

# Cabinet

**Date: 12 November 2012**

**Subject: Financial Monitoring Report 2012/13 – September 2012**

Lead officer: Paul Dale

Lead member: Mark Allison

## Recommendations:

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A. That Cabinet note the projected revenue budgetary control position, showing a forecast underspend at year end of £5.196m after a transfer of £631,000 to the capital financing reserve. (£5.819m underspend reported last month); the capital position and an update on corporate items and consider any relevant action that they wish to take in respect of variations.

B. That Cabinet approve the re-profiling contained in appendices 5a to c summarized below:

### Reprofiling from 2012/13

CCTV Match Funding	£0.14m to 2013/14
Waste Phase B	£0.20m to 2013/14
Rep of Cfirst/Contingency	£0.971m to 2013/14
IT Transformation Unallocated	£0.49m to 2013/14

### Other

Civic Centre Windows	£0.05m to 2012/13
	£3.00m to 2013/14
	£1.45m fm 2014/15
	£1.60m fm 2015/16

c) That Cabinet recommends to Council the creation of a new scheme by virement:

From Redundancy Payments £1.0m to Acquisitions £1.0m

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## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the regular financial monitoring report for 2012/13 presented to Cabinet in line with the financial reporting timetable. It is the expenditure and income as at 30th September 2012.

This financial monitoring report provides:-

- The latest budgetary control information on revenue expenditure and income, forecasting a year end underspend of £5.196m (£5.819m underspend reported last month);
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2012/13;

## 2. 2012/13 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

2.1 **Executive summary** - As at September, the forecast is expected to be a net £5.196m underspend compared to the current budget (£5.819m underspend reported last month). This report reviews the 2<sup>nd</sup> quarter of the financial year and identifies the important areas where financial management and corrective action is being focused.

### Summary Position as at 30th September 2012

	Original Budget 2012/13 £000s	Current Budget 2012/13 £000s	Full Year Forecast (Sept.) £000s	Forecast Variance at year end (Sept.) £000s	Forecast Variance at year end (Aug.) £000s
<b>Department</b>					
3A. Corporate Services	10,256	10,534	10,741	207	110
3B. Children, Schools and Families	42,366	42,124	42,779	655	535
3C. Community and Housing	60,223	60,134	58,772	-1,362	-1,451
3D. Environment & Regeneration	28,008	27,708	27,946	238	-510
<b>NET SERVICE EXPENDITURE</b>	<b>140,853</b>	<b>140,500</b>	<b>140,238</b>	<b>-261</b>	<b>-1,319</b>
<b>3E. Corporate Items</b>					
Impact of Capital on revenue budget	14,080	14,080	13,449	-631	-602
Transfer to Capital financing reserve	0	0	631	631	602
Transfer to Closing the Gap Reserve	5,738	5,738	5,738	0	0
Central budgets	-5,983	-5,630	-10,565	-4,935	-4,500
Levies	880	880	880	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>14,715</b>	<b>15,068</b>	<b>10,133</b>	<b>-4,935</b>	<b>-4,500</b>
<b>TOTAL GENERAL FUND</b>	<b>155,568</b>	<b>155,568</b>	<b>150,371</b>	<b>-5,196</b>	<b>-5,819</b>
<b>FUNDING</b>					
Grants	-68,888	-68,888	-68,888	0	0
Council Tax and Collection Fund	-86,680	-86,680	-86,680	0	0
<b>FUNDING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>
<b>NET</b>	<b>0</b>	<b>0</b>	<b>-5,197</b>	<b>-5,196</b>	<b>-5,819</b>

The spending position is after transfers to and from reserves which are included above. A detailed table is provided as Appendix 1.

The following table shows the summary actual and projected position for September, in subjective format.

	Current Budget 2012/13	Year to Date Budget (Sept)	Year to Date Actual (Sept)	Full Year Forecast (Sept)	Forecast Variance at year end (Sept)
<b>Expenditure</b>	£000	£000	£000	£000	£000
Employees	85,920	42,806	42,946	86,721	801
Premises Related Expenditure	8,900	5,130	3,670	8,701	(200)
Transport Related Expenditure	10,824	4,782	4,922	11,300	476
Supplies and Services	155,459	76,985	69,702	154,586	(873)
Third Party Payments	83,567	39,805	37,255	83,858	291
Transfer Payments	112,589	4,590	4,410	112,653	65
Support Services	33,744	347	12	33,743	(1)
Depreciation and Impairment Losses	13,920	17	0	13,920	1
Corporate Provisions	15,068	2,902	925	10,133	(4,935)
<b>GROSS EXPENDITURE</b>	<b>519,991</b>	<b>177,363</b>	<b>163,841</b>	<b>515,616</b>	<b>(4,376)</b>
<b>Income</b>					
Government Grants	(258,191)	(7,978)	(7,518)	(258,373)	(182)
Other Grants, Reimbursements and Contribs	(15,712)	(5,127)	(4,313)	(15,702)	10
Customer and Client Receipts	(52,427)	(23,497)	(24,535)	(53,102)	(675)
Interest	(44)	0	0	(44)	0
Recharges	(35,323)	(529)	(364)	(35,323)	(0)
Balances	(2,726)	(1,680)	(1,700)	(2,701)	25
<b>GROSS INCOME</b>	<b>(364,422)</b>	<b>(38,811)</b>	<b>(38,430)</b>	<b>(365,245)</b>	<b>(823)</b>
<b>NET EXPENDITURE</b>	<b>155,569</b>	<b>138,552</b>	<b>125,411</b>	<b>150,371</b>	<b>(5,196)</b>

Chart 1 below shows the forecast year end variance for departmental expenditure with a comparison against 2011/12.

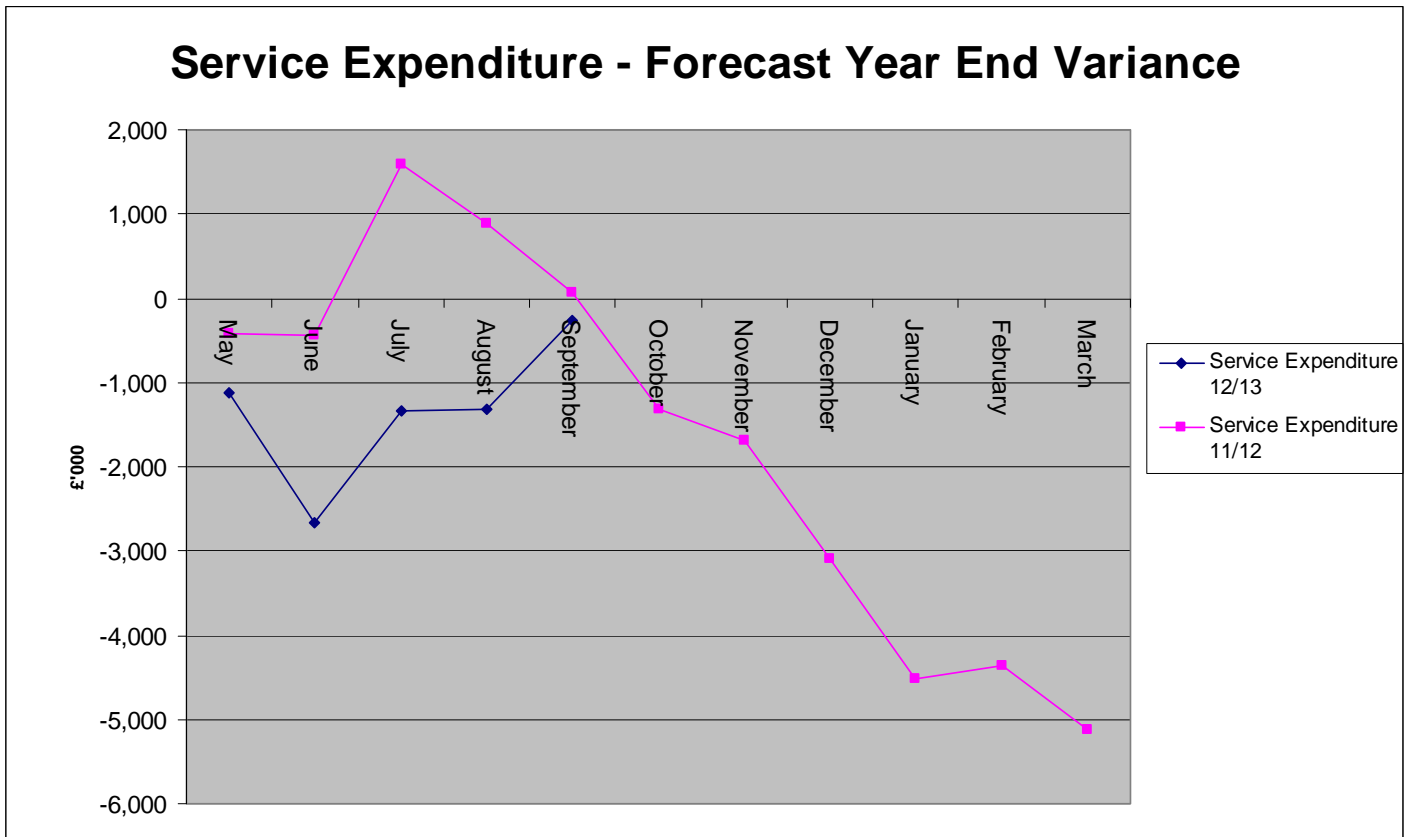
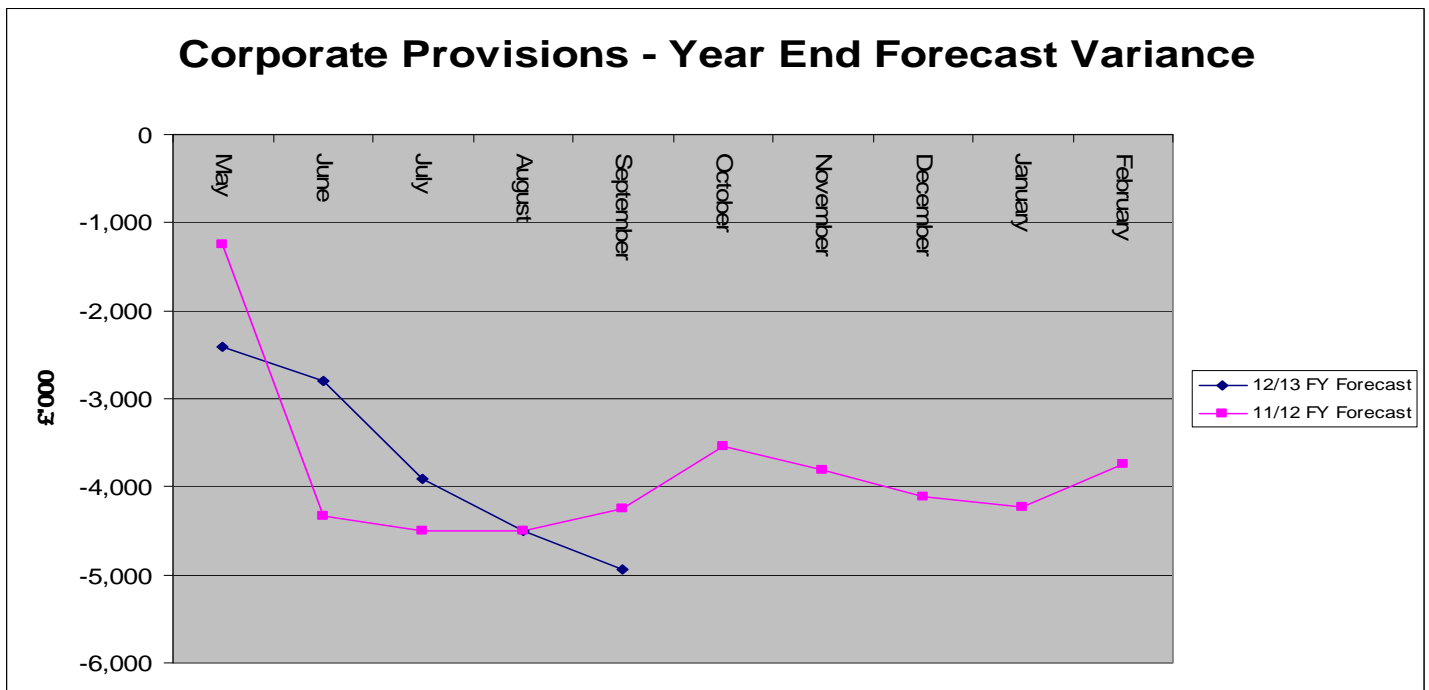


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against 2011/12.



Charts showing the forecast year end variance for each department with a comparison against 2011/12 are attached as Appendix 8.

The table below shows the extent of the reduction in forecasts for each period to the 11/12 year end. Service Departments need to ensure their current year projections are substantially more robust than was the case in 2011/12.

### Variance Reported in 2011/12

	Budget £'000	JUL £'000	AUG £'000	SEP £'000	OCT £'000	NOV £'000	DEC £'000	JAN £'000	FEB £'000	OUT-TURN £'000
Waste Operations	9,021	309	17	-583	-583	-625	-652	-739	-781	-975
Waste Services	9,173	-13	-1,097	-1,126	-1,126	-1,012	-1,030	-1,093	-1,088	-1,646
<b>Total Waste</b>	<b>18,194</b>	<b>296</b>	<b>-1,080</b>	<b>-1,709</b>	<b>-1,709</b>	<b>-1,637</b>	<b>-1,683</b>	<b>-1,832</b>	<b>-1,869</b>	<b>-2,621</b>
Children's Social Care	12,544	-300	-300	-400	-170	-309	-344	-747	-799	-1,129
Adult Social Care	54,733	-462	-462	-492	-1,683	-1,693	-2,254	-2,556	-2,726	-2,864
<b>Total Big 3</b>	<b>85,471</b>	<b>-466</b>	<b>-1,842</b>	<b>-2,601</b>	<b>-3,562</b>	<b>-3,639</b>	<b>-4,281</b>	<b>-5,135</b>	<b>-5,394</b>	<b>-6,614</b>
Other Services	58,537	-944	733	536	115	-186	-695	-1,264	-849	-542
<b>Total</b>	<b>144,008</b>	<b>-1,410</b>	<b>-1,109</b>	<b>-2,065</b>	<b>-3,447</b>	<b>-3,825</b>	<b>-4,976</b>	<b>-6,399</b>	<b>-6,243</b>	<b>-7,156</b>
Redundancy		3,000	2,002	2,135	2,135	2,135	1,887	1,889	1,889	2,025
<b>Total</b>	<b>144,008</b>	<b>1,590</b>	<b>893</b>	<b>70</b>	<b>-1,312</b>	<b>-1,690</b>	<b>-3,089</b>	<b>-4,510</b>	<b>-4,354</b>	<b>-5,131</b>

The table below shows the forecast variation for the same services in the current year

Variation in forecast against budget 2012/13					
	May £'000	June £'000	July £'000	Aug £'000	Sep £'000
<b>Total Waste</b>	-282	-860	-783	-935	-698
<b>Children's Social care</b>	-54	-26	150	362	327
<b>Adult Social care</b>	-875	-1,344	-1,028	-1,206	-1,153
<b>Variation on "Big 3"</b>	<b>-1,211</b>	<b>-2,230</b>	<b>-1,661</b>	<b>-1,779</b>	<b>-1,524</b>
<b>Other departmental expenditure</b>	96	-440	325	460	1,263
<b>Variation from budget</b>	<b>-1,115</b>	<b>-2,670</b>	<b>-1,338</b>	<b>-1,319</b>	<b>-261</b>

### 3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

#### (A) Corporate Services Department

	2012/13 Current Budget	Full year Forecast September	Forecast variance at year end (Sep)	Forecast variance at year end (Aug)	2011/12 Variance at year end
	£000	£000	£000	£000	£000
Business Improvement	1,821	1,821	0	49	47
Infrastructure & Transactions	8,974	8,936	(38)	(47)	71
Resources	7,074	7,044	(30)	4	(122)
Human Resources	1,797	2,003	205	148	(51)
Corporate Governance	4,407	4,366	(42)	5	(140)
Customer Services	403	728	326	299	29
Corporate Items including redundancy costs	1,184	969	(215)	(348)	1,700
<b>Total (controllable)</b>	<b>25,660</b>	<b>25,867</b>	<b>207</b>	<b>110</b>	<b>1,534</b>

#### Overview

At period 6 the Corporate Services department is forecasting an overspend of £207k. The main variances are summarised in the table below.

