Outline of proposed savings/: --Reduction in supplies and services budgets (funded through ABG in 2010-11).

Summary information

How does the proposal for savings/growth impact on Merton's responsibility to promote equality of opportunity and community cohesion:

Reductions in resources will mean a new level of service to customers commensurate with the resource allocation, though this will not impact disproportionately on any one group

What actions, to address any negative impact have been identified?

Use of accurate project planning and reporting to anticipate demands and manage expectations of service delivery. Use of alternative sources of income to supplement performance where appropriate

What actions will be taken to mitigate and reduce the negative impact that has been identified?

See above

Is the proposal to go ahead/be amended (give details) or abandoned?

To be considered at Cabinet 17th Jan

Completed by: Head of Service:

Authorised by: Director :

Date Dec 2010

Date Jan 2011

| Group | Positive impact | Neutral | Negative impact | Evidence used, e.g. census, user surveys, local research etc | How might the proposal be amended to address any negative impact? | How will any potentially negative impact of the proposal be monitored and reviewed? |
|--|------------------------|----------------|------------------------|---|--|--|
| Men | | X | | | | |
| Women | | X | | | | |
| Boys | | X | | | | |
| Girls | | X | | | | |
| People of different age groups | | X | | | | |
| Disabled people | | X | | | | |
| People of any ethnic group including both settled and newly arrived communities | | X | | | | |
| People of different faiths | | X | | | | |
| Lesbian Gay Bisexual Transgender (LGBT) people | | X | | | | |
| Vulnerable people e.g. looked after children, or low income households | | X | | | | |
| People living in particular wards or neighbourhoods | | X | | | | |

Initial Equality Impact Assessment for Medium Term Financial Strategy (MTFS) Savings/Growth Proposal 2011/12

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Report and Budget Title: Adult Social Care: Commissioning savings (CC22, CC26, CC38, CC39, CC40)

Outline of proposed savings/growth:

The savings proposed relate to achieving value for money on commissioned services in adult social care and re-shaping the provider market to deliver the personalisation agenda.

Summary information**How does the proposal for savings/growth impact on Merton's responsibility to promote equality of opportunity and community cohesion:**

The proposed savings do not impact on Merton's responsibilities as access and eligibility to these services will not be affected. The services will continue to operate with improved efficiencies.

What actions, to address any negative impact have been identified?

All commissioned services are subject to the regular contract monitoring and customer feedback processes which will highlight any negative impact or trends so that they can be addressed.

What actions will be taken to mitigate and reduce the negative impact that has been identified?

Improvement action plans are built in within the commissioning and contract monitoring processes to deal with and reduce any negative impacts when identified. Groups using Taylor Road have been assisted in identifying alternative venues.

Is the proposal to go ahead/be amended (give details) or abandoned?

Completed by: Head of Service: Rahat Ahmed-Man

Date 7.1.11

Authorised by: Director :-----**Date** -----

| Group | Positive impact | Neutral | Negative impact | Evidence used, e.g. census, user surveys, local research etc | How might the proposal be amended to address any negative impact? | How will any potentially negative impact of the proposal be monitored and reviewed? |
|---|-----------------|---------|-----------------|---|--|--|
| Men | | √ | | Contract monitoring data including usage data, Care Funding Calculator Tool, Joint Strategic Needs Assessment, Commissioning strategy consultation, consultations on service specifications with users and providers, census, carer and user surveys. | Improvement action plans are built in within the contract monitoring processes to deal with and reduce any negative impacts when identified. | All commissioned services are subject to the regular contract and customer feedback monitoring processes which will highlight any negative impact or trends so that they can be addressed. |
| Women | | √ | | | | |
| Boys | | √ | | | | |
| Girls | | √ | | | | |
| People of different age groups | | √ | | | | |
| Disabled people | | √ | | | | |
| People of any ethnic group including both settled and newly arrived communities | | √ | | | | |
| People of different faiths | | √ | | | | |
| Lesbian Gay Bisexual Transgender (LGBT) people | | √ | | | | |
| Vulnerable people e.g. looked after children, or low income households | | √ | | | | |
| People living in particular wards or neighbourhoods | | √ | | | | |

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Report and Budget Title: Housing savings (HO03)

Outline of proposed savings/growth: -Savings: Package being proposed is a reduction of 2011/12 homelessness grant

Summary information

How does the proposal for savings/growth impact on Merton's responsibility to promote equality of opportunity and community cohesion:

Current proposals includes a reduction of 2011/12 homelessness grant. This will not impact upon the services ability to promote equalities and community cohesion through homelessness prevention and housing advice activities and users will be able to access existing housing advice and homelessness services

What actions, to address any negative impact have been identified?

For the proposals currently being put forward there are no negative impacts.

What actions will be taken to mitigate and reduce the negative impact that has been identified?

NA at this stage

Is the proposal to go ahead/be amended (give details) or abandoned?

Completed by: Head of Service: ----Steve Langley-----**Date 7/01/11----**

Authorised by: Director :-----**Date** -----

| Group | Positive impact | Neutral | Negative impact | Evidence used, e.g. census, user surveys, local research etc | How might the proposal be amended to address any negative impact? | How will any potentially negative impact of the proposal be monitored and reviewed? |
|--|------------------------|----------------|------------------------|---|--|--|
| Men | | X | | Housing Register , Housing and Homelessness Strategies. | | |
| Women | | X | | Housing Register, Housing and Homelessness Strategies | | |
| Boys | | X | | Housing Register, Housing and Homelessness Strategies | | |
| Girls | | X | | Housing Register, Housing and Homelessness Strategies | | |
| People of different age groups | | X | | Housing Register, Housing and Homelessness Strategies | | |
| Disabled people | | X | | Housing Register, Housing and Homelessness Strategies | | |
| People of any ethnic group including both settled and newly arrived communities | | X | | Housing Register, Housing and Homelessness Strategies | | |

| | | | | | | |
|---|--|---|--|---|--|--|
| People of different faiths | | X | | Housing Register, Housing and Homelessness Strategies | | |
| Lesbian Gay Bisexual Transgender (LGBT) people | | X | | Housing Register, Housing and Homelessness Strategies | | |
| Vulnerable people e.g. looked after children, or low income households | | X | | Housing Register, Housing and Homelessness Strategies | | |
| People living in particular wards or neighbourhoods | | x | | | | |