

Committee: Children and Young People Overview and Scrutiny Panel

18th January 2012

Healthier Communities & Older People Overview and Scrutiny Panel

25th January 2012

Sustainable Communities Overview and Scrutiny Panel

26th January 2012

Overview and Scrutiny Commission

7th February 2012

MEMBERS ARE REQUESTED TO BRING THE NOVEMBER 2011 OFFICERS OPTIONS PACKS TO THESE MEETINGS

Agenda item:5

Wards: All

Subject: Business Plan: 2012-16 – Update

Lead officer: Caroline Holland

Lead member: Mark Allison

Contact officer: Paul Dale

Urgent report for Children and Young People Overview and Scrutiny Panel:

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 Business Plan and Budget 2012/13 and requires scrutiny of issues relating to the Budget process and Medium Term Financial Strategy 2012-2016. It is important that this scrutiny is not delayed in order that the Council can work towards a balanced budget at its meeting on 7 March 2012 and set a Council Tax as appropriate for 2012/13.

Forward Plan reference number:

Recommendations:

1. That the Panel consider the further information requested by the Overview and Scrutiny Commission and Panels on those budget options not agreed by Cabinet at its meeting in December 2011 and refer comments to the Overview and Scrutiny Commission.

2. That the Overview and Scrutiny Commission considers the comments of the Panels and provides a response to Cabinet when it meets on the 7th February 2012.
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1. **Purpose of report and executive summary**

- 1.1 This report requests Scrutiny Panels to review the latest information on the Business Plan 2012-16 and feedback comments to the Overview and Scrutiny Commission.

2. **Details - Revenue**

- 2.1 The Overview and Scrutiny Commission on the 24th November 2011 after considering feedback received from Scrutiny Panels during November, scrutinised budget options that were forwarded by Cabinet on 7th November 2011 and provided comments to Cabinet.
- 2.2 Cabinet, which met on the 12th December 2011, considered the comments from the Overview and Scrutiny Commission on the budget options and

RESOLVED: That

1. the feedback and recommendations from the Overview and Scrutiny Commission and panels are acknowledged;
 2. where the Overview and Scrutiny Commission and panels have accepted the need for specific savings and, having regard to the service implications of these and the Equalities impact assessment, these are progressed for decision by Council on 1 February 2012;
- 2.3 An update report on the Business Plan 2012-16 is being considered by Cabinet on 16th January 2012. Appendix 1 to that report provides further information on the remaining budget options which have not been agreed.
 - 2.4 Details of the budget options have been circulated previously and are available on the Council's intranet.
 - 2.5 The comments of the Scrutiny Panels upon these proposals will be considered by the Overview and Scrutiny Commission at its meeting on 7th February 2012 which will co-ordinate a joint overview and scrutiny response on behalf of the Panels for Cabinet to consider when it meets on 20th February 2012.

3. **Alternative Options**

- 3.1 It is a requirement that the Council sets a balanced budget. The Cabinet reports on 12th December 2011 and 16th January 2012 set out the Council's budget proposals for 2012/13 and progress made towards setting a balanced budget. A further report will present final proposals to Cabinet on 20th February 2012.

4. **Consultation undertaken or proposed**

- 4.1 Further work will be undertaken as the process develops.

5. **Timetable**

- 5.1 The timetable is set out in the following table

16 th January 2012	-Cabinet
18 th January 2012	- Children and Young People
25 th January 2012	- Healthier Communities and Older People
26 th January 2012	- Sustainable Communities
7 th February 2012	- Overview and Scrutiny Commission
20 th February 2012	-Cabinet
7 th March 2012	-Council

6. **Financial, resource and property implications**

- 6.1 These are set out in the Cabinet reports for 12th December 2011 and 16th January 2012.

7. **Legal and statutory implications**

- 7.1 All relevant implications have been addressed in the Cabinet reports. Further work will be carried out as the budget and planning proceeds and will be included in the budget report to Cabinet on the 20th February 2012.

8. **Human Rights, Equalities and Community Cohesion Implications**

- 8.1 All relevant implications have been addressed in the Cabinet reports. Further work will be carried out as the budget and planning proceeds and will be included in the budget report to Cabinet on the 20th February 2012.

9. **Crime and Disorder implications**

- 9.1 All relevant implications have been addressed in the Cabinet reports. Further work will be carried out as the budget and planning proceeds and will be included in the budget report to Cabinet on the 20th February 2012.

10. **Risk Management and Health and Safety Implications**

- 10.1 All relevant implications have been addressed in the Cabinet reports. Further work will be carried out as the budget and planning proceeds and will be included in the budget report to Cabinet on the 20th February 2012.

11. **Appendices – the following documents are to be published with this report and form part of the report**

Report to Cabinet “Business Plan 2012-16: Update” on 16th January 2012

12. **Background Papers**

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

13. **Report Author**

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Cabinet

16 January 2012

Agenda item:

Subject: Business Plan: 2012-16 – Update

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: Paul Dale

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 Business Plan and Budget 2012/13 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2012-2016. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 7 March 2012 and set a Council Tax as appropriate for 2012/13.

Recommendations:

1. That Cabinet reviews the further information requested by the Overview and Scrutiny Commission and Panels on those budget options not agreed by Cabinet at its meeting in December 2011
2. That Cabinet notes the latest information on the revenue budget and provides direction on options for setting a balanced budget
3. That Cabinet notes the latest information on the revenue implications of the draft capital programme 2012-2016 agreed by Cabinet at its meeting in December 2011
4. That, as a result of the technical IFRS requirement to reclassify some capital expenditure as revenue expenditure, the Revenue Reserve for Capital be made available to fund the necessary increases in the revenue budgets.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides an update to Cabinet on the Business Planning process for 2012-16 and in particular on the progress made so far

towards setting a balanced revenue budget for 2012/13 and over the MTFS period as a whole, including producing an achievable and affordable capital programme for 2012-16.

- 1.2 The report provides details of feedback on those issues raised by the Overview and Scrutiny Commission and the Panels on those budget options which were not agreed by Cabinet at its meeting on 12 December 2011.
- 1.3 There is also an update on the draft capital programme 2012-2016 and in particular, progress made on providing an assessment of the revenue implications over the MTFS period.
- 1.4 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 7th March 2012.

2. **Background**

- 2.1 Cabinet on 12 December 2011 received a report on the business plan for 2012-16 and progress made towards setting a balanced budget. At that meeting, Cabinet

RESOLVED: That

1. the feedback and recommendations from the Overview and Scrutiny Commission and panels are acknowledged;
 2. where the Overview and Scrutiny Commission and panels have accepted the need for specific savings and, having regard to the service implications of these and the Equalities impact assessment, these are progressed for decision by Council on 1 February 2012;
 3. the Council Tax Base for 2012/13 is approved; and
 4. the draft programme as set out in the table in paragraph 5.7.2 of the submitted report is approved, subject to a report back on the revenue implications in January 2012.
- 2.2 As a result of the decisions made by Cabinet on 12th December 2011, the current budget gap over the MTFS period is as shown in the following table.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Gap (Cabinet 17 October 2011)	15,783	31,734	44,299	51,794
Corporate Services options accepted by Scrutiny	-2,051	-2,561	-2,856	-2,856
Service Review options accepted by Scrutiny	-9,165	-9,714	-11,246	-11,246
Council Tax Freeze Grant	-2,078	0	0	0
Movement in Corporate Provisions	-1,153	-2,627	-2,228	-2,227
Revised Gap	1,336	16,832	27,969	35,465

2.3 The budget options accepted by the Overview and Scrutiny Commission and panels and agreed by Cabinet will now be progressed to Council on 1 February 2012.

2.4 Proposal to Defer Saving (Future Merton and Property - Page 95 Budget Options Pack)

There are some regeneration projects and potential economic development programmes to be undertaken and there is concern that if this saving is taken in 2012/13 there may be insufficient funding available to do this important work. Therefore, it is proposed to defer this saving until 2014/15.

2.5 Further information was requested on some of the remaining budget options and is set out in Appendix 1 (TO FOLLOW). The total remaining options are summarised in the following table

	2012/13 £000	2013/14 £000	2014/15 £000
Corporate Services remaining options (cumulative)	433	519	920
Service Review remaining options (cumulative)	5,796	10,466	14,922
Total remaining options (cumulative)	6,229	10,985	15,842

2.6 These options will be further scrutinised in January/February 2012.

2.7 **Update on Issues Impacting on the Budget and MTFS**

2.7.1 Local Government Finance Settlement 2012/13

The Provisional Local Government Finance Settlement for 2012-13 was announced on 8 December. Formula Grant allocations and floor damping are unchanged from provisional allocations announced in February 2011. Merton's formula grant for 2012-13 will therefore be £62.021m which includes funding of £2.060m allocated to pay for the second year of the 2011-12 Council Tax freeze.

2.7.2 In addition, HM Treasury issued a Written Ministerial Statement setting out adjustments to the Departmental Expenditure Limits (DEL) resource budgets following the announcement in the Autumn

Statement that public sector pay awards would be capped at 1% following the end of the current pay freeze. Nationally, the budgets have been reduced by £240m in 2013/14 and £497m in 2014/15.

- 2.7.3 The Government has published a consultation paper on the calculation and recovery arrangements for the academies transfer in 2011-12 and 2012-13. The consultation closes on 12 January 2012. The Academies topslice for both 2011-12 and 2012-13 remain unchanged.
- 2.7.4 The provisional principles for determining whether local Council Tax increases in 2012-13 are 'excessive', and could therefore potentially trigger a council tax referendum, have been set at 3.5% for London boroughs, 3.75% for the City of London and 4% for the GLA.
- 2.7.5 A summary of the Provisional Local Government Finance Settlement is included as Appendix 2.

2.8 Local Government Resource Review

- 2.8.1 The problem remains of forecasting the level of resources from 2013/14 onwards, which are subject to the outcome of the Local Government Resource Review for which the consultation period ended on 24 October 2011. The Government published its response to consultation on 19 December 2011 and confirmed its intention to introduce business rates retention from April 2013. Alongside its response, the Government is putting before parliament a Local Government Finance Bill to be debated in 2012, which will provide the means to put its proposals into effect. The Government's response will be analysed and a summary provided in January/February 2012.