	<u>Budget</u>	<u>Sept forecast variance</u>	<u>Aug forecast variance</u>
	£000	£000	£000
<b><u>Human Resources</u></b>			
School's SLA	(444)	156	146
Agilisys contract costs	349	91	91
Other costs	1,892	(42)	(57)
<b><u>Total Human Resources variance</u></b>	<b><u>1,797</u></b>	<b><u>205</u></b>	<b><u>148</u></b>
<b><u>Customer Services</u></b>			
Corporate Communications Income	(199)	112	112
Shortfall on recovery of court costs	1,030	100	0
Underachievement of bailiff's income	(887)	237	237
Other costs	459	(123)	(50)
<b><u>Total Customer Services variance</u></b>	<b><u>403</u></b>	<b><u>326</u></b>	<b><u>299</u></b>

**Human Resources (HR) – forecast overspend £205k**

The payroll service provided by Agilisys is forecasting an overspend of £91k. This is due to 30% of the workforce requiring paper payslips which results in an additional unbudgeted cost and the requirement of the business objects module of the iTrent system. There is also a shortfall on the Schools SLA income due to a reduction in the price of the SLA to provide a competitive market rate. The previous SLA was priced at a cost per post not employee, which also results in lower income as several employees in schools hold more than one post. Both of these factors, together with a small reduction in buyback, are the reason for the forecast shortfall in SLA income of £156k.

This overspend is partially offset by an underspend in Learning and Development training.

The HR managers are addressing the above overspend by holding vacancies where possible, reviewing the structure of the Central Operation Team and reviewing the pricing of all Schools SLA. A clear strategy for balancing these budgets for 2013/14 is needed.

### **Customer Services – forecast overspend £326k**

The Corporate Communications sponsorship, advertising and filming income is expected to show a shortfall of £112k.

An underachievement of income of £237k is expected on Bailiffs income. The Bailiffs shared service with Sutton commenced in August but is now not expected to generate additional income until 2013/14.

A £100k shortfall is projected on recovery of court costs. The costs recovered to date are £155k down on the same time last year. This is partly due to the reduction in the number of court dates since transferring from Wimbledon to Richmond Magistrates court. We have only been given one hearing per month and at Wimbledon we could have two in the early part of the year.

The above forecast overspends are partly offset by forecast overachievement of income in the Registrars office (£50k) and an underspend on some vacant posts (£100k)

### **Infrastructure and Transactions– forecast underspend £38k**

The main reasons for the underspend are an overachievement of income on the Alto Digital recharges of £65k and an additional £35k on recovery of overpayments. These are offset by a forecast overspend on print room costs due to a fall in demand.

### **Corporate Items – forecast underspend £215k**

The forecast underspend is due to lower redundancy costs.

### **Management Action**

Budget managers are working closely with finance officers to reduce spend where possible to address the above cost pressures.

(B) Children, Schools and Families

Children, Schools and Families (Non-DSG)	2012/13 Current Budget	Full year Forecast (as at Sep)	Forecast Variance at yearend (as at Sep)	Forecast Variance at yearend (as at Aug)	2011/12 Variance at yearend
	£000	£000	£000	£000	£000
Commissioning, Strategy and Performance	7,645	7,723	78	99	(135)
Education	9,965	10,227	262	86	(11)
Social Care and Youth Inclusion	11,613	11,940	327	362	(1,115)
PFI	6,941	6,941	0	0	22
Redundancy costs	2,019	2,007	(12)	(12)	150
<b>Total excluding overheads</b>	<b>38,183</b>	<b>38,838</b>	<b>655</b>	<b>535</b>	<b>(1,089)</b>

**Overview**

As at the end of Period 6 Budget managers are forecasting a net overspend of £655k on local authority funded services. DSG funded services are forecast to underspend but these budgets are not within the council's general fund and underspends cannot be offset against overspends on General Fund budgets.

**Local Authority Funded Services**

The key variances are shown in the following table.

Description	Budget	Variance September	Variance August
	£,000	£,000	£,000
Independent fostering and residential placements (ART)	4,971	102	113
Various other small over and underspends	2,674	-24	-14
<b>Subtotal Commissioning, Strategy and Performance</b>	<b>7,645</b>	<b>78</b>	<b>99</b>
Direct and Discretionary payments	231	130	86
SEN and FE transport	2,917	61	0
Various other small over and underspends	6,817	71	0
<b>Subtotal Education</b>	<b>9,965</b>	<b>262</b>	<b>86</b>
Special guardianship orders	112	188	188
Section 17	36	112	0
Staffing	612	54	125
Various other small over and underspends	10,853	-27	49
<b>Subtotal Children's Social Care and Youth Inclusion</b>	<b>11,613</b>	<b>327</b>	<b>362</b>
<b>Subtotal PFI</b>	<b>6,941</b>	<b>0</b>	<b>0</b>
<b>Subtotal Redundancy cost</b>	<b>2,019</b>	<b>-12</b>	<b>-12</b>
<b>Grand total Children, Schools and Families</b>	<b>38,183</b>	<b>655</b>	<b>535</b>



Heads of service across all three divisions of CSF manage a number of volatile budgets, which require continuous and careful demand management. Significant cost pressures and underspends identified to date are detailed below:

#### Commissioning, Strategy and Performance Division

- Pressure on fostering and residential placement costs continue as a result of the nature of cases. The net position includes ongoing pressures in independent agency fostering and placements for looked after children, offset by underspends on in-house fostering and mother and baby budgets, amounting to some £102k.

The Access to Resources model has been applied and robust negotiations have delivered 110k of savings since April 2012 split almost evenly between residential and IFA placements. However over the same period the average weekly cost of a placement has increased from £2,801 to £3,072 in Sept 2012, partly because of the need to make 2 very specialist placements. High cost placements are being closely monitored and step down options will be considered when appropriate. We are piloting the care calculator which is expected to deliver lower cost rates from providers over time.

- There are various other small over and underspends predicted across the division totalling £24k underspend. This, combine with the significant items described above, equals the reported Divisional overspend forecast of £78k.

#### Education Division

- The SEN and Disability integrated service is forecasting overspends of £130k on their direct and discretionary payments due to increased numbers of clients reflecting rising numbers of children with complex needs.
- SEN and FE transport cost are expected to overspend by £61k due to the increased number of service users.

Work with E&R delivered unit cost reductions and streamlined routes to deliver savings. However, this is another service area which is subject to demographic growth pressure as a result of increasing client numbers. A review of our policy has been undertaken as well as proposals to deliver savings for the MTFS which are currently being consulted on. The draft policy went to CYP Scrutiny last month.

- There are various other small over and underspends predicted across the division totalling £71k overspend. This, combine with the significant item described above, equals the reported Divisional overspend forecast of 262k. Work is underway to continue to improve budget management here.

## Children's Social Care and Youth Inclusion

- Due to an increase in the number of special guardianship orders, this budget is expected to overspend by £188k by the end of the year. £52k of this overspend will be one-off because it relates to a backdated outcome of an external review.
- The Section 17 budgets are forecast to overspend by £112k for the current financial year. This is due to increased demand in the Access and Assessment, Children in Need, and 16 plus teams. These costs include "no recourse to public funds" (NRTPF) cases, which will be offset by underspends on unaccompanied asylum seekers grant income.
- Various sections are expecting staffing pressures due to increased caseloads and agency staffs cover. This is expected to overspend by £54k.
- Commissioning savings at Leyton Road are expected to result in an overall underspend for the year of £60k.
- Adoption allowance costs have increased to secure appropriate placements for young people with complex needs, resulting in an expected overspend of £40k.
- Recovery of costs through the unaccompanied asylum seekers grant is expected to generate a £62k underspend. This budget will be required for NRTPF cases, which are currently included under the Section 17 cases and forecasted to overspend (see above). Virements will be done next month to realign these budgets and offset the over and underspend.
- Cost pressures of £81k are arising during 2011/12 relating to maternity cover.
- There are various other small over and underspends predicted across the division totalling £26k underspend. This, combine with the significant item described above, equals the reported Divisional overspend forecast of £327k.
- Changes to the Legal Aid, Sentencing and Punishment of Offender (LASPO) Act 2012 coming into force in December 2012 will introduce a new remand framework. Financial responsibility for remands to youth detention accommodation will transfer from the Youth Justice Board (YJB) to Local Authorities. The current funding transfer proposal from the YJB to the LA to fund this transfer is not sufficient to cover the expected cost. This proposal is in its consultation stage but the department is anticipating a cost pressure for part of this year which could lead to further overspending in the current year. It is not possible to estimate the full-year effect of this pressure for 2013/14 as it is dependant on the number of placements, which is unknown, and the funding transfer which is still under consultation.
- Work is underway to continue to improve budget management here.

## **Dedicated Schools Grant**

Based on current client costs, independent residential SEN placements are expected to underspend. The current client costs do not build in contingencies for new assessments during the year or new

starters from September. A more accurate underspend estimate; excluding the possibility of any tribunal cases, will be provided for October budget monitoring.

Implementing the strategy to increase in-borough SEN provision is delivering reduced spend on out of borough placements, and increased income from other boroughs, by charging for out of borough children placed in Merton schools. Initial forecasts indicate a net underspend on these recoupment activities, which will be quantified once the most of the claims are received from other boroughs. This will be quantified for October budget monitoring.

## Management Action

CSF DMT regularly review spend across the board and have "deep dive" reviews of volatile budgets such as SEN Transport and C&YP placements budgets across education and social care. The ART service is working to negotiate down the costs of Individual placements and work with consortium partners continues including piloting the care cost calculator.

Work is being targeted to prevent high cost interventions where possible. Early intervention and prevention services are being reviewed to ensure maximum impact and best use of the resources available.

CSF managers are working closely with finance staff to continue to make forecasting more robust, and will continue to reduce spend where possible to address cost pressures that arise throughout the year.

## (C) Community and Housing

As at end of September, C&H is forecast to under-spend by £1.363m.

<b>Community and Housing</b>	<b>2012/13 Current Budget</b>	<b>Full Year Forecast (Sep)</b>	<b>Forecast Variance (Sep)</b>	<b>Forecast Variance (Aug)</b>	<b>2011/12 Variance at year end</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Access and Assessment	40,806	39,740	(1,066)	(1,030)	(1,643)
Commissioning	5,239	5,054	(184)	(154)	(698)
Direct Provision	4,832	4,929	97	(22)	(463)
Directorate	847	847	0	(0)	(62)
<b>Adult Social Care</b>	<b>51,724</b>	<b>50,570</b>	<b>(1,153)</b>	<b>(1,206)</b>	<b>(2,866)</b>
Libraries and Heritage	2,471	2,493	22	22	8
Merton Adult Education	(12)	(12)	0	0	107
Housing General Fund	1,263	1,031	(232)	(267)	(391)
<b>Total (controllable)</b>	<b>55,446</b>	<b>54,082</b>	<b>(1,363)</b>	<b>(1,451)</b>	<b>(3,142)</b>

The main variances to report are summarised below, the majority of the under-spend is income. Placements budget is over-spending, but at this stage this is offset by other under-spends within A&A.

	<b>Budget (Sep)</b>	<b>Forecast Variance (Sep)</b>	<b>Forecast Variance (Aug)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Client Contribution	(7,970)	(893)	(895)
PCT Contribution	(2,297)	(139)	204
<b>Total over-achievement of Income</b>	<b>(10,267)</b>	<b>(1,032)</b>	<b>(691)</b>
Miles Re-ablement Service	2,653	(202)	(191)
Other A&A Net under-spends	9,955	(365)	(152)
Gross Placements over-spend	38,465	533	3
<u>Total A&amp;A under-spend</u>	<u>40,806</u>	<u>(1066)</u>	<u>(1031)</u>
Other C&H under-spend	14,640	(297)	(420)
<b>TOTAL FORECAST UNDERSPEND C&amp;H</b>	<b>55,446</b>	<b>(1,363)</b>	<b>(1451)</b>

### Commissioning

The projected under spend in Commissioning of £184k is due to under-spend of the supporting people grant £88k, reduction in the contribution to Voluntary Organisation contracts and grants of £40k salaries due to delay in recruitment £56k

Direct Provision is forecast to overspend by £97k.

Mainly due to additional staff required at Glebelands and new service at Haselmere Avenue. There is also additional income from a full cost client

### Housing

The projected under spend is caused by preventing homelessness forecast under-spend on rent deposits, repossession and eviction £232k. This is an area where spend to date suggests that the under spending may well be greater.

Libraries £22k forecast over-spend that will need action to contain within existing budgets.

Merton Adult Education (MAE) is forecast to breakeven, however given the need to implement a package of savings and a track record of overspending in recent years this needs to be viewed with some caution at this stage, unless firm management action is taken.

MAE have been awarded a growth bid of £55k from the Skills Funding Agency with the possibility of more to come, in recognition of the service exceeding the targets set for it by the SFA.

The budget for the new academic year is being re-profiled.

### Overview

#### Placements

The total gross placement budget for 2012/13 is £38.465m; this includes £1m growth allocated in setting the budget and savings of £3.5m.

The impact of the savings on the budget position for 2012/13 and future years is being monitored closely.

The table below identifies the movement in care package numbers:

	No of Care Packages as at October 2011 (budget setting £000)	No of Care Packages as at Sep 2012	Increase/decrease since Budget Setting	Total Yearly Commitment @ Sep 12 £000
<b>Activity Data – Care Package Numbers</b>				
Service Area				
Mental Health	179	177	(2)	£1,640
Physical and Sensory	278	275	(3)	£3,659
Learning Disabilities	357	371	14	<b>£12,271</b>
Older People	1,681	1647	(34)	£20,348
Substance Misuse	7	8	1	£209
No recourse to public funds	22	19	(3)	£243
Other Placement Expenditure				£628
<b>TOTAL FORECAST UNDERSPEND A&amp;A</b>	<b>2,524</b>	<b>2,497</b>	<b>(27)</b>	<b>£38,998</b>

## Pressures

Based on current packages within care-first , gross placement expenditure budget is forecast to over-spend by £533k at Period 6, which broadly equates to the saving taken against the budget in this area for 2012/13.

Trend analysis of placement expenditure over the last 5 financial years, indicates that placement expenditure increases by an average of 1.62% between September and the end of the financial year. It is estimated that spend on Adult Social care placements may increase by £630k, especially due to winter pressures.

A meeting has been scheduled with the PCT to discuss transfer of resources and to develop this year's framework for agreement and sign-off .The S256 agreement is required from NHS London as part of the governance process. This is particularly important with winter pressures ahead of us and the need to reduce demand on Hospital capacity and confirm funding available. The net impact of this needs to be modelled.

## Management Action to date

### Adult Social Care

Managers have been requested to review the placement expenditure data with a view to improving the accuracy of the forecast.

### Housing General Fund

The Temporary Accommodation budget is being reviewed by the budget manager. The forecast for temporary accommodation does not seem to be fully consistent with actual spend to date as all invoices have not been accounted for.

At the same time last year the Adult Social Care budget was forecast to underspend by £492,000. The actual under spent in 2011/12 was £2.9m. This broadly splits as £1.4m for additional income and £1.5m for lower expenditure. £800,000 of unbudgeted income was taken towards balancing the budget in 2012/13. The actual extent of continuing under spending is currently being investigated by the Director. The current adult social cares forecast underspend of £1.363m includes an estimated £0.893m

overachievement of income. It is important that as one of the major contributors to recent under spending that the extent of any structural budgetary overprovision is clarified and dealt with through the future budget setting process.

**(D) Environment & Regeneration**

	2012/13 Current Budget £'000	Full year Forecast (Sept) £'000	Forecast Variance (Sept) £'000	Forecast Variance (Aug) £'000	2011/12 Variance £'000
Public Protection & Development (PP&D)	-6,281	-6,047	234	197	-95
Sustainable Communities	3,170	3,466	296	0	235
Street Scene & Waste	24,937	24,677	-260	-708	-2,533
Safer Merton	963	931	-32	0	-45
<b>Total Excluding Overheads</b>	<b>22,789</b>	<b>23,027</b>	<b>238</b>	<b>-511</b>	<b>-2,438</b>

Description	2012/13 Current Budget £000	Forecast Variance at year end (Sept) £000	Forecast Variance at year end (Aug) £000
<b>Shortfall in Building &amp; Development Control income</b>	<b>(1,972)</b>	<b>395</b>	<b>316</b>
<b>Employee underspend within Parking Services</b>	<b>2,330</b>	<b>(93)</b>	<b>(73)</b>
<b>Other</b>	<b>(6,639)</b>	<b>(68)</b>	<b>(46)</b>
Total for Public Protection & Development	(6,281)	234	197
<b>Shortfall in Greenspaces income</b>	<b>(1,661)</b>	<b>174</b>	<b>56</b>
<b>Shortfall in Property rental income</b>	<b>(3,439)</b>	<b>192</b>	<b>162</b>
<b>Premises related costs</b>	<b>267</b>	<b>77</b>	<b>103</b>
<b>Employee underspend within Senior Mgmt &amp; Support</b>	<b>872</b>	<b>(124)</b>	<b>(128)</b>
<b>Other</b>	<b>7,131</b>	<b>(23)</b>	<b>(193)</b>
Total for Sustainable Communities	3,170	296	0
<b>Employee overspend within Waste Services</b>	<b>7,170</b>	<b>298</b>	<b>(106)</b>
<b>Reduced transport sla costs within Waste Services</b>	<b>2,433</b>	<b>(289)</b>	<b>(274)</b>
<b>Reduced SLWP related costs</b>	<b>8,708</b>	<b>(669)</b>	<b>(495)</b>
<b>General Supplies &amp; Services underspend within Waste Services</b>	<b>772</b>	<b>(123)</b>	<b>(129)</b>
<b>Shortfall in Waste Services income – principally Commercial Waste</b>	<b>(2,359)</b>	<b>254</b>	<b>230</b>
<b>Employee overspend within Traffic &amp; Highways</b>	<b>1,475</b>	<b>245</b>	<b>463</b>
<b>Reduction in ability to capitalise expenditure</b>	<b>(691)</b>	<b>252</b>	<b>(167)</b>
<b>Transport Services</b>	<b>(66)</b>	<b>57</b>	<b>23</b>
<b>Other</b>	<b>7,495</b>	<b>(285)</b>	<b>(253)</b>
Total for Street Scene & Waste	24,937	(260)	(708)
<b>Employee related underspend</b>	<b>1,101</b>	<b>(77)</b>	<b>(44)</b>
<b>Shortfall in income</b>	<b>(76)</b>	<b>44</b>	<b>44</b>
<b>Other</b>	<b>(62)</b>	<b>1</b>	<b>0</b>
Total for Safer Merton	963	(32)	0
<b>Total Excluding Overheads</b>	<b>22,789</b>	<b>238</b>	<b>(511)</b>

Overview

The Department is currently forecasting an overspend of £238,000 at year end. There are seven main areas of variance –Traffic & Highways, Building & Development Control, Greenspaces, and Property Management are forecasting overspends whilst Waste Services, Parking Services, and Senior Management & Support are forecasting an underspend.

Some of the reported variances this month reflect more intensive analysis for the period six return. They do require even more detailed analysis which is underway, and the Director is meeting with budget holders to investigate the changed position. Improvements in budget monitoring are being made and the position in respect of savings is under review.

## Public Protection & Development

### **Building and Development Control**

An overspend of £370k is currently being forecast, which is mainly due to the section being unable to fully implement an agreed saving of £300k. The saving relates to a Government proposal which would allow the Council to set its own fees (levels are currently prescribed) in order to recover the full cost of delivering a number of services within the section. However, the Government has delayed this proposal and no agreement has been made as to when it might be announced. The section has also recently seen a fall in application fee income received. It may be that this partly relates to the Ministerial Statement to relax the requirement for planning consent in certain classes of development, where those who may no longer require permission assess their situation.

However, this pressure is expected to be partially offset by the fact that the DCLG have recently proposed a one-off adjustment to up-rate planning application fees in line with inflation amounting to around 15%, as the Government, who set the fee, have not been increased it since 2008. It is anticipated that this increase will take effect from October, and could result in an additional £50k of income during this financial year above that currently forecast. The resolution of the bulk of this saving has been deferred into 2014/15 at the cabinet meeting of 22<sup>nd</sup> October

This forecast overspend is being partially mitigated by underspends elsewhere within the PP&D division, especially within Parking Services where an employee underspend is expected.

## Sustainable Communities

### **Property Management**

The Property Management section is currently forecasting a shortfall in rental income of around £192k, as a result of several void properties during the year. Also, as a result of these void lets, the section is also liable to pay the related NNDR, security and any repair costs required.

Mitigating action is being taken to address this pressure, for example, ensuring the vacant units are in a good state of repair, resulting in six units being re-let since June and two units being under offer. However, the section often needs to agree a rent free period of up to six months in order to secure the lease agreements and, although the better presentation of the units is helping to reduce the length of the rent free periods necessary, this will result in limited additional income this financial year. Officers are working on mitigating action in order to bring the budget back into balance for 2013/14.

### **Greenspaces**

The section is currently forecasting a shortfall in income of around £174k, principally in internment fees which is forecasting a £126k shortfall, mainly as a result of 2012/13 savings relating to additional income



not being achieved. Action is being proposed to address the overspend, including looking at costs and how they can be contained, as well as ways to increase income. Internment income is partly seasonal in nature and the coming months will indicate whether this forecast is overly pessimistic or not. This has highlighted the need for a strengthening of budget management in this activity. An update on the position will be included in future monitoring reports once it is clearer what can be achieved.

In the short-term, this forecast overspend, coupled with the overspend forecast within property Management, are being partially offset by underspends elsewhere within Sustainable Communities, principally within the Senior Management and Support section.

### **Waste Services**

The section is currently forecasting an overall underspend of £698k, which is mainly due to a reduction in expected transport related costs, and a reduction in the levels of residual waste being taken to landfill. This compares to an underspend of £2.6M in the previous financial year, but their respective budgets have been reduced by around £1.2M for this financial year.

However, there is notable pressure relating to Commercial Waste, where an income shortfall of around £256k is forecast based on current projections. This compares to an overspend of £278k in 2011/12. A review of the commercial waste business and the operating model has recently completed and reported and the action plan to reduce cost and increase income is being finalised.

The saving related to 6 day working is proposed to be replaced with a saving of similar value achieved by some double shifting of refuse collection rounds both residential and commercial.

### **Traffic & Highways**

The section is currently forecasting an overspend of £381k for two main reasons. Firstly, there has been a delay in the introduction of the London Permit Scheme due to a delay in the approval from the Department for Transport. At this stage, it is estimated that the delay will be approximately three months, meaning that the section will only receive three months of related income rather than the expected six. Secondly, due to a clearer understanding of actual patterns of expenditure the section is able to charge a lower level of highways maintenance spend than it anticipated to Capital.

### **Safer Merton**

This section is not forecasting an overspend or underspend. Issues have arisen in regards to existing CCTV contracts that may put additional pressures on the budget, and are being worked through at present. However, this pressure is expected to be mitigated by staffing underspends, mainly as a result of maternity leave, recent agreements to reduce hours and difficulty in recruiting staff.

### **Management Action**

Action is being taken to improve budget management in some areas and to bring the budget back into balance.

(E) **Corporate Items**

These budgets cover a wide range of significant areas including treasury management, contingency, contributions to past service deficiency on the pensions fund and contributions from government grants and use of reserves.

The assumptions underpinning budgets and projected outturn are contained in Appendix 1 and 2. The main areas of variance as at 31<sup>st</sup> September 2012 are:-

3E. Corporate Items	Council 2012/13 £000s	Original Budget 2012/13 £000s	Current Budget 2012/13 £000s	Full Year Forecast (Sept.) £000s	Forecast Variance at year end (Sept.) £000s	Forecast Variance at year end (Aug.) £000s
Cost of Borrowing	14,481	14,481	14,481	13,879	-631	-602
Investment Income	-401	-401	-401	-401	0	0
<b>Impact of Capital on revenue budget</b>	<b>14,080</b>	<b>14,080</b>	<b>14,080</b>	<b>13,478</b>	<b>-631</b>	<b>-602</b>
Pension Fund	4,537	4,537	4,537	4,537	0	0
Pay and Price Inflation	1,335	1,334	1,334	426	-908	-908
Contingencies and provisions	5,337	4,095	4,030	1,070	-2,960	-2,525
Depreciation and Impairment	-14,816	-14,813	-14,233	-14,233	0	0
Income Items	-1,136	-1,136	-1,136	-2,203	-1,067	-1,067
<b>Central Items</b>	<b>-4,743</b>	<b>-5,983</b>	<b>-5,468</b>	<b>-10,403</b>	<b>-4,935</b>	<b>-4,500</b>
Levies	881	880	880	880	0	0
Appropriation to Reserves	5,738	5,738	5,738	6,340	631	602
<b>TOTAL CORPORATE PROVISIONS</b>	<b>15,956</b>	<b>14,715</b>	<b>15,230</b>	<b>10,295</b>	<b>-4,935</b>	<b>-4,500</b>

Details of forecast variances have been provided in previous monitoring reports and are shown in Appendix 2

The only major change in September is a reduction of £435,000 in the forecast use of corporate contingency. This assumes that expenditure of up to £0.500m will be available as cover for the remainder of this financial year. A small change in the impact of capital on the revenue budget has resulted from the latest capital programme monitoring information.

#### 4. CAPITAL PROGRAMME 2012-16

4.1 The table below summarises the position in respect of the Capital Programme as at September 2012:

##### Merton - September 2012 Capital Monitoring Information

Department	Total Budget	YTD Actual	YTD Budget	Variance to Date	Forecast For Year	Forecast Variance
Community and Housing	1,408,090	364,598	375,606	(11,008)	1,108,800	(299,290)
Corporate Services	5,173,370	1,068,761	1,740,662	(671,901)	4,970,318	648
Children Schools and Families	31,230,730	16,318,652	13,332,358	2,986,294	28,569,365	(2,061,365)
Environment and Regeneration	15,042,320	4,115,448	5,565,011	(1,449,564)	14,338,870	(666,450)
<b>Total Capital</b>	<b>52,854,510</b>	<b>21,867,459</b>	<b>21,013,637</b>	<b>853,821</b>	<b>48,987,353</b>	<b>(3,026,457)</b>

5.1 The scheme level programme is attached as Appendix 5a.

5.2 There have been the following movements in budget since the report submitted last month:

Department	August Monitoring	Increase/ (Decrease)	Total Budget
Community and Housing	2,379,090	(971,000)	1,408,090
Corporate Services	5,613,370	(440,000)	5,173,370
Children Schools and Families	31,230,730	0	31,230,730
Environment and Regeneration	15,693,410	(651,090)	15,042,320
<b>Total Capital</b>	<b>54,916,600</b>	<b>(2,062,090)</b>	<b>52,854,510</b>

- i) Community and Housing – Replacement of Carefirst budgets of £971,000 have been re-profiled into 2013/14. This is detailed in Appendix 5b.
- ii) Corporate Services – There are two changes to the programme
  - a) £1,000,000 redundancy budget for 2012/13 is being vired into an Acquisitions budget, this new tranche of money will be held corporately rather than by Environment and Regeneration.
  - b) Civic Centre windows have been re-profiled forward in the programme due to health and safety concerns. The changes to the overall programme are detailed in Appendix 5b.
  - c) Transformation Unallocated £490,000 has been re-profiled to 2013/14

- iii) Environment and Regeneration – Officers have
- re-profiled nineteen schemes totalling £672,090 into 2013/14,
  - one scheme of £16,000 has been removed from the programme, and
  - one scheme of £37,000 for a Beach Volleyball Court in Wimbledon Park has been added funded by grant from Sport England.
- These adjustments are detailed in Appendix 5b.

5.3 The Table below shows the movement in the corporate capital programme for 2012/13 since it's approval at March 2012 Council:

Department	Approved Cabinet March 2012	Slippage from 2011/12	Re-Profiling from 2012/13	Additional External Funding	New Internally Funded	Schools Contributions	August Monitoring Report	Increase / (Decrease)	Sept. Monitoring Report
Community and Housing	0	769	0	1,610	0		2,379	(971)	1,408
Corporate Services	4,796	1,740	(922)		0		5,614	(440)	5,174
Children Schools and Families	33,214	6,885	(13,905)	4,175	0	861	31,230	0	31,230
Environment and Regeneration	14,602	3,466	(3,498)	298	827		15,695	(651)	15,044
<b>Total Capital</b>	<b>52,612</b>	<b>12,860</b>	<b>(18,325)</b>	<b>6,083</b>	<b>827</b>	<b>861</b>	<b>54,918</b>	<b>(2,062)</b>	<b>52,856</b>

5.4 The table below summarises the impact of the re-profiling and virements in 5.3 on the Capital Programme 2012-16.

#### Impact of Re-Profiling and Virements on the Capital Programme 2012-16

Dept	Starting Budget 2012/13	Changes	Revised Budget 2012/13	Starting Budget 2013/14	Changes	Starting Budget 2013/14	Original Budget 2014/15	Changes	Starting Budget 2014/15	Original Budget 2015/16	Changes	Revised Budget 2015/16
	(1)	(2)	(1+2)= (3)	(4)	(5)	(4+5)= (6)	(7)	(8)	(7+8)= (9)	(10)	(11)	(10+11)= (12)
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>C&amp;H</b>	2,379	(971)	<b>1,408</b>	0	971	<b>971</b>	0	0	<b>0</b>	0	0	<b>0</b>
<b>CS</b>	5,614	(440)	<b>5,174</b>	4,084	3,490	<b>7,574</b>	4,376	(1,450)	<b>2,926</b>	4,057	(1,600)	<b>2,457</b>
<b>CSF</b>	31,230	0	<b>31,230</b>	25,536	0	<b>25,536</b>	13,090	0	<b>13,090</b>	4,165	0	<b>4,165</b>
<b>E&amp;R</b>	15,694	(651)	<b>15,043</b>	17,720	669	<b>18,389</b>	10,086	0	<b>10,086</b>	15,946	0	<b>15,946</b>
<b>Total</b>	<b>54,917</b>	<b>(2,062)</b>	<b>52,855</b>	<b>47,340</b>	<b>5,130</b>	<b>52,470</b>	<b>27,552</b>	<b>(1,450)</b>	<b>26,102</b>	<b>24,168</b>	<b>(1,600)</b>	<b>22,568</b>

5.5 Appendix 5c updates the funding of the capital programme for 2012/13.

- 5.6 The Table below compares spend to September for the financial years 2011/12 to 2012/13 and will be updated each month:

**Comparison of Capital Spend September 2011 to September 2012**

Department	Spend to September 2011	Spend to September 2012	Variance to Date
Community and Housing	486,951	364,598	(122,353)
Corporate Services	2,133,101	1,068,761	(1,064,340)
Children Schools and Families	8,862,532	16,318,652	7,456,120
Environment and Regeneration	9,066,487	4,115,448	(4,951,039)
<b>Total Capital Spend</b>	<b>20,549,071</b>	<b>21,867,459</b>	<b>1,318,388</b>

- i) Corporate Services have only spent 50% of the spend achieved last year
- ii) Environment and Regeneration – considerable officer activity has been directed at the Olympics and certain restrictions on activity have been in place over the Olympic period. This has impacted on their spend this year.

## 6. RISK MANAGEMENT

- 6.1 Attached as Appendix 6 is the updated Key Strategic Risk Register for October 2012. Disappointingly only one risk has reduced and all other key strategic risks have remained the same.
- 6.2 As part of the Authority's Insurance arrangements the Authority has £20,000 per annum to spend on Risk related training with specialist staff within our insurers. Officers have met with representatives from Zurich and identified the following training which will be delivered before the end of the financial year:

	£
Two Member Training Sessions	3,000
Corporate Risk Management Group Training	3,000
Review of Departmental Risk Registers	20,000
	-----
Total	26,000

- 6.3 The timing and content of the training is currently under review.