2.9 New Homes Bonus

- 2.9.1 The New Homes Bonus provisional allocations for 2012-13 have been announced and Merton's allocation is £583,807. This, together with the year 1 allocation of £551,861, means that in 2012/13 Merton will receive £1.136m. The MTFs reported to Cabinet in December 2011 assumed a figure of £0.992m so the position is improved by £0.144m. Forecasting the receipts for 2013/14 and beyond is made more complex because the national amount for NHB will be funded from top slicing resources that would otherwise be passed to Local Government as grant or retained NNDR.

2.10 GLA

- 2.10.1 The GLA published its consultation budget on 20 December 2011. It is anticipated that the GLA will continue to freeze its precept at £309.82 (Band D). The timetable for the GLA precept to be agreed is that the London Assembly will consider the draft budget on 25 January 2011, and the final budget on 9 February 2011. The Mayor of London will approve the final GLA budget after 9 February 2011.

2.11 Council Tax and Council Tax Freeze Grant

2.11.1 The Government have published an estimate of the Council Tax Freeze Grant each participating authority would receive. Grants will be finalised in March 2012 once authorities have reported the tax base underpinning their calculation of council tax for 2012/13. For London the grant is equivalent to a 2.5 per cent Council Tax increase for Borough councils.

2.11.2 The scheme for 2012-13 will comprise a one-off payment of grant, which is payable for one year only. The Localism Bill proposes to give the public the right to veto excessive council tax rises. Councils that set a council tax increase above a ceiling approved by Parliament each year would automatically trigger a referendum of all registered local electors in their area. Provisional ceilings are set out in paragraph 3.1.4.

2.11.3 If Merton freezes its Council Tax for 2012/13, the amount on Council Tax Freeze Grant receivable over the Spending Review period is:

	Grant payable during Spending Review if taking up both freeze offers (£)			
	2011/12	2012/13	2013/14	2014/15
Merton	2,060,597	4,138,529	2,060,597	2,060,597

2.12 Council Tax

2.12.1 If Merton sets its basic amount of council tax for 2012-13 at a level which is no more than its basic amount of council tax for 2011-12, it will be eligible to receive a grant equivalent to a 2.5% increase in its 2011-12 basic amount of council tax *multiplied* by the authority's tax base for 2012-13 (rounded to the nearest pound)

The "basic amount of council tax" will reflect as expenditure those amounts which authorities have to pay to other bodies in the form of levies.

2.12.2 Therefore, the levy set by the Wimbledon and Putney Commons Conservators will need to be factored into Merton's Council Tax calculation.

2.12.3 The average council tax for Merton in 2011/12 was £1,106.57 and in order to qualify for Council Tax Freeze Grant in 2012/13 this level will need to be maintained in 2012/13. Based on the Council Tax Base agreed by Cabinet on 12 December 2011, the latest position is as set out in the following table:

	2011/12	2012/13
Council Tax Base	74,486	74,816
Budget Requirement (net of Collection Fund contribution)	£149.041m	£144.810m
Less:		
Formula Grant	£66.617m	£62.021m
Council Tax Requirement	£82.424m	£82.789m
Average Council Tax	£1,106.57	£1,106.57
Band D Council Tax (exc. WPCCC)	£1,102.99	£1,102.77

3. Schools Funding 2012-13

3.1 On 13 December 2011 the Department for Education announced the details of the school funding settlement for 2012-13. This included details of the local authority Dedicated Schools Grant allocations and the level of the Pupil Premium.

3.2 Key Points – National

- DSG is kept at flat cash per pupil for 2012/13 and the same pupil number methodology will be used as for 2011/12. Final DSG pupil numbers and allocations will not be provided to local authorities until June 2012. Funding in the interim is to be based on 2011-12 pupil numbers.
- The Pupil Premium has increased nationally for 2012/13 to £1.25 billion. The level has increased to a flat rate per deprived pupil of £600 and its coverage extended to all pupils who have been eligible for Free School Meals at any point in the last 6 years. Illustrative allocations for boroughs are given in the Annex in Table Three.
- Early Intervention Grant has increased at the London regional level by 3% between 2011/12 and 2012/13 and is 19% of the national total for 2012/13.
- Schools capital funding, including basic need, maintenance and devolved formula funding, has increased by 8% for London at the regional level against a reduction of 11% nationally for 2012/13.
- Basic need allocations to London have risen by 28% from 2011/12 and represent 33% of the total £800 million national allocation.
- Funding for 16-19 in 2012/13 will see an increased number of places provided for nationally and £107 million for maintenance and building needs of sixth form colleges and demographic pressures

for new 16-19 places in schools, Academies and sixth form colleges.

3.3 Key Points - Merton

3.3.1 Currently the Children, Schools and Families Department (CSFD) has a gross revenue expenditure of £178.9 million. This expenditure is funded as follows:

	£ Million
Dedicated Schools Grants	123.6
Pupil Premium Grant	1.7
Early Intervention Grant	7.6
Young People's Learning Agency	5.1
Other grants	0.7
General Fund	36.5
Client Income	3.7
Total Income	<u>178.9</u>

The current funding regime ends on 31st March 2012.

3.3.2 **Non-Dedicated Schools Grant:**

Officers are currently compiling budgets based on delivering core statutory services and in conjunction with setting service plans for 2012/13 within a balanced budget.

There is still uncertainty about some grant settlements for 2012/13. Any changes will be incorporated into the budgets as soon as they become available and measures put in place to adjust spending accordingly.

3.3.3 **Dedicated Schools Grant (DSG):**

The DSG is triggered based on the numbers of full time equivalent pupils registered as part of the annual January census. Following confirmation of the 2012/13 funding levels, the following information and assumptions will be used:

The funding will be maintained for 2012-13 at the same level it was for 2011-12 (£5,424.57 per pupil).

To provide three-year budget information to schools officers will assume 0% inflation in 2013-15.

3.3.4 **Minimum Funding Guarantee**

Minimum Funding Guarantee (MFG) is a prescribed per pupil formula which protects the reduction in an individual schools budget on a per pupil basis. In the previous funding period schools were provided with a MFG of negative 1.5% per pupil and this will be maintained in 2012/2013.

As part of the School Finance Regulations 2012 consultation, the DfE is proposing to make changes to the MFG disapplication process. The Authority will incorporate any changes resulting from the consultation in the formula.

3.3.5 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 settings and school budget shares determined for 2012/13. 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.

3.3.6 Sixth Form and Further Education

The Authority is still awaiting detailed funding information for the period from August 2012. Until the final information is received it is assumed that the level of funding will be maintained for 2012-13 academic year. Merton's Funding Formula currently passports this funding directly to the schools concerned (excluding the SEN element) and this will continue.

3.3.7 Early Years Single Funding Formula

In 2011/12 Merton implemented its Early Years Single Funding Formula (EYSFF). Due to the expected changes in the grant-funding regime the authority decided not to make any changes to the 2012/13 formula. The EYSFF is the method by which Merton distributes the delegated budget for school nursery class places and funded 3 and 4 year old places across the Maintained and Private, Voluntary and Independent (PVI) sector.

There are no proposed changes to the EYSFF and there is no proposed inflation for any elements that make up the formula.

4. CAPITAL MONITORING 2011/12 AND DRAFT PROGRAMME 2012-2016

4.1 Impact of Capital on Revenue Budget

4.1.1 On 12 December 2011, Cabinet approved a draft Capital Programme 2012-16, subject to a report back on the revenue implications in January 2012. As previously reported, there are three main areas of variance relating to capital expenditure and financing which will lead to

a net reduction in borrowing and investment costs: capitalisation, debt redemption, and cost of borrowing (net of investment income). The cost of borrowing and level of investment income will vary, dependent on changes in factors such as interest rates, cash flow and level of capital expenditure which, based on previous experience, is subject to slippage.

- 4.1.2 Cost of Borrowing (net of investments): In the financial monitoring report to Cabinet on 12th December 2011, the department's year end forecast of capital outturn (based on October 2011 data) was £44.428m, against the revised budget for 2011/12 of £57.946m. Since then based on November data, the budget managers' forecast year end variance in the 2011/12 capital programme is £13.414m. With a revised budget of £57.971m, this means a capital outturn of £44.557m in 2011/12.
- 4.1.3 Borrowing costs is one of the key areas that have been identified by officers as needing to be reviewed in order to close the revenue funding gap over the period of the MTFs 2012-16. Schemes have been rigorously reviewed and substantial reprofiling and reductions identified, which were considered by Cabinet on 12th December 2011. The draft Capital Programme was approved by Cabinet subject to a report back on the revenue implications in January 2012. The details for 2011/12 set out in this report reflect the review which has taken place.
- 4.1.4 Most of the revenue impact of reducing the capital programme in 2011/12 has been included in previous forecasts as it has previously been anticipated that there will be no need for external borrowing in the current financial year and this remains the case.
- 4.2 Revenue expenditure, formerly in the Capital Programme
- 4.2.1 It was also reported to Cabinet that a review has been carried out of capital items which should be classified as revenue expenditure. This found that a number of schemes which had previously been funded as capital should, based on the latest IFRS guidance, be funded from revenue instead. The amounts so far identified that were formerly included in the capital programme that need to be funded from revenue are summarised in the following table:-

Revenue formerly in Capital Programme:

		2011/12	2012/13	2013/14	2014/15	Total
		£000	£000	£000	£000	£0
E&R	Greenspaces	176	10	10	10	206
E&R	Highways, Bridges, Footpaths etc.	540	153	273	198	1,164
E&R	Leisure Centres and Other Facilities	56	0	0	0	56
E&R	On and Off Street Parking	503	0	0	0	503
E&R	Waste Operations	60	60	60	60	240
E&R	Total	1,335	223	343	268	2,169
CS	Business Improvement - IT	22	313	0	0	335
CS	Facilities Capital Works	1,381	800	750	500	3,431
CS	Total	1,403	1,113	750	500	3,766
C & H	Media Fund	287	267	257	247	1,058
CSF	Primary Expansion	260	300	150	100	810
Summary (Appendix 11 Cabinet 12 December)		3,285	1,903	1,500	1,115	7,803
Additions						
E&R	Capitalised salaries (not in cap.prog.)	93				93
CS	Capitalised salaries (not in cap.prog.)	85	85	85	85	340
	Revenuisation	3,463	1,988	1,585	1,200	8,236

4.2.2 This expenditure will need to be funded from revenue and will need to be incorporated into the MTFS 2012-2016. This will be largely a technical adjustment in 2011/12, as the Revenue Reserve for Capital that was agreed to be used to fund the 2011/12 capital programme could be made available to fund the increases in the revenue budgets. Following the Cabinet approval on 12 December 2011 of the draft Capital Programme 2012-16, this use of the Revenue Reserve for Capital needs to be formally approved and therefore a proposal to this effect is included in the recommendations to this report. The impact in future years will need to be built into the setting of the 2012/13 budget and the revision of the MTFS.

4.3 Revenue Impact of the Capital Programme on 2011/12

4.3.1 The total revenue impact in 2011/12 of the reviewed draft capital programme approved by Cabinet, coupled with reduced interest costs resulting from debt redemption and adjusting for not being able to capitalise are summarised in the following table:-

	Budget 2011/12 £000	Actual 2011/12 £000	Variance 2011/12 £000
MRP/Borrowing costs	20,857	14,258	(6,599)
Interest Receivable	(250)	(676)	(426)
Capitalisation	(1,500)	0	1,500
Net	19,107	13,582	(5,525)

4.4 Capital Receipts

4.4.1 The potential sources of capital receipts for this authority are sales of properties, and the authority's entitlements under the contracts with Merton Priory Homes and Raven Housing Association to Right to Buys, and the VAT shelter.

4.4.2 Capital receipts have a financial benefit to the authority as they increase cash reserves and hence reduce the authority's need to borrow. As at 31 December 2011, the Council has £7.850m of capital receipts available.

4.4.3 Future Capital Receipts

It is always difficult to predict the level of future capital receipts, even in a very stable economic environment. The authority's Department of Environment and Regeneration has a detailed disposal programme, which is regularly reviewed by the Capital Programme Board. However, this can only be a programme of marketing activity and not a timetabled list of budgeted capital receipts. In the table below, the future disposal receipts included are those where a contract has been signed or where the contract negotiation is near conclusion. The anticipated receipts from the VAT shelter have also been included, although prudent adjustments have been made based on the timing of receipts to date.

4.4.4 In addition to those capital receipts below taken into account, providing there is no deterioration in market conditions, it is anticipated that there will be future capital receipts, which will improve the financial position. No external borrowing is planned until 2015/16, with the current draft programme, and potentially it may be possible to also avoid borrowing in that financial year. The current forecast of capital financing charges is based upon a planning assumption that they are purely used to reduce the need to borrow and remain unapplied. The approach to usage of available capital receipts will be reviewed as the budget process concludes and the position on available capital receipts will need to be updated in the preparation of the 2013-17 Capital Programme and MTFs.

	Capital Receipts currently taken into account (£m)			
	2012/13	2013/14	2014/15	2015/16
Merton	5.515	2.956	3.041	2.602

4.5 Use of Internal Balances

The forecast net investment balances (investments less temporary borrowing) at 31 March 2012 are approximately £65m. The interest rates that can be earned on short-term investment balances are still low (less than 1%) and hence it is financially more beneficial for the authority to use its available cash to fund capital expenditure rather than to externally long-term borrow at 4% to 5% from the PWLB. This use of cash balances is currently common among local authorities. By using this cash the authority is effectively borrowing cash that supports the revenue reserves. Therefore, at the point in the future when these reserves are required, the authority will need to externally borrow in order to make the cash available. Use of revenue reserves is not planned in the current MTFs strategy and, at the present time, the benefit of the interest rate differential between borrowing and lending rates makes the strategy of internal borrowing worthwhile. However, the strategy will be kept under review in the light of interest rate changes and any proposed changes to the strategy reported to Cabinet.

The use of internal borrowing, supplemented where necessary with temporary external borrowing (external temporary borrowing rates remain low), means that it is estimated there will potentially be no need to increase the long-term external borrowing of the authority over the current MTFs period.

4.6 Revenue impact of the draft capital programme on the MTFs

4.6.1 As a result of the radical review of the capital programme and taking into account the projections of capital receipts and cash flow going forward, the revenue impact of the draft capital programme has reduced.

4.6.2 The change in capital financing costs from those included in the MTFs reported to Cabinet in December are summarised in the following table. The potential impact of dealing with the need to undertake reversionisation over the MTFs period is also shown: The precise treatment of the reversionisation will be reviewed as the budget is finalised.

	2012/13	2013/14	2014/15	2015/16
	£000s	£000s	£000s	£000s
Change in financing costs since Cabinet	(3,558)	(4,203)	(4,712)	(5,260)
Revenuisation (Cabinet Dec inc. £0.2m p.a.)	1,788	1,385	1,000	1,000
Change	(1,770)	(2,818)	(3,712)	(4,260)

4.6.3 There have been recent announcements of grants relating to the Children, Schools and Families programme which have yet to be taken into account. Furthermore, it does not include any allocation from the extra £600 million announced in the chancellor's autumn statement for basic need, which is over the 3 years 2012/13 to 2014/15. The amount to be allocated to each authority is not yet known. However, if the same formula were to be used as the basic need allocation recently announced then the authority would expect to receive £2m+. When the actual allocation for each authority is announced, the financial effects will be reported to Cabinet. However, it should be noted that any benefits will not have a material revenue benefit until 2015/16 when the forecast begins to include planned external long-term borrowing.

4.7 The surplus projected each year is as a result of the steps taken by the Capital Programme Board to reduce the Capital Programme by a thorough review. This review looked at the necessity of the expenditure budgeted and whether, even where expenditure was agreed as necessary, it could be reprofiled to later in the programme. The results of this review were that savings were identified of £20.5m (11.4%) over the whole of the programme. In addition, of the capital programme remaining in 2012/13, £20.8m (30.0%) was reprofiled into later years.

4.8 The Capital Programme as agreed will continue to be reviewed and appropriate adjustments proposed for the final report to Cabinet and Council. Updated information on grants (CSF, TFL etc) will need to be included as will any further adjustments as a result of some reviews just being completed.

4.9 The radical review and paring of the capital programme will enable some flexibility in respect of dealing with the significant revenue gap over the MTFS period, which has still to be addressed.

5. **BALANCES AND RESERVES**

5.1 On 29th December 2011, the DCLG issued a press release on Council Reserves. It noted that "overall, English local authorities expect to be holding £10.8 billion in reserves on 31 March 2012. At the same time last year, their forecasts for 31 March 2011 totalled £11 billion.

All councils should keep sufficient sums of money in reserve so that they have a financial cushion to meet sudden unexpected costs. Local Government Secretary Eric Pickles said:

"Most councils have maintained significant reserves, which will give them room to manoeuvre on their finances in future years, and help them to support budgets, and deliver efficient local services."

Looking at the data for London boroughs, based on Government returns, using forecasts for 2011/12 of non-schools reserves as a percentage of revenue expenditure, Merton's forecast of 5.7% is the 5th lowest in London (10th lowest in 2010/11)

5.2 Revenue Reserves

The Council's General Fund balances were £10.513m as at 31st March 2011 (£10.649m in 2009/10).

5.3 The Schools' General Fund balance has increased by £1.8m to £8.0m. The Housing Revenue Account balance fell by £0.6m to £4.05m.

5.4 Earmarked revenue reserves as at 31st March 2011 were £33.829m. Some of these were earmarked to support the 2011/12 revenue budget:-

	£m
Budget Funding Gap	4.282
VAT Reserve	0.752
Section 117	0.100

5.5 In addition, Performance Reward Grant received in 2010/11 of £1.7m has been allocated by Merton Partnership to invest in local community projects.

5.6 The revenue reserve for capital purposes is available for dealing with revaluations and/or investment in capital projects. This will be determined as part of closing procedures for 2011/12 and formulation of the business plan/budget for 2012/13 but it is recommended that the reserve is made available to fund revaluation expenditure in 2011/12.

5.7 More comprehensive details on reserves and balances will be included in the report to Cabinet on 20 February 2012.

5. **CONSULTATION UNDERTAKEN OR PROPOSED**

5.1 All relevant bodies have been consulted.

6. **TIMETABLE**

6.1 In accordance with current financial reporting timetables.

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

7.1 All relevant implications have been addressed in the report.

8. **LEGAL AND STATUTORY IMPLICATIONS**

8.1 All relevant implications have been addressed in the report.

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

9.1 Not applicable

10. **CRIME AND DISORDER IMPLICATIONS**

10.1 Not applicable

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

11.1 Not applicable

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

Appendix 1 – Further information on remaining budget options

Appendix 2 – Provisional Local Government Finance Settlement –
Summary of main points

13. **BACKGROUND PAPERS**

13.1 Budgetary Control files held in the Corporate Services department.

14. **REPORT AUTHOR**

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SERVICE REVIEW OPTIONS REMAINING							Appendix 1
Options Pack	Service Items	Savings			Feedback from Departments	Scrutiny Meeting	
		12/13 £000s	13/14 £000s	14/15 £000s			
	LEVEL 1						
	Community and Housing	0	0	0			
	Children, Schools and Families						
Page 28	Early Years - Reduction in commissioning budget	25	0	0	Issues and questions were raised at Scrutiny and answered at the meeting. No outstanding queries or concerns remain unanswered. Officers' options stand as originally presented.	C&YP	
Page 28	Early Years - Reduction in provision of CPD	48	0	0	Issues and questions were raised at Scrutiny and answered at the meeting. No outstanding queries or concerns remain unanswered. Officers' options stand as originally presented.	C&YP	
Page 28	Early Years - Increase fees at Lavender CC	6	0	0	Issues and questions were raised at Scrutiny and answered at the meeting. No outstanding queries or concerns remain unanswered. Officers' options stand as originally presented. This represents a 1% increase in fees.	C&YP	
Page 28	Early Years - Back office and service efficiencies	128	0	0	Issues and questions were raised at Scrutiny and answered at the meeting. No outstanding queries or concerns remain unanswered. Officers' options stand as originally presented.	C&YP	
Page 31	CSC - Business Support Team	30	125	0	This proposal will not impact directly on children and their families. Staff will be restructured to improve efficiency.	C&YP	
Page 31	Fostering and adoption panel expenses	20	0	0	Team asked to speak to panel members again to ensure there will be no adverse impact on the children concerned. Officer response This saving does not impact on children. It is about the expenses paid to adult panel members. Officers will work with the panel to schedule sessions conveniently and to provide effective panel support to ensure efficient and effective meetings. There will be no reduction in the speed of decisions, or the number of children assessed. The government is considering the overall panel process as part of their review of adoption, and this may assist us to deliver the savings target.	C&YP	
Page 31	Daycare budget for children	20	0	0	Funded places will become available for vulnerable 2 year olds. Therefore, this service will continue in a different form as part of the Early Years offer, and there should be no impact on service users.	C&YP	
Page 31	Children with Disabilities and Special Educational Needs	70	0	0	Issues and questions were raised at Scrutiny and answered at the meeting. No outstanding queries or concerns remain unanswered. Officers' options stand as originally presented.	C&YP	