## 7. DELIVERY OF SAVINGS FOR 2012/13

7.1 The savings proposed for 2012/13 of £11.229m are shown below:

<b>SAVINGS</b>	<b>2012/13 £000</b>
Corporate Services	2,414
Children, Schools and Families	1,003
Environment and Regeneration	3,562
Community and Housing	4,250
<b>TOTAL</b>	<b>11,229</b>

The savings expected to year end are reported in Appendix 7.

## 8. CONSULTATION UNDERTAKEN OR PROPOSED

8.1 All relevant bodies have been consulted.

## 9. TIMETABLE

9.1 In accordance with current financial reporting timetables.

## 10. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

10.1 All relevant implications have been addressed in the report.

## 11. LEGAL AND STATUTORY IMPLICATIONS

11.1 All relevant implications have been addressed in the report.

## 12. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

12.1 Not applicable

## 13. CRIME AND DISORDER IMPLICATIONS

13.1 Not applicable

## 14. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

14.1 The content of this report is linked to two Key Strategic Risks Developing Corporate Business Plan and Setting a Balanced Budget for 2013/17 and Beyond (KSR49) and Delivery of Savings Programme 2012/15

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

- Appendix 1 – Detailed monthly position table
- Appendix 2 – Detailed Corporate Items table
- Appendix 3 – Pay and Price Inflation as at June 2012
- Appendix 4 – Treasury Management: Outlook
- Appendix 5a – Current Capital Programme 2012/13
- Appendix 5b – Capital Programme Virements September 2012 Monitoring
- Appendix 5c – Capital Programme 2012/13 Funding Statement
- Appendix 6 – Key Strategic Risk Register
- Appendix 7 - Savings expected in 12/13
- Appendix 8 – Forecast year end variance by department
- Appendix 9 – Movement on reserves
- Appendix 10 – Cash flow (to follow)

**16. BACKGROUND PAPERS**

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

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## APPENDIX 1

	Budget as per March Council 2012/13 £000s	Original Budget 2012/13 £000s	Current Budget 2012/13 £000s	Year to Date Budget (Sept.) £000s	Year to Date Actual (Sept.) £000s	Full Year Forecast (Sept.) £000s	Forecast Variance at year end (Sept.) £000s	Forecast Variance at year end (Aug.) £000s
<b>Department</b>								
3A. Corporate Services	8,329	10,256	10,534	12,880	11,397	10,741	207	110
3B. Children, Schools and Families	42,296	42,366	42,124	90,268	84,045	42,779	655	535
3C. Community and Housing	60,107	60,223	60,134	26,545	23,090	58,772	-1,362	-1,451
3D. Environment & Regeneration	28,889	28,008	27,708	5,957	5,954	27,946	238	-510
<b>NET SERVICE EXPENDITURE</b>	<b>139,621</b>	<b>140,853</b>	<b>140,499</b>	<b>135,650</b>	<b>124,486</b>	<b>140,238</b>	<b>-261</b>	<b>-1,319</b>
<b>3E. Corporate Items</b>								
Impact of Capital on revenue budget	14,080	14,080	14,080	3,076	2,494	13,449	-631	-602
Transfer to Capital financing reserve	0	0	0	0	0	631	631	602
Transfer to Closing the Gap Reserve	5,738	5,738	5,738	0	0	5,738	0	0
Other Central items	-4,743	-5,983	-5,630	-614	-2,009	-10,565	-4,935	-4,500
Levies	881	880	880	440	440	880	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>15,956</b>	<b>14,715</b>	<b>15,068</b>	<b>2,902</b>	<b>925</b>	<b>10,133</b>	<b>-4,935</b>	<b>-4,500</b>
<b>TOTAL GENERAL FUND</b>	<b>155,577</b>	<b>155,568</b>	<b>155,568</b>	<b>138,552</b>	<b>125,411</b>	<b>150,371</b>	<b>-5,196</b>	<b>-5,819</b>
<b>Funding</b>								
Formula Grant:								
- NNDR	-58782	-58782	-58782	-29391	-29391	-58782	0	0
- RSG	-1179	-1179	-1179	-590	-590	-1179	0	0
- Council Tax Freeze Grant 2011/12	-2060	-2060	-2060	-1030	-1030	-2060	0	0
- Council Tax Freeze Grant 2012/13	-2078	-2070	-2070	-2070	-2070	-2070	0	0
PFI Grant	-4797	-4797	-4797	-2398	-2398	-4797	0	0
<b>Grants</b>	<b>-68,896</b>	<b>-68,888</b>	<b>-68,888</b>	<b>-35,479</b>	<b>-35,479</b>	<b>-68,888</b>	<b>0</b>	<b>0</b>
Collection Fund	-3891	-3891	-3891	0	0	-3891	0	0
<b>Council Tax</b>								
- General	-82522	-82522	-82522	0	0	-82522	0	0
- WPC	-267	-267	-267	0	0	-267	0	0
<b>Council Tax and Collection Fund</b>	<b>-86680</b>	<b>-86680</b>	<b>-86680</b>	<b>0</b>	<b>0</b>	<b>-86680</b>		
<b>FUNDING</b>	<b>-155,576</b>	<b>-155,568</b>	<b>-155,568</b>	<b>-35,479</b>	<b>-35,479</b>	<b>-155,568</b>	<b>0</b>	<b>0</b>
<b>NET</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>103073</b>	<b>89932</b>	<b>-5197.41</b>		



APPENDIX 2. Corporate Items	Budget as per Council 2012/13 £000s	Original Budget 2012/13 £000s	Current Budget 2012/13 £000s	Year to Date Budget (Sept.) £000s	Year to Date Actual (Sept.) £000s	Full Year Forecast (Sept.) £000s	Forecast Variance at year end (Sept.) £000s	Forecast Variance at year end (Aug.) £000s
Cost of Borrowing Investment Inc.	14,481 -401	14,481 -401	14,481 -401	3,243 -167	2,641 -147	13,850 -401	-631 0	-602 0
<b>Impact of Capital on revenue budget</b>	<b>14,080</b>	<b>14,080</b>	<b>14,080</b>	<b>3,076</b>	<b>2,494</b>	<b>13,449</b>	<b>-631</b>	<b>-602</b>
<b>Pension Fund</b>	<b>4,537</b>	<b>4,537</b>	<b>4,537</b>	<b>0</b>	<b>0</b>	<b>4,537</b>	<b>0</b>	<b>0</b>
Corporate Provision for Pay Award	408	408	408	0	0	0	-408	-408
Utilities Inflation Provision	927	926	926	0	1	426	-500	-500
<b>Pay and Price Inflation</b>	<b>1,335</b>	<b>1,334</b>	<b>1,334</b>	<b>0</b>	<b>1</b>	<b>426</b>	<b>-908</b>	<b>-908</b>
Contingency	2,000	2,000	1,935	0	0	500	-1,435	-1,000
Single Status	515	515	515	0	0	0	-515	-515
Bad Debt Provision	500	500	500	0	0	500	0	0
Cost of DR Recovery	70	70	70	0	0	70	0	0
Agency workers	500	500	500	0	0	0	-500	-500
Cost of disposals - 4%	0	0	-162	0	0	-162	0	0
Revenuisation and miscellaneous	1,752	510	510	0	0	0	-510	-510
<b>Contingencies and provisions</b>	<b>5,337</b>	<b>4,095</b>	<b>3,868</b>	<b>0</b>	<b>0</b>	<b>908</b>	<b>-2,960</b>	<b>-2,525</b>
New Homes Bonus	-1,136	-1,136	-1,136	-614	-614	-1,136	0	0
Local Services Support Grant	0	0	0	0	-347	0	0	0
LACSEG refund	0	0	0	0	-471	-471	-471	-471
VAT Savings	0	0	0	0	-578	-596	-596	-596
<b>Income Items</b>	<b>-1,136</b>	<b>-1,136</b>	<b>-1,136</b>	<b>-614</b>	<b>-2,010</b>	<b>-2,203</b>	<b>-1,067</b>	<b>-1,067</b>
<b>Depreciation and Impairment</b>	<b>-14,816</b>	<b>-14,813</b>	<b>-14,233</b>	<b>0</b>	<b>0</b>	<b>-14,233</b>	<b>0</b>	<b>0</b>
<b>Central Items</b>	<b>9,337</b>	<b>8,097</b>	<b>8,450</b>	<b>2,462</b>	<b>485</b>	<b>2,884</b>	<b>-5,566</b>	<b>-5,102</b>
<b>Levies</b>	881	880	880	440	440	880	0	0
- Financing costs: saving transferred to reserves	0	0	0	0	0	631	631	602
- Use of Reserves - re 20 minutes free parking	-30	-30	-30	0	0	-30	0	0
- Transfer to Closing the Gap Reserve	5,768	5,768	5,768	0	0	5,768	0	0
<b>Approp to/from Reserves</b>	<b>5,738</b>	<b>5,738</b>	<b>5,738</b>	<b>0</b>	<b>0</b>	<b>6,369</b>	<b>631</b>	<b>602</b>
<b>TOTAL CORPORATE PROV.</b>	<b>15,956</b>	<b>14,715</b>	<b>15,068</b>	<b>2,902</b>	<b>925</b>	<b>10,133</b>	<b>-4,935</b>	<b>-4,500</b>

### Pay and Price Inflation as at September 2012

In 2012/13, the MTFs includes 0.5% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.332m for extra inflation provision in Community and Housing for those areas of high inflation.

#### **Pay:**

2012/13 – The MTFs approved by Council on the 7<sup>th</sup> March 2012 includes 0.5% for increases in pay. This equates to £0.408m and is held as a corporate provision. It is not expected that this will be required.

#### **Prices:**

CPI annual inflation stands at 2.2 per cent in September 2012, down from 2.5 per cent in August which is the lowest rate since November 2009, when it was 1.9 per cent. The largest downward pressures came from the housing and household services sector (particularly utility costs). Increases in transport costs, particularly motor fuels, recreation and culture, and miscellaneous goods and services offset this to an extent. RPI annual inflation stands at 2.6 per cent in September 2012, down from 2.9 per cent in August. There were similar reasons for the changes as for CPI.

#### **Outlook for inflation:**

On 4 October, the Bank of England's Monetary Policy Committee voted to maintain the Bank Base Rate at 0.5%. The Committee also voted to continue with its programme of asset purchases totaling £375 billion, financed by the issuance of central bank reserves. The Committee expects the announced programme of asset purchases to take another month to complete. The scale of the programme will be kept under review. The minutes of the MPC meeting noted that "inflation was a little above the 2% target, and was likely to remain so in the near term. The outlook for inflation further out would depend not only on whether demand recovered but also on whether that was accompanied by a recovery in productivity."

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

Source: HM Treasury - Forecasts for the UK Economy (September 2012)			
	Lowest %	Highest %	Average %
2012 (Quarter 4)			
CPI	1.5	2.7	2.1
RPI	1.8	3.1	2.6
2013 (Quarter 4)			
CPI	1.5	3.3	2.0
RPI	1.7	3.6	2.5

The MPC continue to judge that there is a significant margin of spare capacity in the economy, particularly the labour market which should continue to help the downward inflationary pressure in the UK for some time to come. However, an increasing oil price means that the inflation rate will fall more slowly than previously thought due to its impact on utility and food prices.

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

The Autumn Statement 2012 will be made by the Chancellor of the Exchequer on 5 December 2012. The Statement will provide an update on the Government's plans for the economy based on the latest forecasts from the Office for Budget Responsibility. These forecasts are published alongside the Autumn Statement on 5 December 2012.

**Treasury Management: Outlook**

The Bank Base Rate has been kept at its low of 0.5% since March 2009. Forecasts for interest rates are that they will remain low for some time, until at least mid/late 2013. The Bank of England's Monetary Policy Committee on 4 October 2012 voted to maintain the official Bank Base Rate at 0.5%. The MPC also voted to maintain the level of Quantitative Easing (QE) at £375billion financed by the issuance of central bank reserves.

The minutes of the MPC meeting on 3/4 October commented that “there were, as ever, limits to what monetary policy could be expected to achieve. The Committee discussed the likely effectiveness of further asset purchases, should they be required. Some members felt that there was still considerable scope for asset purchases to provide further stimulus. Other members, while acknowledging that asset purchases had the scope to lower long-term yields further, questioned the magnitude of the impact that lower long-term yields on corporate debt and equity would have on the broader economy at the present juncture.... But there was agreement that there was little to be gained at this meeting in changing the current programme of asset purchases. The Committee would have the opportunity to gauge the impact of past and prospective policy actions at home and abroad over the next month, in the context of preparing its forecasts for the November *Inflation Report*.”

Forecasts for Bank Base Rates, based on September 2012 are summarised in the following table:-

	End Q.3 2012	End Q.4 2012	End Q.1 2013	End Q.2 2013	End Q.3 2013	End Q.4 2013	End Q.1 2014	End Q.2 2014
Sector	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Capital Economics	0.5%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
UBS	0.5%	0.25%	0.25%	0.25%	0.25%	0.25%		

Interest rate projections have become more dovish with most economists putting back their timescales for when rates are expected to increase.

The International Monetary Fund (IMF) sharply cut its forecasts for Britain's economy from slight growth this year to a 0.4pc contraction. Britain's goods trade deficit widened more than expected to £9.8bn, as exports fell and oil imports rose, and its total trade deficit - which includes buoyant services exports - rose to £4.17bn, the second highest on record. Industrial output, which includes energy production and mining, fell 0.5pc on the month in August, in line with expectations, after a 2.8pc rise in July.

Therefore, the overall picture remains of an extremely weak economy with a deterioration in public finances, driven by lower tax receipts, which is a good reminder of the uphill challenges the UK still faces. For this reason, it is possible that the MPC will extend its quantitative easing (QE) programme by another £50bn possibly as soon as November when the MPC next meets.

Markets remain wary about the situation in Europe and this uncertainty shows little sign of dissipating. There is also a risk of a sharper slowdown in emerging economies. Wage pressures in the UK have remained subdued and output growth remains weak despite relatively strong employment growth.