SERVICE REVIEW OPTIONS REMAINING				Appendix 1	
Options Pack	Service Items	Savings			Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s	
				Feedback from Departments	
Page 38	School Improvement - School Standards and Quality	50	0	0	<p>A Panel member felt there was insufficient detail for these proposals to be properly considered.</p> <p>Officer response National guidance now recommends school to school support, and the outcome of the service review was in line with this. We have therefore developed enhanced arrangements where schools provide support and challenge to each other to drive improvements in standards and the overall quality of education. This is now progressing rapidly and will in future be a significant route for school improvement. In addition, we are continuing to develop our arrangements where schools purchase school improvement services from the LA, or from other providers. This saving will be made by further reducing the LA core offer, offering more services on a buy back basis only, and facilitating the establishment of school to school support. What the schools will chose to buy back will depend on the outcome of consultation, so it is not possible to say what the final offer or the actual level of support provided will be at this stage.</p>
Page 44	Additional capitalisation of capital project management staff	30	0	0	<p>Issues and questions were raised at Scrutiny and answered at the meeting. No outstanding queries or concerns remain unanswered. Officers' options stand as originally presented.</p>
Page 44	CSF Contracts, Proc. & School Org - Reduction 1 fte Admissions Post	0	40	0	<p>Panel Members expressed concern regarding the proposed deletion of an admissions officer post due to the expected high workload of admissions in the coming years. Concern was also expressed over the joint working with L B Sutton for admissions, and how the benefits from staff savings were to be allocated between the boroughs.</p> <p>Officer response Although the workload of the team has increased due to the significant increase in population, and this will continue, we have maximised efficiency through the use of e-admissions to increase the numbers that can be handled. Also, we have entered into arrangements with Sutton whereby the two boroughs share a manager for their admission services. The intention is that further savings can be delivered through extension of this shared arrangement with no impact on the service. The teams are currently separate, so that savings from team reductions can be identified specifically to accrue to the relevant borough. The arrangements with Sutton will be reviewed in 2012, which is why this proposal is for 2013/14. Delivery of this saving will be dependent on the outcome of that review.</p>

SERVICE REVIEW OPTIONS REMAINING				Appendix 1		
Options Pack	Service Items	Savings			Scrutiny Meeting	
		12/13 £000s	13/14 £000s	14/15 £000s		
Page 47	Reduction in funding - Duke of Edinburgh Award	8	0	0	Feedback from Departments Panel expressed most serious concern on all cuts proposed in this section. Of these, the main priority concern is the proposed closure in youth provision. This is in context of the youths rioting in the summer, and how the lack of youth provision might increase unrest. Also of particular concern was the proposed cut to the Duke of Edinburgh Award Scheme, which enables young people to gain skills that will help them with employment and in developing good citizenship skills. All schemes and provision for young people have a particular importance for those in the less affluent areas of the borough. The current economic situation also means that these schemes have added significance. Officer Response In line with the outcome of the service review, all savings have been framed in the context of ensuring that CSF statutory duties are met, and that resources are carefully targeted using our preventative child and young person well being model. The implementation of Level 3 savings would of course have the most impact on delivery of the model. In this context, CSF Youth Inclusion will focus on delivering statutory duties, and on carefully targeted preventative work. Specifically in response to each of the numbered savings: 1. Whilst the Duke of Edinburgh service is highly valued, it is universal (including for pupils in independent schools) rather than targeted, and so the proposal is to charge for it or to cease/reduce provision. 2. YS Training will be restricted to statutory issues (health and safety, safeguarding etc.) 3. There is an underspend on hospital tuition which we will use to fund statutory EW activity. Should Hospital Tuition costs rise in future we will need to make appropriate additional provision at that stage.	C&YP
Page 47	Youth service training budget	14	0	0	See item 2 on line above	C&YP
Page 47	Education Welfare services	60	0	0	See item 3 on line above	C&YP
Page 53	Reduce ex LSC commissioning capacity	100	0	0	Issues and questions were raised at Scrutiny and answered at the meeting. No outstanding queries or concerns remain unanswered. Officers' options stand as originally presented.	C&YP
Page 53	Reduce overall commissioning capacity by further 1fte	0	40	0	Issues and questions were raised at Scrutiny and answered at the meeting. No outstanding queries or concerns remain unanswered. Officers' options stand as originally presented.	C&YP
Page 53	Reduce expenditure on LAC and SEN placements	100	200	100	Issues and questions were raised at Scrutiny and answered at the meeting. No outstanding queries or concerns remain unanswered. Officers' options stand as originally presented.	C&YP
Page 57	Policy, Planning and Performance	0	0	40	The Panel agreed this saving	C&YP

SERVICE REVIEW OPTIONS REMAINING				Appendix 1	
Options Pack	Service Items	Savings			Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s	
Page 58	Implement new transport policy from April 2012. Introduce new modes of fulfilling the council's statutory responsibilities for the provision of SEN transport	50	0	0	<p>Feedback from Departments</p> <p>Latest out-turn figures requested for the January budget meeting – panel members are aware of the underspend of £150,000 in 2010/2011 and as a result feel this is not necessarily something that needs to be listed as a saving.</p> <p>Officer Response Whilst it is indeed the case that there was an underspend of £150k on SEN transport in 2010/11, this is not forecast to be repeated in the current year. Indeed, SEN transport faces a range of budget pressures related to both the demographic increase in children with SEN and disabilities, and to inflation, particularly in the cost of minicabs.</p> <p>Two new routes were introduced by the LBM transport service in 2011/12 to meet increased demand. In combination, these pressures led to the agreement of growth of some £160k in the SEN transport budget for 2011/12. The latest forecast is that actual expenditure for the current year will be in line with the budget. Therefore, some changes to current service models will be necessary to deliver a cost saving. Accordingly, a twofold approach is to be pursued to identify a range of measures to deliver cost savings: firstly to review entitlement and secondly to investigate whether there are other cheaper ways to transport children, including the involvement of volunteers and opportunities for group travel.</p>
Page 58	New modes of fulfilling statutory responsibilities - SEN transport	0	100	100	C&YP
	Management Efficiencies	0	0	200	C&YP
	Children, Schools and Families	759	505	440	
	Environment and Regeneration				
Page 66	Encouraging self management of some allotment sites	18	0	0	SC
Page 83	Street Cleansing	626	0	0	SC

SERVICE REVIEW OPTIONS REMAINING				Appendix 1	
Options Pack	Service Items	Savings			Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s	
Page 100	Pest control - staffing costs	0	0	0	<p>Feedback from Departments</p> <p>More information requested for consideration in round 2 on back office costs and staffing structure</p> <p>Officer Response There are currently excess resources working within Pest Control in light of the demand on the service. A review of the service has identified areas where we can increase demand whilst at the same time reduce the establishment by one post. Increased efficiencies to secure additional capacity through mobile working: this should also reduce calls into the back office from officers and customers. Pest Technical support will carry out marketing and telesales activities to lift the profile of the service and increase business within the pest commercial market.</p> <p>We propose to reduce Commercial Pest quotation starting prices from £300 to £150 which will allow us to be more competitive in the open market, all work is subject to estimate. Also looking to reduce starting prices for domestic services. Marketing out in the public domain advertising and raising the profile of the pest service is now in place. When seasonal demands are high, we can utilize a fully qualified operative from another service within the Section at no additional cost.</p>
Page 67	Leisure and Culture	35	55	29	<p>To return the proposed saving for allotments to panel in round 2 with more information on the impact on Allotment users and their comments.</p> <p>Other proposals agreed.</p> <p>Officer Response Greenspaces are moving to produce a cost neutral allotment service, which includes the cost of a 0.5fte Allotment Officer. Therefore 0.5 of this post will be funded through this income and the staff members hours would reduce from 28 hrs a week to 17.5 hrs a week. The Greenspaces Manager advises that allotment groups have been engaged in these discussions for the past twelve months and some have agreed to move to self-management whilst others have agreed to increased fees to pay for the service that they receive.</p>
Page 100	Commercial Services Waste and Recycling	0	150	250	<p>This saving was agreed in round 1.</p>
	Environment and Regeneration	679	205	279	
	Not agreed Round 1 Options - Level 1	1,438	710	719	

SERVICE REVIEW OPTIONS REMAINING				Appendix 1	
Options Pack	Service Items	Savings			Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s	
	LEVEL 2 Community and Housing				Feedback from Departments
Page 10	Reduction and monitoring of high value/high cost placements	50	50	100	The Panel would like further information before they can form a view on this item Officer Response We have already had success in this area having saved over 350k last year. This has been achieved using the Care Funding Calculator tool now widely used in adults social care across London and soon to be developed further for children's services. The current top 20 packages cost around £2.75m per annum and therefore we believe there is still scope to achieve another 200k saving.
Page 10	Optimise the use of telecare and assistive technology	300	300	350	The Panel would like further information before they can form a view on this item Officer Response Increased use of Telecare is a national development, and is a key factor in enabling people to live in their own homes for longer. Telecare supplements to replace other intervention, careful use of assistive technology means that the number of visits to some customers can be reduced. We are piloting a project with a number of customers with learning disabilities who are users of domiciliary care, in partnership with the Improvement and Efficiency South East (IESE). There is also another local project in partnership with a GP practice (Telehealth Care). There is evidence nationally of Telecare usage and related savings with Birmingham being one of the flagship examples. Further evidence, may be found at http://www.westmidlandssep.gov.uk/index.php?page=746 . A risk to delivery is that we may be starting from a lower base than many other authorities e.g. low usage of home care hours compared to other councils.
Page 10	Reducing the cost of support for young people (Transitions)	0	100	100	The Panel would like further information before they can form a view on this item Officer Response Each year young people transfer from Children's to Adults services with very high costing packages - these are usually educational residential placements. Adults services usually have to find full time placements in care homes that can be even more expensive. This year using the care funding calculator and negotiating with providers as saved £30k per annum on two individual cases. We have identified 13 new young people who will be requiring services starting in July 12 - the estimated cost if these customers were all placed in permanent care homes would cost the council approximately 680k per annum.
Page 10	0% inflation to uplift third party suppliers	650	600	550	The Panel would like further information before they can form a view on this item Officer Response Our Approach to fee increase has been to seek to hold fees flat for five years, in which 2012-13 would be the 3rd year. Other councils have sought fee reductions although the true cost of inflation in social care is not as high as the current lead-time RPI this still represents a significant efficiency challenge to providers, at a time when the charges for regulation are increasing and the statutory minimum wage has increased. In other parts of England social care providers have promoted successful legal challenges to councils mostly because of due processes not been followed. Whilst consultation at this stage has not identified such a challenge locally, it cannot be ruled out.

SERVICE REVIEW OPTIONS REMAINING				Appendix 1	
Options Pack	Service Items	Savings			Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s	
Page 10	Restructure and refocus the use of Supporting People services	50	350	350	HC&OP
		<p>Feedback from Departments</p> <p>The Panel would like further information before they can form a view on this item</p> <p>Officer Response Following the removal of ring fenced budgets for supporting people (SP) most councils have looked at remodelling and reviewing these services. We have put this under the general framework of mainstream services. SP services will now be negotiated in the same way as any other contract and this is how we will make the savings. Savings to date are approximately £400k.</p>			
Page 16	Libraries	0	160	0	SC
		<p>To come back to panel in round 2 with more information on how community trusts might work for Library Services.</p> <p>Officers Responses Further work is being undertaken on the Community Trust model for Libraries and other Council services. When options have been developed they will be brought forward for further consultation through the Council's structures.</p>			
Page 22	Close Canons House site and seek alternative venues	0	32	0	SC
		<p>Concern re under-utilisation of Canons House and possible consequences of closing a building of that age. Requested additional information be provided on potential alternative uses for Canons House.</p> <p>Officers Response Proposal is to close Canons House Site and seek alternative venues without incurring costs. This is the net saving that will be achieved from decanting to other less expensive premises. Although the Cannons is located in the east of the borough it is not an accessible site for residents and the current occupancy rate is only 35%. This saving would continue to offer services to residents in the east of the borough at more accessible sites.</p> <p>Should Community and Housing vacate Canons House the top floor will remain occupied by a service tenant and part of the basement by Greenspaces as a mess room. There is no other in house use for the property. The vacant areas (remainder of the basement plus first and second floors) could be let on the open market but limited to D1 use (non residential institutions such as clinics, crèches, day nurseries, day centres and schools). Office use could require planning permission. Disposal of the freehold and possibly to the Voluntary Sector is possible but to maximise capital receipt vacant possession should be provided. Residential use would require planning permission but this is likely to be resisted.</p>			
Page 22	Close the advice and guidance service	0	0	26	SC
		<p>Close the advice and guidance service once a new system is in place for learner recruitment; tracking learner progression and providing employability support. Other external agencies provide this advisory service. This saving will be made as a result of reviewing current administrative processes and reducing staff costs.</p>			
All Items	The Panel would like further information about how "medium to high level service impact" will affect the voluntary sector.				N/A
		<p>We are working closely with the voluntary sector to provide preventative services which will include supporting people who do not meet the eligibility criteria.</p>			

SERVICE REVIEW OPTIONS REMAINING					Appendix 1
Options Pack	Service Items	Savings			Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s	
	Community and Housing	1,050	1,592	1,476	Feedback from Departments
	Children, Schools and Families				
Page 28	Early Years - Restructuring of teams to reduce posts and streamline management	100	0	0	<p>Concern that further 'backroom' cuts might be needed in the future.</p> <p>Officer response Officers cannot guarantee future funding levels which will be dependent on future government settlements and any changes in statutory requirements. In line with the principles of the service review process, all savings have been framed in the context of ensuring that CSF statutory duties are met, and that resources are carefully targeted using our preventative child and young person well being model. The implementation of Level 3 savings would of course have the most impact on successful delivery of the model. In this context, EYCC will focus on delivering statutory duties such as for vulnerable 2 and 3 year olds, and on carefully targeted preventative work. Our children's centres will be working in locality based partnerships working in a hub and spoke model (i.e a cluster of centres working together on a combined offer rather than activities available in all). This will ensure that we make the best use of our centres and resources at a local level.</p>
Page 32	Reducing the social work support available to families in the borough who have adopted children	20			<p>Families who have already adopted need all the help they can get, and a reduction in support might put off prospective adopting parents.</p> <p>Officer Response - (also refers to page 234 point 4) Although this has been categorised as a Level 2 saving, it does have an impact on children and families, and this is detailed in the service review and EIA. In the light of members' comments, and on reflection, officers would consider ranking this as a Level 3 saving. Clearly post adoption support is one important factor in preventing adoption breakdown and preventing re-entry to care. Given all of children's social care spend is on the vulnerable, officers have made this proposal as an alternative to savings relating to children with higher levels of vulnerability</p>
Page 32	Team Manager post in Court Assessment Team	47			Work will be reallocated to other staff / teams. There will be no compulsory redundancy due to a current vacancy.

SERVICE REVIEW OPTIONS REMAINING				Appendix 1		
Options Pack	Service Items	Savings			Scrutiny Meeting	
		12/13 £000s	13/14 £000s	14/15 £000s		
Page 32	Reduce budget available for commissioning expert witnesses within care proceedings	30			Feedback from Departments A panel member expressed concern about this proposal in the light of the recent Ofsted report. Officer response - (also refers to page 234 point 6) Officers will continue to commission expert witness testimony when we or the courts think it is appropriate, but we are trying to manage down demand and expectations, as well as using our own practitioners where ever possible. There is a delivery risk, and if courts require expert testimony additional resources may need to be found in-year.	C&YP
Page 33	Further consideration of management and staff restructuring		100	100	Management and staff restructuring will seek to improve efficiency and thus limit any service impact. Specific proposals to be developed for future implementation, with service impact assessment to be developed concurrently. This saving will be dependant on further transformation reviews being undertaken in 12/13 and 13/14 as part of the Department's and Council's transformation process.	
Page 38	School Improvement - School Standards and Quality	50	0	0	Panel felt there was insufficient detail for these proposals to be properly considered. Officer response We are continuing to develop our arrangements where schools purchase school improvement services from the LA. We are also sharing the Chaucer Centre with Sutton, to generate additional income, giving confidence that this element of the saving can be achieved.	C&YP
Page 44	Reduction of 1fte contracts post	0	40	0	A panel member queried the impact of the proposed savings on Service Level Agreements and how schools manage these. Officer response The contract officers for school contracts are paid for by schools; therefore this would not impact on schools. This is about LA contracts and would mean that monitoring of the delivery of prevention and placement contracts was more limited and targeted on a risk basis.	C&YP

SERVICE REVIEW OPTIONS REMAINING					Appendix 1	
Options Pack	Service Items	Savings			Scrutiny Meeting	
		12/13 £000s	13/14 £000s	14/15 £000s		
Page 49	Commissioning budget for youth project	25	0	0	Feedback from Departments Panel expressed most serious concern on all cuts proposed in this section. Of these, the main priority concern is the proposed closure in youth provision. This is in context of the youths rioting in the summer, and how the lack of youth provision might increase unrest. Also of particular concern was the proposed cut to the Duke of Edinburgh Award Scheme, which enables young people to gain skills that will help them with employment and in developing good citizenship skills. All schemes and provision for young people have a particular importance for those in the less affluent areas of the borough. The current economic situation also means that these schemes have added significance. Officer Response In line with the outcome of the service review, all savings have been framed in the context of ensuring that CSF statutory duties are met, and that resources are carefully targeted using our preventative child and young person well being model. The implementation of Level 3 savings would of course have the most impact on delivery of the model. In this context, CSF Youth Inclusion will focus on delivering statutory duties, and on carefully targeted preventative work. Specifically in response to each of the numbered savings: 1, 2 & 4 - In line with our well being model we will reduce universal and "positive activities for young people", and target remaining funds on activities for those young people who are most at risk of entering either care or the criminal justice system, or who have some other vulnerability or higher level need. Youth project commissioning is undertaken on a year by year basis. Commitments will be honoured to 31 March 2012 with a reduced budget available, £32k for 2012/13. The youth opportunities fund will maintain provision of £14k for one-off projects led by young people. The restructuring of the youth support team will be managed with no compulsory redundancy as there is a currently vacant post. 3 - This is a reduction in management. New organisational structures will need to be developed to ensure appropriate management and supervision etc. as the service changes.	C&YP
Page 49	Youth Opportunities fund	14	0	0	See item 2 in line above	C&YP
Page 49	Youth Service manager	15	47	0	See item 3 in line above	C&YP
Page 49	Positive activities for young people	41	0	0	See item 4 in line above	C&YP
	Children, Schools and Families	342	187	100		