### Community and Housing Capital Monitoring - September 2012

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care	368,000	0	0	0	368,000	0
Libraries Total	33,940	0	16,974	(16,974)	26,610	(7,330)
Adult Education and Community	145,340	111,647	70,838	40,809	124,380	(20,960)
Housing	860,810	252,951	287,794	(34,843)	589,810	(271,000)
<b>Community and Housing Total</b>	<b>1,408,090</b>	<b>364,598</b>	<b>375,606</b>	<b>(11,008)</b>	<b>1,108,800</b>	<b>(299,290)</b>

### Corporate Services Capital Monitoring - September 2012

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Resources	203,700	14,504	0	14,504	0	0
Business Improvement Total	85,530	14,052	39,430	(25,378)	85,530	0
Cloud Computing	297,780	31,825	149,136	(117,311)	297,780	0
Corporate Items	1,000,000	0	0	0	1,000,000	0
Facilities Management Total	1,012,570	367,185	436,178	(68,993)	1,012,571	1
IT Total	2,573,790	641,195	1,115,918	(474,723)	2,574,437	647
IT Transformation Unallocated	0	0	0	0	0	0
<b>Corporate Services Total</b>	<b>5,173,370</b>	<b>1,068,761</b>	<b>1,740,662</b>	<b>(671,901)</b>	<b>4,970,318</b>	<b>648</b>

## Children, Schools &amp; Families Capital Monitoring - September 2012

Scheme Description	Total Budget	YTD		Variance	Forecast	Forecast
		Actual	YTD Budget	To Date	For Year	Variance
Aragon Expansion	994,460	558,774	497,564	61,210	979,619	(14,841)
BENEDICT PRIMARY SCHOOL EXP	820,780	753,630	351,892	401,738	824,031	3,251
Cranmer Expansion	611,400	63,736	414,560	(350,824)	150,000	(461,400)
School expansion 19FE to 25FE	290,000	263,549	120,336	143,213	290,926	926
Hollymount Primary School Exp	647,820	380,077	241,382	138,695	655,611	7,791
Joseph Hood Primary School Exp	2,707,450	1,648,008	1,295,634	352,374	2,701,081	(6,369)
William Morris PCP	434,390	281,367	187,020	94,347	434,390	0
Holy Trinity Expansion	264,370	0	111,354	(111,354)	100,000	(164,370)
St Mary's expansion	1,209,770	540,276	737,550	(197,274)	1,009,190	(200,580)
Pupil Growth - Unallocated	305,850	193,477	141,840	51,637	280,850	(25,000)
All Saints/ South Wim YCC exp	1,567,670	1,005,731	684,859	320,872	1,567,000	(670)
Gorringe Park expansion	2,120,850	1,610,437	909,262	701,175	3,092,837	971,987
Hillcross School Expansion	530,780	123,511	193,128	(69,617)	440,000	(90,780)
Merton Abbey Temp Accommodation	354,360	11,178	564,930	(553,752)	200,000	(154,360)
Pelham School Expansion	420,010	179,645	62,380	117,265	150,005	(270,005)
Cricket Grn Exp-Chapel Orchard	200,000	4,785	83,336	(78,551)	200,270	270
Dundonald expansion	331,940	58,127	31,638	26,489	100,000	(231,940)
Poplar Permanent Expansion	371,130	254,752	129,678	125,074	302,050	(69,080)
Liberty expansion	2,308,560	1,414,567	987,614	426,953	2,188,560	(120,000)
Singlegate expansion	4,504,990	3,440,150	1,322,581	2,117,569	4,379,690	(125,300)
Wimbledon Park expansion	2,040,510	485,961	886,924	(400,963)	2,040,510	0
Beecholme Expansion	350,000	0	42,857	(42,857)	0	(350,000)
St Ann's Primary Phase	283,310	199,439	82,546	116,893	467,233	183,923
Wimbledon Chase Expansion	185,390	25,368	114,614	(89,246)	185,368	(22)
	<b>23,855,790</b>	<b>13,496,545</b>	<b>10,195,479</b>	<b>3,301,066</b>	<b>22,739,221</b>	<b>(1,116,569)</b>

## Children, Schools &amp; Families Capital Monitoring - September 2012

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Devolved Formula Capital	519,810	182,520	229,242	(46,722)	519,810	0
St Ann's - Targeted Capital	652,450	157,372	326,296	(168,924)	468,527	(183,923)
St Anns - Primary	10,610	7,796	5,240	2,556	10,610	0
Early Years	76,960	7,846	37,214	(29,368)	59,500	(17,460)
CSF General	0	0	0	0	0	0
Garden PCP	1,789,580	864,851	790,042	74,809	1,711,774	(77,806)
Schools Access Initiative Inc	51,530	0	25,132	(25,132)	51,530	0
Bishop Gilpin New Classroom	250,000	216,863	100,000	116,863	250,000	0
St Thomas of Canterbury Expnsn	3,680	7,830	2,634	5,196	3,680	0
Hollymount	0	0	0	0	0	0
Joseph Hood	0	0	0	0	0	0
Abbotsbury-playgrnd Improvemts	30,000	0	12,336	(12,336)	30,000	0
Schools Capital M&A	0	0	0	0	0	0
Links PCP	10,910	13,821	3,762	10,059	13,821	2,911
St Mark's Primary PCP	1,320	0	660	(660)	1,320	0
SS Peter & Paul PCP	142,290	134,378	71,148	63,230	142,290	0
Poplar PCP	2,070	0	1,038	(1,038)	0	(2,070)
Extended schools	20,390	0	10,194	(10,194)	20,390	0
Primary Capital Programme	7,530	0	3,852	(3,852)	7,530	0
School kitchens/dining areas	43,620	41,017	21,810	19,207	43,620	0
St Ann's Primary Phase	58,740	58,740	58,740	0	58,740	0
Cricket Green Site	24,420	23,028	10,666	12,362	24,420	0
Behaviour Unit	60,910	23,132	25,154	(2,022)	60,910	0
Hillcross Unit	1,700	0	728	(728)	1,700	0
Primary school autism unit	580,000	0	242,047	(242,047)	30,000	(550,000)
Brightwell	299,960	253,908	137,101	116,807	299,960	0
Short Breaks Disabled Children	106,900	105,092	53,630	51,462	105,089	(1,811)
Primary Capital Improvements	584,230	129,321	263,377	(134,056)	525,422	(58,808)
Play Spaces	10,420	694	5,208	(4,514)	7,200	(3,220)
Former Royal Sun Alliance SG	500,680	361,365	250,340	111,025	500,680	0
Secondary Expansion	50,000	0	20,836	(20,836)	0	(50,000)
Secondary Improvements	134,750	132,141	67,374	64,767	132,141	(2,609)
Schools Loans	1,100,000	0	250,002	(250,002)	500,000	0
Schools IT	0	0	0	0	0	0
Youth Centres	249,480	100,392	111,076	(10,684)	249,480	0
	<b>7,374,940</b>	<b>2,822,107</b>	<b>3,136,879</b>	<b>(314,772)</b>	<b>5,830,144</b>	<b>(944,796)</b>
<b>Children Schools and Families</b>	<b>31,230,730</b>	<b>16,318,652</b>	<b>13,332,358</b>	<b>2,986,294</b>	<b>28,569,365</b>	<b>(2,061,365)</b>

### Environment and Regeneration Capital Monitoring - September 2012

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Footways Planned Works	1,023,170	382,680	511,586	(128,906)	1,000,000	(23,170)
Greenspaces	1,837,390	544,713	914,150	(369,437)	1,547,640	(289,750)
Highways General Planned Works	1,038,850	219,771	496,989	(277,218)	962,550	(76,300)
Highways Planned Road Works	1,600,000	290,402	800,002	(509,600)	1,600,000	0
Leisure Centres	506,260	100,524	316,054	(215,531)	506,260	0
Other E&R	1,504,330	87,864	592,627	(504,763)	1,334,330	(170,000)
On and Off Street Parking	194,380	43,393	99,342	(55,949)	102,290	(92,090)
Plans and Projects	147,580	109,147	13,104	96,043	132,580	(15,000)
Regeneration Partnerships	367,790	8,990	(721,606)	730,596	191,700	(176,090)
Street Lighting	640,000	(39)	211,000	(211,039)	640,000	0
Street Scene	706,760	140,175	396,266	(256,091)	646,970	(59,790)
Transport for London	2,306,560	369,370	416,155	(46,785)	1,903,270	(403,290)
Traffic and Parking Management	219,100	65,726	186,990	(121,264)	525,100	306,000
Transport and Plant	767,130	552,811	277,268	275,543	805,110	37,980
Safer Merton - CCTV & ASB	104,100	16,624	145,884	(129,260)	254,560	150,460
Environmental Health	1,000,970	530,357	570,420	(40,063)	990,970	(10,000)
Waste Operations	1,077,950	652,940	338,780	314,160	1,232,540	154,590
<b>Environment and Regeneration</b>	<b>15,042,320</b>	<b>4,115,448</b>	<b>5,565,011</b>	<b>(1,449,564)</b>	<b>14,375,870</b>	<b>(666,450)</b>



CAPITAL VIREMENTS AND REPROFILING SEPTEMBER 2012 MONITORING

Community and Housing	2012/13 Budget	Virements	Revised 2012/13 Budget	2012/13 Budget	Virements	Revised 2012/13 Budget
	£	£	£	£	£	£
<b>Adult Social Care</b>						
Replacement of Carefirst	900,000	(900,000)	0	0	900,000	900,000
Contingency	71,000	(71,000)	0	0	71,000	71,000
<b>TOTAL</b>	<b>971,000</b>	<b>(971,000)</b>	<b>0</b>	<b>0</b>	<b>971,000</b>	<b>971,000</b>

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CAPITAL VIREMENTS AND REPROFILING SEPTEMBER 2012 MONITORING

Corporate Services	2012/13 Budget	Virements	Revised 2012/13 Budget	2013/14 Budget	Virements	Revised 2013/14 Budget	2014/15 Budget	Virements	Revised 2014/15 Budget	2015/16 Budget	Virements	Revised 2015/16 Budget
	£	£	£	£	£	£	£	£	£	£	£	£
Civic C-Windows	0	50,000	50,000	0	3,000,000	3,000,000	1,600,000	(1,600,000)	150,000	1,600,000	(1,600,000)	0
Redundancy Payments	1,000,000	(1,000,000)	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	1000000	1,000,000	0	0	0	0	0	0	0	0	0
IT Transformation Unallocated	490000	(490,000)	0	500,000	490,000	990,000	500,000	500,000	500,000	500,000	500,000	500,000
<b>Total Corporate Services</b>	<b>1,490,000</b>	<b>(440,000)</b>	<b>1,050,000</b>	<b>500,000</b>	<b>3,490,000</b>	<b>3,990,000</b>	<b>2,100,000</b>	<b>(1,450,000)</b>	<b>650,000</b>	<b>2,100,000</b>	<b>(1,600,000)</b>	<b>500,000</b>

## CAPITAL VIREMENTS AND REPROFILING SEPTEMBER 2012 MONITORING

Environment and Regeneration	2012/13 Budget		Virements		Revised 2012/13 Budget		2012/13 Budget		Virements		Revised 2012/13 Budget	
	£	£	£	£	£	£	£	£	£	£	£	£
<b>Greenspaces</b>												
B650 Rowan Road Park Improvement	3,060	(3,060)	0	0	0	0	0	0	0	3,060	0	3,060
Beach Volleyball	0	37,000	37,000	0	0	0	0	0	0	0	0	0
<b>Highways General Planned Works</b>												
River Wandale Footbridge	35,520	(35,520)	0	0	0	0	0	0	0	35,520	0	35,520
Haydons Road	57,330	(57,330)	0	1,000	0	0	0	0	0	57,330	0	58,330
<b>Plans and Projects</b>												
Solar PV panel near Morden Park	16,000	(16,000)	0	0	0	0	0	0	0	0	0	0
<b>Street Scene</b>												
Shop from improvement	24,840	(24,840)	0	0	0	0	0	0	0	24,840	0	24,840
S106 Street scene improvement	22,350	(22,350)	0	0	0	0	0	0	0	22,350	0	22,350
<b>Transport for London</b>												
TfL Casualty reduction and schools	200,000	(50,000)	150,000	0	0	0	0	0	0	50,000	0	50,000
TfL Cycle improvements	100,000	(30,000)	70,000	0	0	0	0	0	0	30,000	0	30,000
<b>Traffic and Parking Management</b>												
Wandle Road 20mph	3,500	(3,500)	0	0	0	0	0	0	0	3,500	0	3,500
Eastfield Area 20mph	6,340	(6,340)	0	0	0	0	0	0	0	6,340	0	6,340
High Parth Area (20mph Scheme)	6,000	(6,000)	0	0	0	0	0	0	0	6,000	0	6,000
Parkway area (20mph)	2,940	(2,940)	0	0	0	0	0	0	0	2,940	0	2,940
Pelhams Road area 20mph	1,010	(1,010)	0	0	0	0	0	0	0	1,010	0	1,010
LBPN Design costs	26,850	(26,850)	0	0	0	0	0	0	0	26,850	0	26,850
<b>Transport and Plant</b>												
Network Rail	9,400	(9,400)	0	0	0	0	0	0	0	9,400	0	9,400
Wimbledon town centre transport improvements	42,490	(42,490)	0	0	0	0	0	0	0	42,490	0	42,490
<b>Safer Merton - CCTV &amp; ASB</b>												
CCTV Match Funding	214,930	(140,000)	74,930	0	0	0	0	0	0	140,000	0	140,000
CCTV Raynes Park	2,310	(2,310)	0	0	0	0	0	0	0	2,310	0	2,310
Relocation of Cameras 50 & 52	8,150	(8,150)	0	0	0	0	0	0	0	8,150	0	8,150
<b>Waste Operations</b>												
Waste Phase B	850,000	(200,000)	650,000	0	0	0	0	0	0	200,000	0	200,000
<b>TOTAL</b>	<b>1,633,020</b>	<b>(688,090)</b>	<b>944,930</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>672,090</b>	<b>1,000</b>	<b>673,090</b>

## CAPITAL PROGRAMME FUNDING SUMMARY 2012/13

	Funded from Merton's Resources	Funded by Grant	Total
	£000s	£000s	£000s
<b>Current Capital Programme 2012/13 - October 2012 Cabinet</b>	<b>29,131</b>	<b>25,785</b>	<b>54,916</b>
<b>Community &amp; Housing</b>			
Replacement of Carefirst	0	(971)	(971)
<b>Corporate Services</b>			
Roll forward of Civic Centre Windows	50	0	50
Transformation Unallocated	(490)	0	(490)
<b>Environment &amp; Regeneration</b>			
<b>Greenspaces</b>			
B650 Rowan Road Park Improvement	(3)	0	(3)
Beach Volleyball	0	37	37
<b>Highways General Planned Works</b>			
River Wandle Footbridge	(36)	0	(36)
Haydons Road	0	(57)	(57)
<b>Plans and Projects</b>			
Solar PV panel near Morden Park	0	(16)	(16)
<b>Street Scene</b>			
Shop front improvement	0	(25)	(25)
S106 Street scene improvement	0	(22)	(22)
<b>Transport for London</b>			
TFL Casualty reduction and schools	0	(50)	(50)
TFL Cycle improvements	0	(30)	(30)
<b>Traffic and Parking Management</b>			
Wandle Road 20mph	0	(4)	(4)
Eastfield Area 20mph	0	(6)	(6)
High Parth Area (20mph Scheme)	(6)	0	(6)
Parkway area (20mph)	(3)	0	(3)
Pelhams Road area 20mph	(1)	0	(1)
LBPN Design costs	(27)	0	(27)
<b>Transport and Plant</b>			0
Network Rail	0	(9)	(9)
Wimbledon town centre transport improvements	0	(42)	(42)
<b>Safer Merton - CCTV &amp; ASB</b>			
CCTV Match Funding	(140)	0	(140)
CCTV Raynes Park	(2)	0	(2)
Relocation of Cameras 50 & 52	(8)	0	(8)
<b>Waste Operations</b>			
Waste Phase B	(200)	0	(200)
<b>Current Capital Programme 2012/13 - November 2012 Cabinet</b>	<b>28,265</b>	<b>24,590</b>	<b>52,855</b>

Risk No	Short Name	Cause	Consequences	Likelihood	Impact	Risk Score	RAG Status			Risk Owner	Portfolio Holder	Action Plan (Y/N) / Review date	Comment regarding review
							R	A	G				
KSR21 / RE03	Failure to adhere to Public Contract Regulations 2006	Lack of awareness in departments that procurement/purchasing is a tightly regulated area of council activity. Furthermore insufficient capacity (staff, experience, knowledge & budget) in departments and corporate Procurement Team.	Impact on method and time it takes to award contracts to suppliers. Adverse budget and service implications if not done correctly in adherence to PCRs 2006, such as court imposed stopping of contracts. Slower delivery of savings, service benefits & development of skills & experience of staff takes longer.	4	3	12	A	→	Simon Williams	Cllr Mark Allison	<a href="#">Procurement Board</a>		
KSR47 / IT02	Staff security	Inadequate security for staff, Councillors and MP's	Inadequate supervision & management of public areas	2	2	4	A	↓	Mark Humphries	Cllr Mark Allison	SIA and physical intervention training has now been completed by Building Services & Security Staff	Risk will always be a factor and is managed by systems and staff training	
KSR31 / ER09	SWL waste partnership	PHASE A: 1) Beddington AD Plan. Contact risk owner for more information 2) Indexation method. Contact risk owner for more information PHASE B: 1) Contact risk owner for more information	Contact risk owner for more information	3	3	9	A	→	Cornac Stokes	Cllr Andrew Judge	Managed by the Joint Waste Committee	Risks managed through the Joint Waste Committee sense checked July 2012	
KSR09	Safety of Staff	Failure to protect staff	Member of staff could be injured or killed; impact on morale of other staff; open to claims of negligence; potential financial loss	3	4	12	A	→	Simon Williams / Dean Shoemith	Cllr Mark Allison	See comments	CMT have now agreed for a united system, PVP (potentially violent person) and other systems can be integrated. A meeting has been planned for reps to start discussing the detail.	