SERVICE REVIEW OPTIONS REMAINING					Appendix 1
Options Pack	Service Items	Savings			Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s	
	Environment and Regeneration				Feedback from Departments
Page 65	Parks, Greenspaces and Cemeteries - Bowling	35	0	0	<p>To return to panel in round 2 with more information on the basis of the discussions and feedback from users. Cabinet is minded not to support this option due to concern to protect paddling pools and to ensure that parks remain locked where there is a risk.</p> <p>This option has now been split out so that members can see the savings relating to each element of the option:</p> <p>Officer Response</p> <p>There has been some opposition to the proposals to close bowling greens from the 9 local clubs and some reluctance too from them to self manage their sites. Some have expressed interest in clubs amalgamating however.</p> <p>There has been no specific consultation on the closure of paddling pools due to the nature of the users and the timing of these proposals. However, it can reasonably be anticipated that users of the sites affected will be opposed to these closures. That said, the proposal preserves the borough's 4 most popular paddling pools and these are geographically spread: at Wimbledon Park, Sir Joseph Hood MPF, Tamworth Rec and Collers Wood Rec. The key stakeholder group at the key site where car parking fees are proposed (Wimbledon Park) has been advocating the introduction of such fees for about a year or so and support this plan, provided that there is provision to ensure that park users are not unreasonably penalised, for example, by introducing a limited period or periods when parking is free.</p> <p>Commuters who currently utilise the free parking in parks close to rail or underground stations have not specifically been consulted but it can reasonably be assumed that they would be opposed to such a move. The proposal to introduce seasonal locking of parks has met with a mixed response by stakeholder groups. Some recognise that the anti-social behaviour problems associated with unsecured sites after nightfall are much reduced in the winter months; others advocate that their park must be locked year-round. The risks and local views broadly reflect the proximity of sites to high streets and major public thoroughfares</p>
	Parks, Greenspaces and Cemeteries - Locking	16	35	0	<p>To return to panel in round 2 with more information.</p> <p>Panel would like to know what alternative Youth Games provision is available.</p> <p>Officer Response</p> <p>These figures are made up of a five savings. On the savings on Arts & Leisure Development it would reduce the budget by £47k reducing by 3 staff but retain £100k for providing services through other means. This would also be a loss of the small arts grants. An options paper is currently being developed on how services can be best delivered in the future. This report will be completed for April 2012 as these savings are due to take effect in 2013. Should these savings be made there would no longer be a resource to deliver London Youth Games. The savings against LYG is the entry fee, costs of t shirts for participants and travel costs only. The future of the LYG is unclear, but it currently looks like it will survive and is likely now to grow to include the School Games, although all boroughs are considering whether in the current climate it can be resourced. Should this saving be retained a human resource will be needed also to deliver.</p> <p>This too is a 2013 saving and would tie in with the options paper linked to the leisure & arts development officers.</p>
Page 68	Leisure and Culture	10	103	15	<p>See Above</p>
	London youth games	0	0	0	<p>See Above</p>

SERVICE REVIEW OPTIONS REMAINING							Appendix 1
Options Pack	Service Items	Savings			Feedback from Departments	Scrutiny Meeting	
		12/13 £000s	13/14 £000s	14/15 £000s			
Page 70	Development Control and Building Control	(300)	231	0	The recommended option is to maximise the financial benefits expected through a change in Government regulations which will allow Planning Authorities to charge the actual cost of a Planning application. This would allow the Council to recover all the actual costs and our estimates suggest additional income of c£300k per annum. The alternative is to make reductions in Development control and planning enforcement staff numbers [£232k and £231k]. It would make no sense to budget for both the income and all of the savings since the income is based upon the required staffing and actual cost of the service. These are alternatives and not additional savings options. The £232k level 2 saving proposal will reduce the B@DC team from 36 to 31 FTE's and the £231k level 3 by a further 5 to 25 FTE's. This will result in a redefining of what can constitute an enforcement complaint and delays in investigating those remaining. Building Control will be less able to compete with approved inspectors and income will fall and the processing of planning applications will be delayed in development control with the consequential impact on economic growth and regeneration aspirations.	SC	
Page 74	Regulatory Services (Environment Health/Trading Standards/Licensing)	0	(155)	0	The recommended option is to work to develop a shared regulatory service at a sub-regional level with an estimated saving of £400k. Work is underway and advancing well with SW London boroughs to explore this and develop a credible business case. A decision would need to be taken in Spring 2012 if this were to be established for financial year 2013/14. The alternative savings proposals of £245k or £490K over 2 years represent reductions in staffing and service standards. If a shared service option was chosen this would provide more resilience, however, level 2 and 3 options would allow the council to retain control of decisions to scale up or down. It would make no sense to budget for both the shared regulatory service and all of the savings since the proposals relating to a reduction in staff would conflict with the current scoping/feasibility work being carried out in respect of the development of a sub-regional model. These are alternatives and not additional savings options.	SC	
Page 84	Street Cleaning	624	0	0	Panel agreed with Cabinet and minded not to support this item - Remaining Option	SC	
Page 88	Removal of separate collection of food waste	0	0	280	Panel agreed with Cabinet and minded not to support this option - Remaining Option.	SC	
	Environment and Regeneration	420	214	295			
	Not Aged Round 1 Options - Level 2	1,812	1,993	1,871			

SERVICE REVIEW OPTIONS REMAINING				Appendix 1		
Options Pack	Service Items	Savings			Feedback from Departments	Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s		
	LEVEL 3 Community and Housing					
Page 13	De-registration of residential care	400	400	400	<p>Panel would like further information on this item including if other local authorities have taken this approach</p> <p>Officers Response If the care homes were de-registered to supported living status, the residents would be entitled to housing benefits and possible disability allowance that could be applied to off-set the cost of those customers. The de-registration process has commenced over many boroughs. To date, Croydon has managed a steady de-registration project resulting in conversions affecting over 300 of their service users and recurrent benefits to the Council of about £3m building up over a four year period. Assuming it would be possible to convert 40 residential placements into Supported Living, then the financial benefit would be nearly £ 400,000 pa. Currently merton pay for approximately 160 people aged 18 - 64 in permanent residential care homes. However, there are risks associated with his process as providers are nervous about the review of the housing benefits scheme in 13/14. There is also a risk of successful challenge on process.</p>	HC&OP
Page 13	Reducing transport usage by implementing eligibility criteria	186	112	116	<p>The Panel would like to know how many people this will affect.</p> <p>Officers Response For 2012/13 savings will focus on reduction in a vehicle taking LD customers to day services; we are mitigating the effects on customers by negotiating changed start and finish times with residential homes, enabling customers who live at home with carers to be collected at times which suit them. There will also be savings from an improved taxi contract and better monitoring of this. Savings will also result from improved leasing arrangements for self drive vehicles. Beyond then we will be revising eligibility for transport and how support in this area will be provided; customers will be given choice as to how they access transport support, and some duplication of services will be ended. Fleet transport would no longer be a guaranteed part of a day care package. It will depend on the individual's needs and abilities and on the carer's needs.</p> <p>The work on reviewing eligibility criteria for Transport has begun but will mainly take place in 2012/13, with an updated policy on transport. The aim is to make clearer to customers what can be expected with regard to support in this area. For example some ASC customers are currently in possession of Freedom Passes but also use Merton Transport to access day services; a small number of people additionally have blue badges issued to their carers as well as the first two items.</p>	HC&OP
Page 13	Seek alternatives to residential care	350	350	350	<p>Moving young people from permanent residential care to more appropriate supported living/shared lives schemes. Primarily people with learning disabilities. Currently there are approximately 115 people with a learning disability in permanent care homes. Example one person moved from a care home costing £1500 per week to the Gables supported living costing just £350. Moving 15 people would save approximately 900k</p>	HC&OP
Page 13	Staffing savings in direct provision	201	0	0	<p>Savings on staffing in Direct Provision are required not just to meet savings targets but also to reduce the unit costs of services; this is crucial in terms of ensuring that customers pay an affordable price for their services and that in-house services are competitive with private providers. savings have again focused on managerial and supervisory positions whilst front line posts have been protected.</p>	HC&OP

SERVICE REVIEW OPTIONS REMAINING				Appendix 1	
Options Pack	Service Items	Savings			Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s	
Page 16	Libraries	239	0	0	SC
Page 24	Transfer Whatley Avenue accommodation	0	0	240	SC
Page 24	Assign 10% of SFA grant to support other functions	0	0	27	SC
All Items	The Panel would like further information about how "medium to high level service impact" will affect the voluntary sector.				N/A
	Community and Housing	1,376	862	1,133	

SERVICE REVIEW OPTIONS REMAINING				Appendix 1	
Options Pack	Service Items	Savings			Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s	
	Children, Schools and Families				Feedback from Departments
Page 29	Early Years	160	200	100	Cabinet is minded not to support this proposal - Remaining Option Issues and questions were raised at Scrutiny and answered at the meeting. No outstanding queries or concerns remain unanswered. Officers' options stand as originally presented.
Page 35	Reducing the budget available to support care leavers entering independent accommodation or forms of education, employment and training	20	0	0	This proposal would have a detrimental effect on support available to vulnerable young people at a critical point in their lives. Officer Response (also refers to page 234 point 7) In line with the principles of the service review process, all savings have been framed in the context of ensuring that CSF statutory duties are met, and that resources are carefully targeted using our preventative child and young person well being model. The implementation of Level 3 savings would of course have the most impact on successful delivery of the model. This saving has been ranked at level 3 and the risks and impact are detailed in the service review template and EIA. Given all of children's social care spend is on the vulnerable, officers have made this proposal as an alternative to savings relating to children with higher levels of vulnerability. Our work to ensure young people moving into adulthood do so safely will include very careful prioritisation of the remaining resources. There will still be £20k remaining budget, and young people will be supported in making loan applications to charitable services etc.
Page 35	Reduce the travel budget available for parents' expenses to attend contact sessions with children in care	10	0	0	A panel member raised a concern about the funding for children to be visited by their birth parents. Officer Response - (also refers to page 234 point 8) In line with the principles of the service review process, all savings have been framed in the context of ensuring that CSF statutory duties are met, and that resources are carefully targeted using our preventative child and young person well being model. The implementation of Level 3 savings would of course have the most impact on delivery of the model. This saving has been ranked at level 3 and the risks and impact are detailed in the service review template and EIA. The allocation of remaining funds will be carefully and equitably prioritised. There will still be £10k remaining budget, and the council will continue to support parents in difficulties. Alternative options to expensive taxis such as public transport will be favoured.