Risk No	Short Name	Cause	Consequences	Likelihood	Impact	Risk Score	RAG Status			Director of travel	Risk Owner	Portfolio Holder	Action Plan (Y/N) / Review date	Comment regarding review
							R	A	G					
KSR004 / CG06	Data loss	Accidental loss by staff or hacking	Harm to service users, through breach of privacy or loss of services, reputation & financial impact on council (up to 500K)	4	3	12	A	→	→	Karin Lane	Cllr Mark Allison	<a href="#">Corporate governance service plan</a>	Project 7 - see also <a href="#">Information Governance policy</a>	
KSR07 / HR02	Safe recruitment practices	Failure of systems to ensure inappropriate staff are not recruited	Inappropriate person may get a role they shouldn't; vulnerable children and adults may be at risk as a consequence	3	4	12	A	→	→	Dean Shoesmith	Cllr Mark Allison	N/A - see comments	Major review undertaken of personal files & employment records to ensure safe recruitment practice in place with recent Good Ofsted outcome.	
KSR34 / CSF5	School places	Increase in birth-rate and numbers of children reaching primary age locally, with subsequent impact on demand for secondary and special school places.	Primary school expansion programme may be insufficient to increase capacity to meet demand. Need to consider additional provision. Also future risk that increase in numbers will flow through to secondary system such that demand for places will exceed supply.	3	3	9	A	→	→	Yvette Stanley / Paul Ballatt	Cllr Martin Whelton	<a href="#">Commissioning strategy &amp; performance service plan</a>		
KSR55 / CSF4	Changing Borough Demographics	Increases in both the total population in the borough, including in particular families with young children, and also in the mix of the population with respect to ethnicity, disability and deprivation.	Additional demand for school places, and services for children with special educational needs and disabilities, as well as pressure for growth in children's social care and child protection interventions.	5	2	10	A	→	→	Paul Ballatt	Cllr Maxi Martin / Cllr Martin Whelton	<a href="#">Commissioning strategy &amp; performance service plan</a>		
KSR35 / CSF1	Safeguarding children	Difficulties recruiting experienced social workers. High turn over of existing staff. The potential for less effective interagency working. Changed expectations and updated regulatory framework. Ongoing budget pressures could undermine the Merton Model.	Child protection and safeguarding issues including possible child death. Impact on reputation and political consequences. There could be an increase in high cost interventions.	3	4	12	A	→	→	Theresa Leavey	Cllr Maxi Martin	LSCB Business Plan & CYPP		
KSR42 / HR09	Single status	Post single status challenge	Cost of settlement; cost of litigation & resources to contest; impact on staff morale; reputational & political impact	3	2	6	A	→	→	Dean Shoesmith	Cllr Mark Allison	<a href="#">Single Status</a>	Single status review project is underway to complete those staff groups that had not previously been reviewed under single status agreement	
KSR44 / HR13	Terms & conditions	Impact of review of T&Cs & ongoing staffing reductions	Impact on staff morale, recruitment & cost implications	4	3	12	A	→	→	Dean Shoesmith	Cllr Mark Allison	<a href="#">HR service plan</a>	Project 3. Split ballot outcome will require a return to the negotiating table for 2013/14	

Risk No	Short Name	Cause	Consequences	Likelihood	Impact	Risk Score	RAG Status			Director n of travel	Risk Owner	Portfolio Holder	Action Plan (YN) / Review date	Comment regarding review
							R	A	G					
KSR45 / CG03	Asbestos Compliance	Asbestos compliance officer post vacant	Failure to comply with statutory duty on managing Asbestos	4	3	12	A	→	→	Adam Viccari	Clr Mark Allison	TBA	References received but candidate withdrew from process due to job being part time only. Secured a short term contractor to carry out pending reviews whilst building a business case to increase the role to full time to attract qualified technical candidate.	
KSR46 / IT01	Staff Health & Safety	H&S risk from poor investment in building facilities / organisational downsizing & loss of staff with specialist skills	Corporate manslaughter, negligence suits, poor staff morale, possible strike, poor customer service.	5	4	20	R	→	→	Mark Humphries	Clr Mark Allison	Building Condition Survey linked to Capital Programme	Various capital and revenue projects address this issue (e.g civic centre windows)	
KSR48 / IT03	IT systems	Major disruption in the civic centre causing 6th floor data centre to become unusable	IT failure leading to unavailability of IT services impacting on organisational service delivery	4	4	16	R	→	→	Mark Humphries	Clr Mark Allison	<a href="#">Business continuity Plans and strategies</a>	Proposal to use Gifford House as DR site. Fibre links being installed which will enable DR arrangements to be transferred off site to LB Wandsworth, including an additional Carefirst server.	
KSR49 / RE02	Developing corporate Business Plan & setting a balanced budget for 13/17 & beyond	Reduced budgets may impact negatively on service delivery levels	Impact on service provision, reputation, staff morale & internal & external customers satisfaction	3	3	9	A	→	→	Caroline Holland / Paul Dale	Clr Mark Allison	<a href="#">Business Plan timetable</a>		
KSR50 / RE06	Impact of Procurement	First phase of improvements to procurement delivered, as per Overview & Scrutiny Report from March 12. Phase 2, spend data, category management and savings deliver still to come.	Time taken to deliver procurement benefits extends.	3	3	9	A	→	→	Peter Stone	Clr Mark Allison	<a href="#">Procurement Board</a>		
KSR51 / RE07	Supply chain failure	One of Merton's key delivery partners or sponsor goes in to administration	Impact on service delivery to customers	4	3	12	A	→	→	Caroline Holland	Cabinet	<a href="#">CSOs</a>		
KSR52 / RE08	Data quality of management information	Failure to provide accurate performance data	Inability to proactively manage resources and performance	4	3	12	A	→	→	Zoe Church	Clr Mark Betteridge	<a href="#">Data quality</a>		
KSR53 / RE11	Failure to comply with equalities duties	Failure to evidence how equalities implications have been considered in developing new policy, designing services & decision making	Reputational impact for council, risk of judicial review & litigation, negative impact on service users and loss of savings.	5	2	10	A	→	→	Yvette Stanley	Clr Edith Macauley	<a href="#">Resources service plan</a>		

Risk No	Short Name	Cause	Consequences	Likelihood	Impact	Risk Score	RAG Status			Director of travel	Risk Owner	Portfolio Holder	Action Plan (Y/N) / Review date	Comment regarding review
							R	A	G					
KSR 54 / ER39p	Safer Merton Funding	Loss of financial and partnership physical resources	Failure to deliver strategic priorities. Closure of Safer Merton, and fragmented delivery of statutory services.	2	3	6	A	→	→	Annalise Elliott	Cllr Edith Macauley			
KSR56 / CSF6	CS&F funding changes, budget savings & resource management	Uncertainty regarding changes to funding regimes & external grants, including government review of DSG, Academies funding & future reductions in E/G. Requirement to make significant savings over the next 3-4 years. Need to balance competing demands at a time of contracting resources & extensive change.	Impact on ability to provide statutory services, possibility of undermining the Merton Model, causing additional spend pressures in targeted services. Low staff morale, difficulties in managing the impact of the Workforce Management Strategy. Time and effort required to manage change & meet expectations of members & central government may lead to failures in the management of ongoing operational work.	4	3	12	A	→	→	DMT & CS Resources	Cllrs Maxi Martin and Martin Whelton		Monitor government proposals consultation response & implications fed into budget and MTFs. Budget savings to be identified & analysed for impact including EIA, TOM & service planning work. All CSF service plans.	
KSR57 / HR15	Agency staff	Use of agency staff following changes to employment rights	Additional rights given to Agency Workers introduces additional costs & failure to adhere to & comply with new regulations could bring legal challenge & adverse reputational impact.	3	2	6	A	→	→	Marissa Bartlett	Cllr Mark Allison	Yes	Report setting out risks & mitigation agreed by CMT on 23.8.11. Guidance produced for managers & regular reviews at DMTs. Psned and usage subject to monthly CMT review via HR metrics	
KSR58 / CG08	Business Continuity	Business Continuity and Business Impact Analysis forms out of date	Reduced ability to recover from major disaster	4	3	12	A	→	→	Adam Viccari	Cllr Mark Allison		Review of BCs & BIAs underway. Reported to GP committee in Sept. and linked to DR plans with I&T. Challenge meeting underway to be completed in April 13.	
KSR 59 / CS12	Business rates	Localism agenda - review of business rates inc. discretionary reliefs	May impact on council's financial position	2	3	6	A	→	→	David Keppler	Cllr Mark Allison		Customer services service plan.	
KSR60 / RE14	Premises inspections	Statutory inspections not being carried out on engineering plant and other lifting equipment on council premises	Failure to comply with statutory duty to formally inspect lifting equipment; Criminal offence and harm to service users;	4	4	16	R	→	→	Richard Williams	Cllr Mark Allison		Schools Insurance SLA	
KSR61 / RE16	Delivery of Savings Programme 2012-15	Savings of £25,791 million savings for 2012-15 were identified as part of the MTFs 2012-16.	Non achievement of any saving would adversely impact on the Authority's ability to balance it's budget in the medium to long term if larger than the contingency.	3	2	6	A	→	→	Caroline Holland	Cllr Mark Allison		MTFS	

Risk No	Short Name	Cause	Consequences	Likelihood	Impact	Risk Score	RAG Status			Direction of travel	Risk Owner	Portfolio Holder	Action Plan (Y/N) / Review date	Comment regarding review
							R	A	G					
KSR008 / ER28	Loss of income	Current financial climate. Failure to meet income targets over next 3 years due to falling income	Departmental budgets will not be balanced. Increased pressure on resources and other budgets	5	3	15	R	A	G	→	Chris Lee	Cllr Mark Allison		monitored regularly by DMT and finance meetings
HR14 / KSR60	Trinity project	Failure of Trinity project	Impact on HR management of staff & payroll issues	3	3	9	A			→	Marissa Bartlett	Cllr Mark Allison	Trinity project	<a href="#">HR service plan - protect2</a>

**Emerging risks**

New Comprehensive Spending Review	Changes in the government grants allocation	May affect the councils expenditure process						Emerging	Caroline Holland	Mark Allison	More detail expected in December 2012	

**Partnership risks**

KSR62 / CSF 9	Recommissioning Early Intervention & Prevention	Likely reduction in contracting with local third sector leads to reputational & political risk.	Destabilisation of the Local Strategic Partnership & Children's Trust Board partnership arrangements.	5	2	10	A	→	Paul Ballat	Cllr Maxi Martin	CSP Service Plan	
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## APPENDIX 7

Ref	No.	Description of Saving	2012/13 Savings Requirement £000	2012/13 Savings Expected to year-end £000	RAG	Comments	R /A Included in Forecast Over/Underspend ? Y/N
ASC	4	TCES Retail Model (simple equipment)	32	32	G	CADLS: The savings target for 2012-13 of £32k has been achieved. There are still a number of issues that need to be resolved with LB Croydon IPH, and these are being progressed through the ICES Board. This project is likely to over-achieve.	
ASC	5	OT catalogue			G		
ASC	12	CADL's (complex equipment)			G		
ASC	6	Transport	186	0	R	There continues to be a challenge around taxi expenditure, as the re-tendered routes are not yielding savings as required. A0-S indicates this element will continue to be monitored, and a review will be conducted once all taxi routes are re-tendered. A timeframe needs to be confirmed. Consultation around proposed route changes for day service and self drive services continues. Work has commenced on revising the Transport policy and will continue through to September.	
ASC	7	0% inflation uplift	650	650	G	We are still on track to achieve the target for 2012-13.	
ASC	8	Optimise block and spot contracts	300	200	R	As a result of re-negotiation of block and spot rates with CCHT and Lifestyle, indicative savings for the second half of the current financial year are circa £200k. This figure will be confirmed over the coming month. The Award report for the new Care Home Framework (which will deliver the move from block contracts) will go to Cabinet in December 2012. The Tender process will commence mid September. <i>There is a high risk this project will not achieve the targeted level of savings for 2012-13, as any savings related to the introduction of the framework will only be yielded over the last quarter in the current financial year.</i>	
ASC	10	Optimise telecare usage	300	9	R	The savings achieved to date remains at £9.4k, as the savings of circa £35k for the introduction of assisted technologies reported in June has already been recorded as part of the proposals received from Choice Support as part of the contract re-negotiation process for the 'De-registration' project (ASC14) below. The Consultants report has been received. SW has proposed that the division works together in taking this project forward. This project will not achieve the targeted level of savings for 2012-13.	
ASC	13	Care Funding Calculator + plus high cost Res	200	150	A	Timeframes for protocol familiarisation training will be revised once the go live date for the Brokerage function in Commissioning has been established. In the meantime ten reviews have taken place, additional savings of circa £44.8k have been confirmed through the CFC process. The outcome of further CFC negotiations awaited.	
ASC	19	Monitoring high value (1-to-1) and high cost placements	50	50	G	Customer reviews continue to generate savings. This project is likely to over-achieve its savings target.	
ASC	14	De-registration of residential care <i>(Based on 40 not 50)</i>	400	400	G	The savings of circa £372k to date are due to contract re-negotiation with the Providers. Included in the savings figure is £35k associated with the introduction of assisted technologies resulting from three of the reviewed customers. An amount of circa £56k p.a that LBM will incur from importing a LB Wandsworth customer under OR has been deducted from the savings figure.	
ASC	17	Optimise use of Shared Lives	350	50	R	The registration with CQC has been completed. An additional carer has been selected at panel on 17 July. The background processes including the development of a service specification, are being progressed ahead of the pilot. There is a risk however, that if there are compatibility issues between customers and carers, this will impact on the number of customers available for the pilot.	
ASC	18	Restructuring Supporting People	50	50	G	A meeting between Commissioning and MH is scheduled to look specifically at the review of Supporting People contracts. Once this meeting has taken place the project plan will be revised. It is envisaged that this project will achieve at least an additional £16k savings in 2012-13, surpassing the original target by at least £20k.	
ASC	20	Remodelling Dom Care	1,250	1,250	G	Need to monitor spend on homecare to ensure savings achieved.	
ASC	21	Staff Savings Reablement	100	100	G	Taken from budgets already	
ASC	22	Disabled Facilities Grant for adaptations.	30	30	G	Taken from budgets already	
ASC	23	Staff Savings Direct Provision	201	201	G	Taken from budgets already	
MAED	1	Increase income from commercial courses and cafe	30	30	G		
LIB	1	Completion of changes to opening hours, rationalisation of a number of small contracts and increase in income. Includes some elements of capital rationalisation on Media Fund.	84	84	G	Taken from budgets already	
Hsg	1	Deletion of funding to Age Concern for community gardening service.	37	37	G	Taken from budgets already	
		<b>Total Community and Housing Savings 2012-2013</b>	<b>4,250</b>	<b>3,323</b>			

Savings proposals relating to reviews of Ordinary Residence of clients scheduled for 2013-14, but the process has been brought forward to 2012-13. It is estimated that £470k savings will be achieved

## CORPORATE SERVICES DEPARTMENT SAVINGS

## APPENDIX 7

Ref	Description of Saving	Type of Saving (see key)	2012/13 Savings Requirement £000	2012/13 Savings Expected to year-end £000	RAG	Comments	R / A Included in Forecast Over/Under spend? Y/N
<b>Customer Services - Revenues and Benefits</b>							
CS1	Reduction in postage budget	SNS1	30	30	G		
CS2	Reduction in building work budget	SNS1	10	10	G		
CS3	Reduction in recruitment budget	SS1	7	7	G		
CS4	Reduction in agency staff and translation budgets	SNS1	5	5	G		
<b>Customer Services - Business Rates</b>							
CS5	Reduction of Valuation Assistant post	SS1	19	5	R	The post has been deleted but due to a fall in business rate collection there is an overtime cost on improving collections and reviewing processes.	
<b>Customer Services - Benefits</b>							
CS6	Reduce benefits officer posts by 1.5 FTE	SS2	45	45	G		
<b>Customer Services - Bailiff</b>							
CS8	Reduction of 1 FTE bailiff post and 0.4 FTE Admin Officer	SS1	70	70	G		
<b>Customer Services - Council Tax Collection</b>							
CS10	Reduce Revenue Officers by 1FTE.	SS1	31	31	G		
CS11	Delete one Manager post.	SS2	40	40	G		
<b>Customer Services - Support Team</b>							
CS14	Reduce system support officers by 0.5FTE	SS2	20	20	G		
<b>Customer Service - Merton Link</b>							
CS15	Reduction of 1 FTE arising from CRM	SS1	28	28	G		
CS16	Reduction of 1 FTE arising from introduction of menu option on switchboard	SS1	21	21	G		
CS17	Reduction in level of cleaning in public areas	SNS2	10	10	G		
<b>Customer Service - Registrars</b>							
CS18	Net impact of increased demand for weddings	SI2	32	32	G		
<b>Customer Service - Translation Service</b>							
CS19	Increase in income	S11	10	10	G		
<b>Infrastructure &amp; Transactions - IT Service Delivery</b>							
CS20	Deletion/reduction of various budgets	SNS1	8	8	G		
CS21	Deletion of training budget for specialised IT	SNS2	21	21	G		
CS23	Reduction/deletion of various budgets	SNS1	2	2	G		
CS24	Reduction/deletion of various budgets	SP1	9	9	G		
CS25	Reduction arising from consolidation of budgets	SP1	30	30	G		
CS26	Reduction in budgets	SP1	6	6	G		
CS27	Reduction in budget due to cancellation/ consolidation of support and maintenance contracts	SNS2	72	72	G		
CS28	Reduction due to consolidation of maintenance contracts	SNS2	30	30	G		
CS29	Reduction in leasing costs for the Corporate Printing Strategy	SS2	60	60	G		
<b>Infrastructure &amp; Transactions - Facilities Management</b>							
CS30	Reduction of 2 FTE's (Facilities Technical Manager + Technical Administration Officers post).	SS2					
CS31	Change Energy Administration officer post to be self financing made self financing	SS1	63	63	G		
CS32	Reduce 1 FTE Postal & Scanning Assistant	SS2	37	37	G		
CS33	Restructure of Building Services & Security Team (delete Shift Team Leaders Posts)	SS2	23	23	G		
CS34	Reduction of number of vans	SNS1	10	10	G		
CS35	Close Civic Centre on Saturdays (Contractual Overtime-Security) E02221-AA03	SS2	5	5	G		
CS36	Councillor Courier Run - reduce to 1 visit per week from 2	SS2	63	34	A	The full saving is unachievable due to late implementation	Y
CS37	Introduce a charge for the Archive Service Facility	SI2	5	5	G		
CS38	Savings on Print Room copy equipment	SI2	15	15	G		
CS39	Close Worfold House and relocate service to Civic Centre	SNS1	50	50	G		
CS40	Close the YOT Office in Athena House and relocate the service to Civic Centre	SNS1	12	12	G		
CS41	Close the YOT Office in Athena House and relocate the service to Civic Centre	SNS1	51	51	G		
<b>Infrastructure &amp; Transactions Transactional Services</b>							
CS42	Delete 1 vacant Assistant Vendor Maintenance Officer post (part)	SS2	10	10	G		
CS43	Delete 1 Transactional Officer Post (compulsory redundancy)	SS2	28	28	G		
CS44	Recovery of overpayments and other VAT recovery	SP1	50	50	G		
<b>Human Resources - Transactions</b>							
CS45	Reorganise payroll team, link to Trent implementation	SS2	59	0	R	The saving is not achievable in the current year due to a shortfall in Schools SLA income and higher costs due to paper payslips required	Y
<b>Human Resources - Business Partners</b>							
CS48	Review of function with integration with Sutton Teams	SS2	40	10	A	A restructure of the HR Business Partner function is being reviewed. A full year saving is unachievable.	Y
<b>Human Resources - Employee Relations</b>							
CS50	Reduce Senior Management	SS2	40	40	G		
<b>Corporate Governance - Democracy Services</b>							
CS53	Stop overtime payments to Democratic Services Officers	SS2	24	24	G		
CS55	Reduce scrutiny support fund	SNS1	6	6	G		
CS56	Reduction in overtime payments to staff in Mayor's Office	SS2	4	2	A		Y
CS57	Reduction in supplies & services inflation		20	20	G		
<b>Corporate Governance - Information Team</b>							
CS61	Fund direct LLC Staff costs from LLC Income	SI2	49	49	G		
<b>Corporate Governance - Legal Services</b>							
CS62	Restructure of Legal Services following merger with LB Richmond		127	127	G		
<b>Resources</b>							
CS63	Review of Insurance Arrangements		300	300	G		
<b>Resources</b>							
CS64	Reduce the Council's contribution to the Local Strategic Partnership.		24	24	G		
<b>Resources</b>							
CS65	Utilise London Councils Grants Scheme repatriated funding to avoid cut to Strategic Voluntary Sector Funding		280	280	G		
CS67	Energy Procurement		300	300	G		
<b>Business Improvement</b>							
CS69	Delete Director of Transformation's post		105	105	G		
<b>Communications, Graphic Design Team</b>							
CS70	Delete the in-house Graphics team	SS2	(28)	(28)	G	In-house service ceased	
<b>Communications Team</b>							
CS71	Delete vacant Communications Assistant post.	SS2	26	26	G		
<b>Total Corporate Services 2011-2012</b>			<b>2,414</b>	<b>2,280</b>			

Base budgets were reduced. Monitored as part of monthly budgetary control.

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ENVIRONMENT & REGENERATION SAVINGS

APPENDIX 7

Ref	Service	Description of saving	2012/13 Savings Requirement £000	2012/13 Savings Expected to year-end £000	RAG	Comments	R /A Included in Forecast Over/Underpend? Y/N
ER01	Parks, Greenspaces & Cemeteries	1) Staffing reductions, including a cemetery supervisor (which would leave 1 supervisor covering both LBM and Merton & Sutton cemetery teams) and the Wimbledon Park Development Manager which is a fixed term contract that will not be renewed. 2) Increases in fees and charges will be in the form of a 5% increase in sport booking fees and an 20% increase in cemetery 3) Reducing supplies, services and utilities costs and procuring more effectively. 4) Increased tenancy income will be made by letting 5 parks properties on the open market. 5) By encouraging self management of some allotment sites or increasing charges by 80%, there will be a saving of 17.5k and 6) A reduction in grant to Mitcham Common Conservators of 10k pa [out of £60k] is included.	459	285	R	Base budgets were reduced, but income related savings not expected to be fully achieved	
ER04	Leisure & Culture	1) Reductions in supplies & services budgets. 2) Reduction in 0.2 fte of staff. 3) Increased income at Morden Assembly Hall and the Watersports Centre. 4) Service reduction of approx 15% less grant per annum in each of the next three years to Polka and Attic Theatres. 5) Removal of small Olympics budget after 2012 games. 6) Transfer of Merton Hall to South Wimbledon Community Association linked to schools expansion programme and transfer of a 0.5 fte officer to support the Allotment Service to Greenspaces to be self-financing.	35	35	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	
ER05	Leisure & Culture	1) Delete 3 fte Leisure & Arts Development Officers leaving one Development Officer only to do commercial work self-funding the post. Use £100k to commission some reduced arts and leisure development function. 2) Identify alternative funding for or do not take part in London Youth Games. 3) Delete post of Leisure & Business Projects Officer (0.7 fte). 4) Increase income through installation of multi use games area to rear of Canons Leisure Centre to provide additional provision for	10	10	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	
ER07	Development & Building Control	1) The Government are proposing changes to the current charging model for DC. This would mean that the council will be able to set its own fees (levels are currently prescribed) in order to recover the full cost of delivering a number of services in this area, although it will not be able to make a profit.	300	0	R	The Government has delayed this proposal and no agreement has been made as to when it might be announced. Underspends elsewhere within the department are offsetting this saving in the short-term, whilst other savings proposals are currently being identified in case this saving is not implemented.	Y
ER13	Parking Services	1) Increase in income for Hartfield Road Bus Lane. 2) Reduce lost cases at PATAS. 3) Eliminate part payments of PCN's. 4) Reduce PCN cancellations. 5) Improve management of CEO performance to generate efficiencies. 6) Reduce CEO absenteeism. 7) CPZ expansion based upon the current demand for zones that will go live in 2012. 8) New Expenditure initiatives organisational restructure remaining full year effect.	720	720	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	
ER14	Parking Services	1) Enforcement of moving traffic offences.	400	400	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	
ER15	Street Cleansing	2) Graffiti Removal – This is a very small service:143k in total. The workload is somewhat seasonal and it is proposed to change working practices in this area to focus when need is greatest. This will result in approx 50% saving 3) Restructure and reduction of staffing in the enforcement team	120	120	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	
ER17	Waste Management	1) Reductions in landfill tonnage and anticipated Slwp contract cost 2) Ceasing compensation payments to Sutton agreed as in the overall Slwp financial interest 3) Net of £691,000 Landfill Tax etc. 4) Reduction in Slwp contract dry recycling handling rate per tonne 5) Contract renegotiations for Slwp HRRCs 6) Contract management of Garth Road Waste Transfer Station 7) Staff saving 12) Introduction of Customer Relationship Management (CRM) system leading to reduction in staffing	219	219	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	
ER18	Waste Management	1) Introduction of 6 day working week for refuse, recycling and food collection from Oct 2012	271	0	R	The Head of Street Scene and Waste is currently drawing up alternative proposals to meet this saving.	
ER20	Traffic & Highways	1) Introduce Streetworks Permitting Scheme – Organisations undertaking works on the highways will be charged a fee. This saving recognises that some existing costs can be absorbed within the fee charging arrangements 2) Income from fixed penalty notices (FPN's) in relation to skips, hoardings and scaffolding and through access bar markings 3) Savings on energy (£50k) and service changes associated with the existing Street Lighting Contract (£22k) 4) Potential Savings against final year of existing Highway Maintenance & Improvement contract 5) Potential 10% saving in Revenue budget from re-procurement of Highway Works and Services Contract – Potential savings will only be known following Financial Evaluation of potential service providers- To be confirmed in February 2012 (10% of the remaining Revenue works budget associated with this contract-£1m)	185	145	A	There will be a delay in the introduction of the London Permit Scheme due to a delay in the approval from the Department for Transport. At this stage, it is estimated that the delay will be approximately three months, meaning that the section will only receive three months of related income rather than the expected six. Monitored as part of monthly budgetary control.	
ER21	Traffic & Highways	1) 15% reduction in staffing 2) Reduction in Footway Maintenance budget (Revenue) 3) Reduction in Street Furniture Budget 4) Reduction in 'Ditching/Watercourses' budget 5) Reduction in Street Lighting budget (Revenue) 6) Reduction in 'Walksheet' budget – Highway Safety Inspection Works	467	467	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	
ER22	Traffic & Highways	1) A further 15% reduction in staffing	246	246	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	
ER24	Transport	1) Make changes to staffing structure to merge and change some work responsibilities, involving the deletion of one post plus ceasing the payment of contractual overtime.	129	41	R	The removal of the contractual overtime element of this saving was not implemented. Explanations are being sought as the reasons for this.	Y
<b>Total E&amp;R Department Savings for 2012-2015</b>			<b>3,561</b>	<b>2,688</b>			

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT SAVINGS

## APPENDIX 7

Ref	Description of Saving	2012/13 Savings Requirement £000	2012/13 Savings Expected to year-end £000	RAG	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF01	<b>CSF Early Years and Children's Centres</b> Reduction in commissioning budget and bringing in house of a service	25	25	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF02	<b>CSF Early Years and Children's Centres</b> Reduction in provision of CPD (Professional Development/training) and establishing some charges for CPD/services	48	48	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF03	<b>CSF Early Years and Children's Centres</b> Increase fees at Lavender CC	6	6	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF04	<b>CSF Early Years and Children's Centres</b> Back office and service efficiencies.	128	128	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF05	<b>CSF Early Years and Children's Centres</b> Restructuring of internal teams to reduce posts and streamline management.	100	100	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF07	<b>Area Based Grant</b> Reduce management layer in the business support team.	30	30	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF09	<b>CSF Children's Social Care</b> Reduce level of expenses available to Fostering and Adoption Panel members – may seek as a combination of shared panels cross borough or reduced numbers of panels alongside reduced levels of payment to panel members.	20	20	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF10	<b>CSF Children's Social Care</b> Reduce the available daycare budget for children currently used to fund childminding places, after school and breakfast clubs etc.	20	20	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF12	<b>CSF Children's Social Care</b> Team Manager post in the Court Assessment Team.	47	47	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF13	<b>CSF Children's Social Care</b> Reduce the budget available for commissioning expert	30	30	G	Base budgets were reduced. Monitored as	N
CSF16	<b>CSF Children's Social Care</b> Reduce the travel budget available for parents whose children are in care.	10	10	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF17	<b>CSF School Standards and Quality</b> Deletion of post in SSQ.	50	42	A	Delay in redundancy caused an underachievement of saving for 2012/13 only. The overspend resulting from this is included in monthly budget monitoring.	Y
CSF18	<b>CSF School Standards and Quality</b> Increase in income generation from CPD (Professional development/training for teachers/school staff) and ICT buy back	50	50	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF20	<b>CSF SEND Integrated Service</b> Deletion of management post from SEND integrated service	70	70	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF22	<b>CSF Contracts, Procurement and School</b> Additional capitalisation of capital project management staffing	30	30	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF26	<b>CSF Youth Inclusion</b> Reduce Youth Service Training budget used to provide training to youth workers in Merton and some supplies and services.	14	14	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF27	<b>CSF Youth Inclusion</b>					