SERVICE REVIEW OPTIONS REMAINING				Appendix 1	
Options Pack	Service Items	Savings			Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s	
Page 39	School Improvement - School Standards and Quality - Deletion of Posts	0	100	100	<p>Feedback from Departments</p> <p>Panel felt there was insufficient detail for these proposals to be properly considered.</p> <p>Officer response</p> <p>In line with the principles of the service review process, and in accordance with national guidance, we are continuing to evolve our approach to the delivery of schools support. We are continuing to move to arrangements where schools provide support and challenge to each other via school to school support between schools within the borough. Also, we are continuing to develop our arrangements where schools purchase school improvement services from the LA, or from other providers. This saving will be made by further reducing the LA core offer, and offering more services on a buy back basis only. What the schools will chose to buy back will depend on the outcome of consultation, so it is not possible to say what the final offer or the actual level of support provided will be at this stage.</p> <p>C&YP</p>
Page 41	Children with Disabilities and Special Educational Needs	0	70	70	<p>Issues and questions were raised at Scrutiny and answered at the meeting. No outstanding queries or concerns remain unanswered. Officers' options stand as originally presented.</p> <p>C&YP</p>

SERVICE REVIEW OPTIONS REMAINING				Appendix 1		
Options Pack	Service Items	Savings			Scrutiny Meeting	
		12/13 £000s	13/14 £000s	14/15 £000s		
Page 51	Closure of youth provision	60	0	0	Feedback from Departments Panel expressed most serious concern on all cuts proposed in this section. Of these, the main priority concern is the proposed closure in youth provision. This is in context of the youths rioting in the summer, and how the lack of youth provision might increase unrest. Also of particular concern was the proposed cut to the Duke of Edinburgh Award Scheme, which enables young people to gain skills that will help them with employment and in developing good citizenship skills. All schemes and provision for young people have a particular importance for those in the less affluent areas of the borough. The current economic situation also means that these schemes have added significance. Officer Response In line with the outcome of the service review, all savings have been framed in the context of ensuring that CSF statutory duties are met, and that resources are carefully targeted using our preventative child and young person well being model. The implementation of Level 3 savings would of course have the most impact on delivery of the model. In this context, CSF Youth Inclusion will focus on delivering statutory duties, and on carefully targeted preventative work. Specifically in response to each of the numbered savings: 1. Closure of youth provision - this saving is made up of two elements. The first is the closure and re-provisioning of the under-utilised Wyvern Centre. The second is an overall reduction in youth service provision. Whilst some services will be re-provisioned, this option does represent a significant reduction in youth provision and therefore is categorised at level 3. 2. Education welfare - there may be a reduction in service level; therefore this has been categorised as level 3.	C&YP
Page 51	Service reduction in education welfare service	0	40	0	See point 2 in line above. C&YP	

SERVICE REVIEW OPTIONS REMAINING				Appendix 1		
Options Pack	Service Items	Savings			Scrutiny Meeting	
		12/13 £000s	13/14 £000s	14/15 £000s		
Page 54	CSF Commissioning Function and Commissioning Budgets	500	0	0	Feedback from Departments Panel had some reservations about this proposal due to its potential impact on vulnerable people. Officer Response In line with the principles of the service review process, all savings have been framed in the context of ensuring that CSF statutory duties are met, and that resources are carefully targeted using our preventative child and young person well being model. The implementation of Level 3 savings would of course have the most impact on delivery of the model. Officers have worked closely with our Children's Trust partners, and will continue to work to ensure that remaining resources are used wisely and targeted in line with the model. The impact will be felt on families currently receiving services and also on the third sector. Contracts are on a three year basis, and Voluntary and Community Sector organisations have been advised on the reductions proposed, so that they can plan ahead for speedy and effective implementation once decisions are made.	C&YP
	Children, Schools and Families	750	410	270		
	Environment and Regeneration					
Page 66	Parks, Greenspaces and Cemeteries	62	0	289	Panel agreed with Cabinet and minded not to support this option - Remaining Option	SC
Page 69	Leisure and Culture	240	0	0	Panel agreed with Cabinet and minded not to support this option - Remaining Option	SC
Page 71	Development Control and Building Control	0	232	0	The recommended option is to maximise the financial benefits expected through a change in Government regulations which will allow Planning Authorities to charge the actual cost of a Planning application. This would allow the Council to recover all the actual costs and our estimates suggest additional income of cf300k per annum. The alternative is to make reductions in Development control and planning enforcement staff numbers [£232k and £231k]. It would make no sense to budget for <u>both</u> the income and all of the savings since the income is based upon the required staffing and actual cost of the service. These are alternatives and not additional savings options. The £232k level 2 saving proposal will reduce the B@DC team from 36 to 31 FTE's and the £231k level 3 by a further 5 to 25 FTE's. This will result in a redefining of what can constitute an enforcement complaint and delays in investigating those remaining. Building Control will be less able to compete with approved inspectors and income will fall and the processing of planning applications will be delayed in development control with the consequential impact on economic growth and regeneration aspirations.	SC

SERVICE REVIEW OPTIONS REMAINING					Appendix 1	
Options Pack	Service Items	Savings			Scrutiny Meeting	
		12/13 £000s	13/14 £000s	14/15 £000s		
Page 74	Regulatory Services (Environment Health/Trading Standards/Licensing)	0	245		Feedback from Departments The recommended option is to work to develop a shared regulatory service at a sub-regional level with an estimated saving of £400k. Work is underway and advancing well with SW London boroughs to explore this and develop a credible business case. A decision would need to be taken in Spring 2012 if this were to be established for financial year 2013/14. The alternative savings proposals of £245k or £490K over 2 years represent reductions in staffing and service standards. If a shared service option was chosen this would provide more resilience, however, level 2 and 3 options would allow the council to retain control of decisions to scale up or down. It would make no sense to budget for both the shared regulatory service and all of the savings since the proposals relating to a reduction in staff would conflict with the current scoping/feasibility work being carried out in respect of the development of a sub-regional model. These are alternatives and <u>not</u> additional savings options.	SC
Page 89	Waste & Recycling	103	0	0	Panel agreed with Cabinet and minded not to support this option - Remaining Option	SC
Page 104	Safer Merton - 15% option	15	135	0	Due to the award of £353,250 Performance Reward Grant over three years this saving will no longer impact on services. Although there is a small shortfall in funding of £37,650, this can be managed within budgetary provision. Therefore, this saving can now be seen as a change in funding source rather than a cut in service. It can now be categorised as a level 1 saving.	O&S
Page 105	Safer Merton - 1st option - 30%	0	83	0	See above	O&S
Page 105	26.3. 2nd option - 30%	0	0	174	See above Cabinet minded not to support this option - Remaining Option	O&S
	Environment and Regeneration	420	695	463		
	Not Agreed Round 1 Options - Level 3	2,546	1,967	1,866		
	Not Agreed Round 1 Options - Total	5,796	4,670	4,456		
	Supported Options - Cumulative	5,796	10,466	14,922		

CORPORATE SERVICES OPTIONS REMAINING

Options pack	Service Items	Savings			Feedback from Departments	Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s		
Page 116 CS9	<p><u>Customer Services - Welfare Benefits</u></p> <p>Stop providing the welfare benefits service.</p>	70			<p>The Commission believes this team does valuable work in supporting some of the most vulnerable members of the community, and in doing so, brings in additional income to the borough.</p> <p>Scrutiny recommended that Cabinet should not support this saving proposal.</p> <p>Officers Response</p> <p>It is accepted that this is a valuable service but it is non-statutory and Members will be aware that there have been other decisions made in recent years where support has to be removed from vulnerable sectors in order to maintain other statutory functions. i.e the deletion of Care Connect. The Equality Impact Assessment has identified a number of other accessible resources that offer this service to the public i.e. Citizens Advice Bureau, Pension Service, some Housing Associations and other third sector organisations. Age Concern offer a comprehensive service. This is in addition to advice being offered through social workers, the Financial Assessment team and 16+ team from Children's Services.</p>	O&S
Page 119 CS17	<p><u>Customer Service - Merton Link</u></p> <p>Reduction in level of cleaning in public areas</p>	10			<p>Commission agreed to refer this proposal back to Cabinet for reconsideration. Received assurance from the Head of Revenues and Benefits that there will be no reduction in the level of cleaning of the toilets in Merton Link.</p> <p>Officers Response</p> <p>Merton Link and the Contact Centre enjoy a higher specification of cleaning than that provided to the rest of the Council under the Corporate Contract. This primarily relates to the staff areas and a commitment is given that this will not impact on public areas</p>	O&S

CORPORATE SERVICES OPTIONS REMAINING

Appendix 1

Options pack	Service Items	Savings			Feedback from Departments	Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s		
Page 120 CS19	<p><u>Customer Service - Translation Service</u></p> <p>Increase in income</p>	10			<p>Requested further information on the review of the translation service and more detail on costs. Commission will reconsider at its February 2012 meeting.</p> <p>Officer Response The criteria to trigger services has been reviewed and a web-based translation service is already used where appropriate. The booking of an interpreter is only undertaken as a last resort. The increase in income will be achieved by the rationalisation of fees and charges made to the interpreters/translators i.e. reduction in hourly rate, conversion of current charges into quarterly blocks after the first hour and standardisation of travelling expenses.</p>	O&S
Page 125 CS35	<p><u>Infrastructure & Transactions - Facilities Management</u></p> <p>Close Civic Centre on Saturdays (Contractual Overtime-Security) E02221-AA03</p>	63	0	0	<p>Requested further information on the arrangements that will be made for access to the Civic Centre. The Commission will reconsider at its February 2012 meeting.</p> <p>Officer Response The Civic Centre is currently staffed on Saturdays between 9am and 4pm; during this period any staff or councillors are able to access the building. Civic is currently not staffed on a Sunday; there are a number of key staff and councillors who are able to access the building. If this proposal is approved there will no longer be any Security staff on duty on Saturdays. Staff and councillors who have been permitted access to the building during "out of hours" periods will continue to be able to access the building on both Saturdays and Sundays. In order to have this access a request must be made to Facilities Management so that the person can be briefed about access, alarmed areas, evacuation procedures, and contact telephone numbers. "Out of hours" access will not be unreasonably refused.</p>	O&S
Page 131 CS51	<p><u>Human Resources - Employee Relations</u></p> <p>Staff side</p>		20		<p>There was a difference of opinion on whether the team should be smaller or larger. The Commission therefore agreed to reconsider at its February 2012 meeting.</p> <p>Officer Response In the context of the current negotiations on staff terms and conditions and consultation with significant numbers of staff regarding proposed redundancies as part of the savings options, this level of staff side resourcing is regarded as the lowest manageable at this point. This saving represents one part time union learning rep seconded. The union learning reps initiative is no longer being prioritised by central government.</p>	O&S