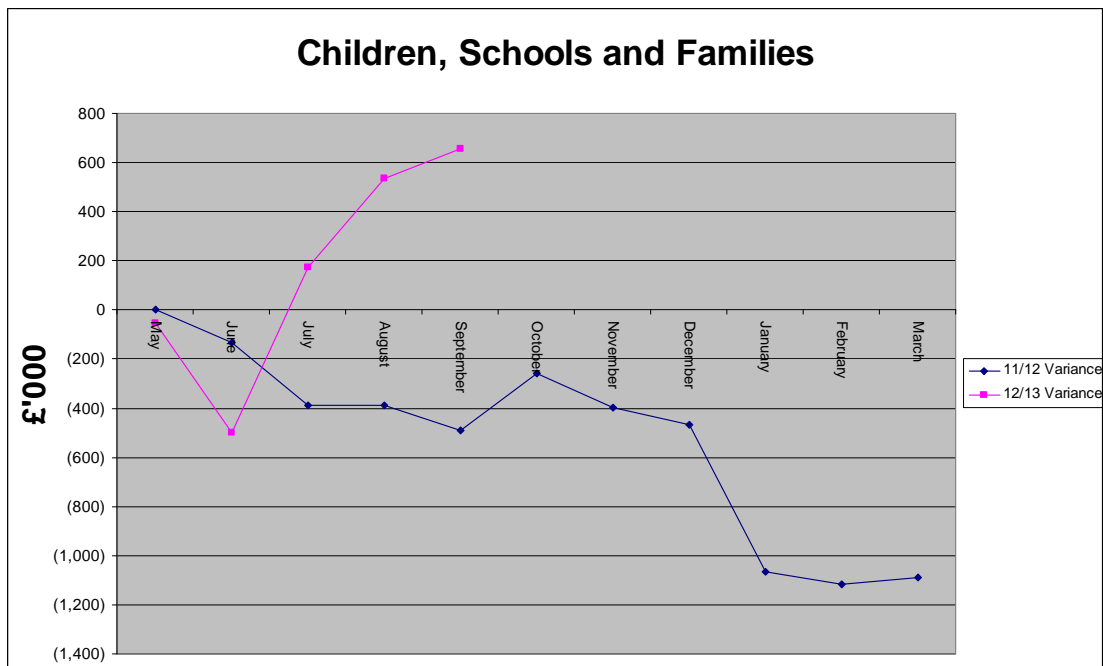
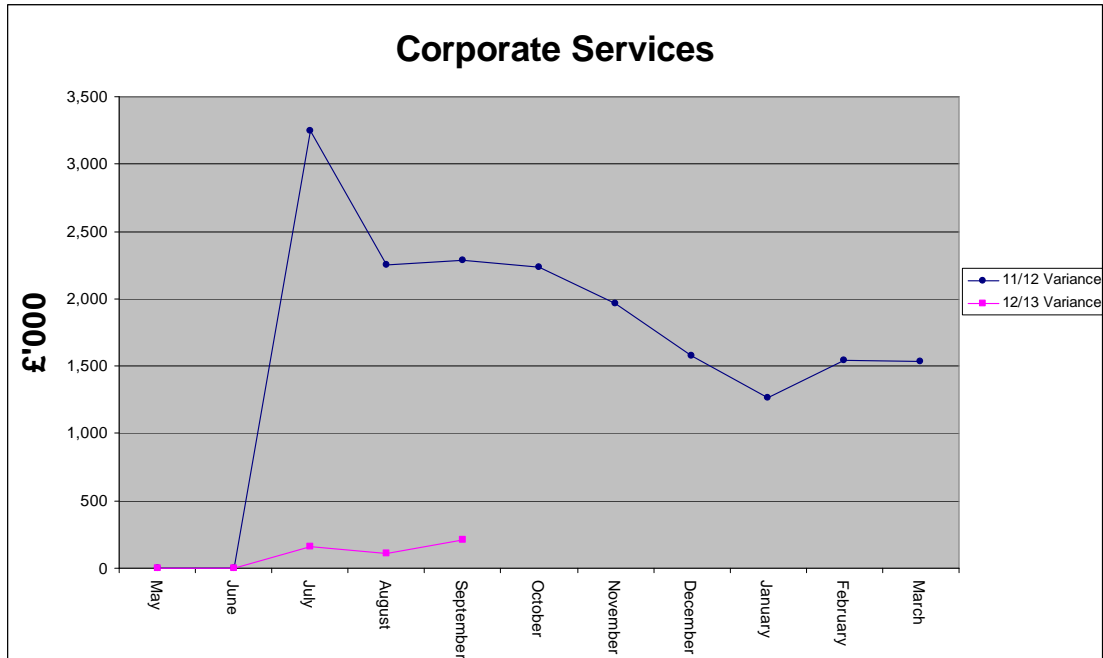
## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT SAVINGS

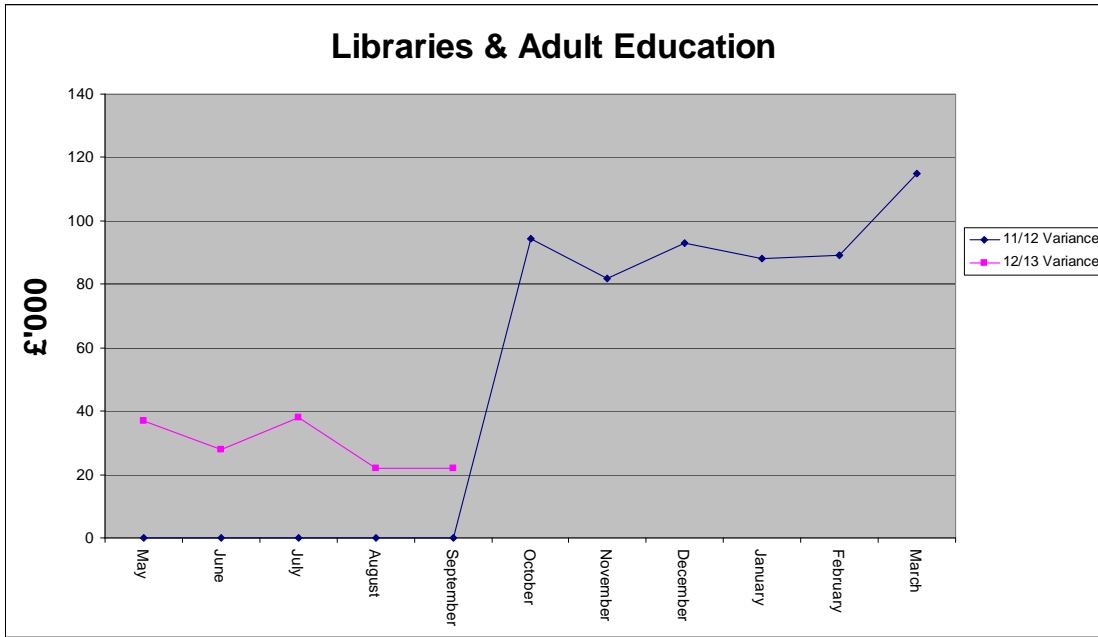
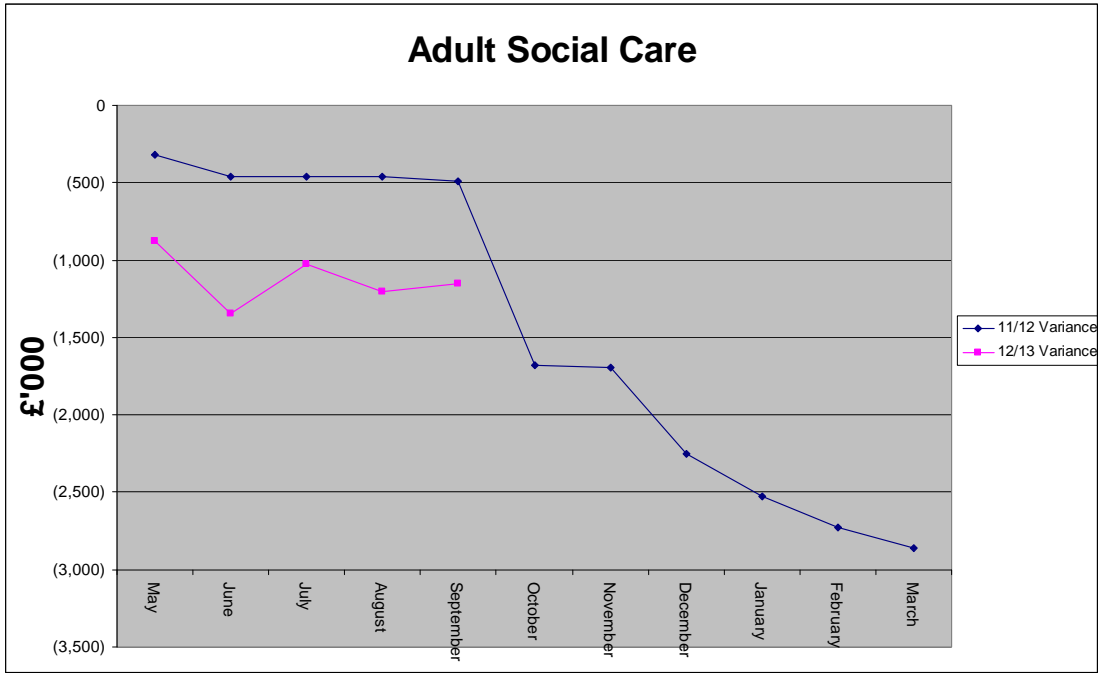
## APPENDIX 7

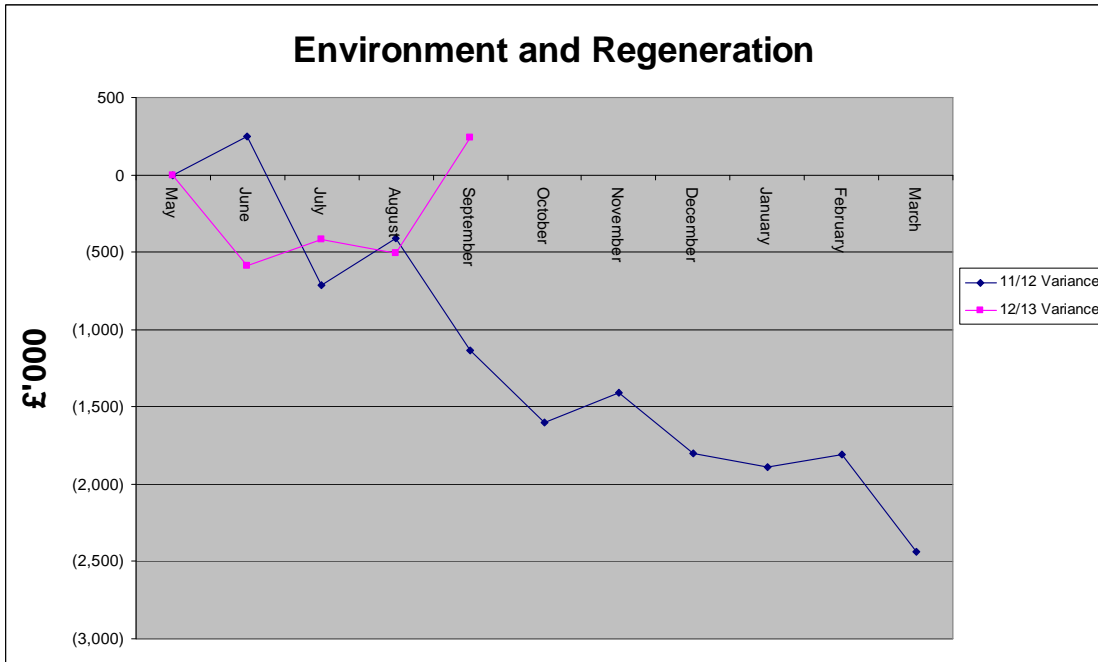
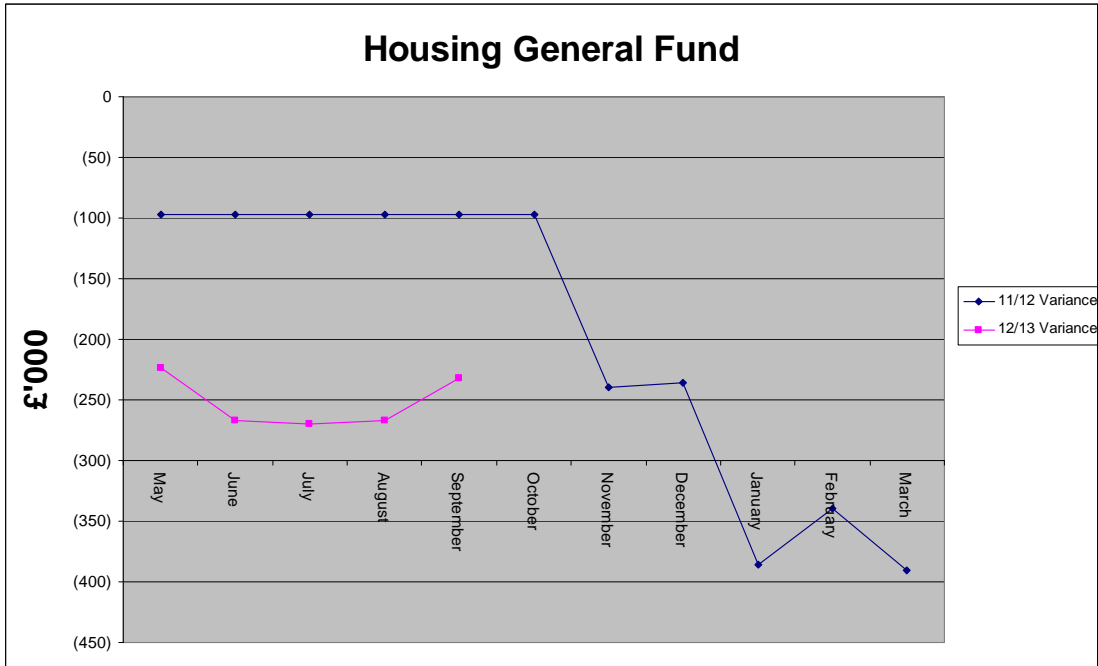
Ref	Description of Saving	2012/13 Savings Requirement £000	2012/13 Savings Expected to year-end £000	RAG	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Use the Hospital tuition budget (DSG) currently used to fund education provision for children and young people who are in hospital to continue funding the budget reduction in the Education Welfare Team.	60	60	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF30	<b>CSF Youth Inclusion</b> The Youth Service Manager post is proposed to become half time from December 2012. This would involve a redundancy.	15	15	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF34	<b>CSF Commissioning Function and Commissioning</b> Reduce ex LSC commissioning capacity for post 16 education and training	100	100	A	Delay in redundancy caused an underachievement of saving for 2012/13 only. The overspend resulting from this is included in monthly budget monitoring.	Y
CSF36	<b>CSF Commissioning Function and Commissioning</b> Reduce expenditure on LAC and SEN placements through implementation of Access to Resources model.	100	100	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
CSF39	<b>CSF SEN Transport</b> Implement new transport policy from April 2012	50	50	G	Base budgets were reduced. Monitored as part of monthly budgetary control.	N
<b>Total Children, Schools &amp; Families Savings 2010</b>		<b>1,003</b>	<b>995</b>			

## APPENDIX 8

The following charts show the forecast year end variance by department with a comparison for 2011/12:









<b>Reserves 2012/13</b>	<b>Balance at 31/3/12</b>	<b>Movement in year</b>	<b>Anticipated Movement to Year End</b>	<b>Forecast balance at 31/3/13</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Fund Reserve (including HRA)	13,975	-	-	13,975
Earmarked Reserves	33,865	(1,561)	(4,530)	27,774
<b>Total Available General Fund revenue</b>	<b>47,840</b>	<b>(1,561)</b>	<b>(4,530)</b>	<b>41,749</b>
Add reserves for future use towards Budget	6,319	-	6,713	13,032
Add DSG reserve for Schools	1,710	(83)	(277)	1,350
Add Schools own reserves	12,005	-	-	12,005
<b>Revenue Reserves</b>	<b>67,875</b>	<b>(1,644)</b>	<b>1,906</b>	<b>68,137</b>
Capital Receipts	15,199	-	6,222	21,421
Capital Grants	3,635	-	(1,339)	2,296
<b>Capital</b>	<b>18,834</b>	<b>-</b>	<b>4,883</b>	<b>23,717</b>
<b>Reserves as per Council's accounts</b>	<b>86,709</b>	<b>(1,644)</b>	<b>6,789</b>	<b>91,854</b>
<b>Earmarked Reserves breakdown</b>	<b>£000</b>			
Outstanding Council Programme Board Reserve	7,703	(329)	(215)	7,159
Schools PFI Fund	5,161	-	485	5,646
Insurance Reserve	2,322	-	-	2,322
Closing the budget gap	2,052	-	(2,052)	-
Repairs & Renewal Fund	2,000	(250)	-	1,750
Performance Reward Grant	1,656	(410)	(198)	1,048
Pension Fund additional contribution	1,250	-	(172)	1,078
Community Care Reserve	996	-	-	996
Energy renewable reserve	841	-	-	841
Local Land Charges Reserve	850	-	-	850
LABGI Reserve	560	-	(278)	282
Schools Reserve	515	(58)	(225)	232
Apprenticeships	1,500	-	(308)	1,192
Corporate Services reserve	431	(249)	-	182
Merton Business Investment Fund	339	-	(339)	-
Waste & Recycling Reserve	225	-	-	225
ICES Reserve	200	-	-	200
E&R Partnerships	195	-	(195)	-
Wimbledon Tennis Courts Renewal Fund	125	-	(117)	8
Other	143	-	-	143
Grants and contributions	4,801	(265)	(916)	3,620
<b>Sub Total</b>	<b>33,865</b>	<b>(1,561)</b>	<b>(4,530)</b>	<b>27,774</b>
For use in future years for budget	-	-	7,820	7,820
VAT Reserve	28	-	-	28
Revenue Reserves for Capital / Revenuesation	6,291	-	(1,107)	5,184
<b>Total for future use in budget</b>	<b>6,319</b>	<b>-</b>	<b>6,713</b>	<b>13,032</b>
DSG Reserve	1,710	(83)	(277)	1,350
<b>Net Total</b>	<b>41,894</b>	<b>(1,644)</b>	<b>1,906</b>	<b>42,156</b>

Adjusted position following final audit

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