CORPORATE SERVICES OPTIONS REMAINING

Options pack	Service Items	Savings			Feedback from Departments	Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s		
Page 132 CS53	<p><u>Corporate Governance - Democracy Services</u></p> <p>Stop overtime payments to Democratic Services Officers</p>	24			<p>The Commission will reconsider at its February 2012 meeting, onnce the outcome of consultation with staff is known.</p> <p>Officer Response Staff consultation is ongoing to see if agreement can be reached on a voluntary basis to achieve the saving. Other staff in the team receive TOIL instead of overtime payment for attending evening meetings.</p>	O&S
Page 132 CS54	Delete Deputy Head of Service or one Democratic Services Officer post		24	18	<p>Requested more detail on this proposal. The Commission will reconsider at its February 2012 meeting.</p> <p>Officer Response Based on informal discussions at this stage it is anticipated that the saving can be made on a voluntary basis</p>	O&S
Page 133 CS56	<p>Reduction in overtime payments to staff in Mayor's Office - Mayor visits could be restricted to borough only (as per Epsom and Ewell). Attendant's services could be used for driving only.</p>	4	1	1	<p>Recommended that the Head of Democracy Services discuss with the Mayor and Deputy Mayor the scope of achieving at least an equivalent level of saving by other means, including efficiency savings.</p> <p>Officer Response The Head of Democracy Services has consulted with the two affected members of staff and with the current Mayor and Deputy Mayor and none have raised an objection to the proposal. Savings of £4000 in 2012/13, £1000 in 2013/4 and £1000 in 2014/5 can therefore be achieved. The Mayor and Deputy Mayor have suggested a number of efficiency measures, some of which have already been implemented. These are mainly non-cashable but should contribute to reducing the number of hours worked by staff by replacing paper based processes by electronic systems: * compiling email contact details to replace postal address lists (will save time and cost of paper and postage) * replace current website PDF with an eform that enables organisations to invite Mayor to their events. It is intended that the eform that will generate an Outlook calendar invite that, when accepted, will automatically update the Mayor's calendar on the website. This will reduce the need for manual updates, eliminate re-typing and enable details to be accessed easily by other councillors and by the press. * an electronic event booking and payment system for the Mayor's charity events. This will also enable contact details to be captured and added to the email database for invitation to future events * to evaluate future options for garaging the mayor's car, taking account of costs, security and insurance requirements</p>	O&S

CORPORATE SERVICES OPTIONS REMAINING

Options pack	Service Items	Savings			Feedback from Departments	Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s		
Page 134 CS58	<p><u>Corporate Governance - Safety Services</u></p> <p>LALO payments Cease duty payment for on call Local Authority Liaison Officer (LALO).</p>			30	<p>The Commission will reconsider at its February 2012 meeting, once the outcome of the consultation with staff is known.</p> <p>Officer Response</p> <p>A proposal to implement a reduced fixed duty payment and a further payment if called out are being explored.</p>	O&S
Page 135 CS60	<p><u>Corporate Governance - Information Team</u></p> <p>Delete Head of Information Post</p>		41		<p>The Commission had some concerns about this proposal given the context of an increase in the number of Freedom of Information requests being received and agreed to reconsider at its February 2012 meeting.</p> <p>Officer Response</p> <p>This is a management position not responsible for preparing the FOI information, as this information is compiled by service department officers. Therefore, FOI requests will continue to be responded to.</p>	O&S
Page 138 CS65	<p><u>Resources</u></p> <p>Utilise London Councils Grants Scheme repatriated funding to avoid cut to Strategic Voluntary Sector Funding</p>	280			<p>The Commission had concerns about the impact that this proposal would have on the regional voluntary sector bodies that had previously received funding.</p> <p>Scrutiny recommended that Cabinet should not support this proposal and that all repatriated funding should be passed to the Voluntary Sector.</p> <p>Officer Response</p> <p>The second phase of analysis of the impact of the LC decommissioning is almost complete. Of the LC 'commissioning streams' 6 areas have been flagged and officers are currently looking at ensuring that these service areas would be supported going forward to ensure that local people can access these sorts of services. Where possible we would aim for existing services in or around Merton to expand their service provision to meet this need, involving a grant allocation process in keeping with the council's standard processes. The LCGS subscription for 2012/13 has just been announced - this is lower than in 2011/12 so the balance of 'repatriated' funding for 2012/13 will be £109,079. This funding will be allocated to ensure that the services identified can be funded. This will be the subject of a report to Cabinet on 20 February 2012</p>	O&S

CORPORATE SERVICES OPTIONS REMAINING

Appendix 1

Options pack	Service Items	Savings			Feedback from Departments	Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s		
Page 139 CS66	Withdraw from the London Councils Grants Scheme			352	<p>Officer Response The proposal put to members, was dependent on a London Councils consultation which, at the time of submitting the proposal, had yet to be launched but officers had been told would include options around changing the scheme to an opt out scheme or even getting rid of the scheme altogether. However, London Councils did not carry out this consultation. They are planning to launch a consultation on future commissioning priorities/ transition arrangements to run from Friday 16 December which will run for 12 weeks. This proposal has now been withdrawn.</p>	O&S
Page 141 CS70	<p><u>Communications, Graphic Design Team</u></p> <p>Delete the in-house Graphic's team</p>	(28)			<p>The Director of Corporate Services reported that an alternative proposal had been received from staff and was currently being explored. The Commission agreed to reconsider the proposal at its February 2012 meeting, alongside the alternative proposal from staff.</p> <p>Officer Response Demand for this service has decreased. Officers have explored the options paper received from staff and undertaken follow up work and research to look in greater detail at the alternative proposals put forward. Having carefully considered all of the points made, the option to close the graphic design trading unit still remains the most cost effective method of managing the organisation's reduced demand for design services from 2012 onwards. Officers do not believe the counter proposals submitted by staff are realistic because analysis shows there is insufficient demand for the service. Further information can be provided to members in the budget and scrutiny process.</p>	O&S
	Not agreed Round 1 Options	433	86	401		
	Not agreed Round 1 Options	433	519	920		

PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2012-13

The Provisional Local Government Finance Settlement was announced on 8 December 2011.

The level of formula grant Merton is to receive is £62.021m. This is the same as announced last year as part of the two year finance Settlement, but the Council Tax Freeze grant allocations for 2011/12, which are ongoing, have been included in Formula Grant allocations.

Therefore, Merton's formula grant for 2012/13 is £59.961m + £2.060m Council Tax Freeze Grant.

There are no indications that the funding for Council Tax Freeze Grant will be rolled into formula grant on a permanent basis.

Formula Grant allocations at the local authority level for 2012-13 remain unchanged from provisional allocations announced in February 2011.

PFI Grant

The PFI grant allocations originally announced as part of the Settlement data were incorrect. Revised figures were released on 19 December 2011 confirming that Merton's PFI grant in 2012/13 is unchanged from £4,796,938.

Local Services Support Grant, 2012-13

Final local authority allocations of Local Services Support Grant for 2012-13 will be provided later in this financial year when confirmation of the Community Safety Fund element of the funding becomes available.

Council Tax Referendums

The provisional principles relating to 'excessive' council tax increases were announced alongside the Settlement. Authorities wishing to set local council tax levels in excess of these principles will be required to hold a local referendum to approve the increase. The final principles will be confirmed alongside the final Local Government Finance Settlement next year.

The legislation covering the requirement for a council tax referendum and how proposed council tax increases in excess of published principles must be dealt with is enshrined in Schedule 5 of the Localism Act, 20117.

In broad outline, the regulations require the following:

1) Preparation and contingency planning

Where a billing authority wishes to increase council tax in excess of the principles set by the Secretary of State for that financial year, it must also produce a contingency plan/budget in which council tax is increased up to the level of the specific principle only.

2) The actual referendum

A billing authority must hold the referendum no later than the first Thursday of May of the financial year or on any other date as specified by Secretary of State.

3) The result

The billing authority must inform the Secretary of State of the result of the referendum. If the referendum is successful, (ie, the original council tax increase is approved) the original spending plans apply.

If the referendum is unsuccessful, the contingency spending plan/budget takes effect, and new bills/refunds will need to be issued to reflect the new council tax level. The contingency plan will also come into force if the billing authority does not hold the referendum on time or at all. If, in either of these cases, a contingency calculation is not ready, authorities are restricted from transferring funds from their collection fund to the general fund from the latest date on which the referendum could have been held until such calculations are ready.

4) Precepting authorities

The GLA would have to notify billing authorities if they are intending to increase the precept rate in excess of the principles set. If this were to occur, the billing authorities (London boroughs) would all have to hold a referendum on the same date, either on the first Thursday of May of the financial year or another date specified by the Secretary of State. Billing authorities will be able to recover expenses incurred in connection with these referendums from the precepting authority. Votes would be counted London-wide and the London-wide majority would determine the result of the referendum, rather than each borough having to approve the increase on their own.

Cap on Public Sector Pay: 2013/14 and 2014/15

In addition, HM Treasury issued a Written Ministerial Statement setting out adjustments to the Departmental Expenditure Limits (DEL) resource budgets following the announcement in the Autumn Statement that public sector pay awards would be capped at 1% following the end of the current pay freeze. Nationally, the budgets have been reduced by £240m in 2013/14 and £497m in 2014/15. The Government has published a consultation paper on the calculation and recovery arrangements for the academies transfer in 2011-12 and 2012-13. The consultation closes on 12 January 2012. The Academies topslice for both 2011-12 and 2012-13 remain unchanged. The provisional principles for determining whether local Council Tax increases in 2012-13 are 'excessive', and could therefore potentially trigger a council tax referendum, have been set at 3.5% for London boroughs, 3.75% for the City of London and 4% for the GLA.

£250m CLG Weekly Bin Collection Fund

There is currently very little detail available with regards to this. More information is expected to be made available together with a broad prospectus and invitation to bid early in 2012. The fund is split into three years, £50m in 2012-13, £100m in 2013-14, and £100m in 2014-15. Bidding is likely to be a multiple step process, with the initial £50m expected to be released to successful councils in the summer 2012.

The deadline for responding to the settlement consultation is 16 January 2012.

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