

# Financial Task Group

**Date: 7 February 2013**

**Subject: Financial Report 2012/13 – December 2012**

Lead officer: Paul Dale

Lead member: Mark Allison

## Recommendations:

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- A. That the Financial Task Group note the financial reporting data relating to revenue budgetary control, showing a forecast underspend at year end of £4.313m after a transfer of £631,000 to the capital financing reserve. (£4.844m underspend reported last month); capital reporting and an update on corporate items and consider any relevant action that CMT wish to take in respect of variations.
- B. That the Financial Task Group note the Virements, increases, deletions and re-profiling contained in appendices 5a to c totaling:

Department	2012/13 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s
Community and Housing	(131)	131	0	0	0
Corporate services	(1,910)	(170)	(262)	(82)	0
Children, Schools and Families	(3,214)	1,932	(500)	(500)	*
Environment and Regeneration	(282)	(6,506)	1,172	4,978	708
Total	(5,537)	(4,613)	410	4,396	708

\* It is envisaged that Children, Schools and Families Bids for 2016/17 will need to be reduced by £500,000 for revenueisation.

- C. That the Financial Task Group note the Key Strategic Risk Register contained as Appendix 5D.
- D. That the Financial Task Group note the latest position with regard to the collection of miscellaneous debt, as at the end of December 2012. This is attached as Appendix 9.
- Officers will continue to develop this report prior to despatch to February 2013 Cabinet.
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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 CMT in line with the financial reporting timetable. It is the expenditure and income as at 31st December 2012.

This financial monitoring report provides:-

- The latest budgetary control information on revenue expenditure and income, forecasting a year end underspend of £4.313m (£4.844m underspend reported last month); at month 9, Quarter 3
- 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 December, the forecast is expected to be a net £4.313m underspend compared to the current budget (£4.844m underspend reported last month).

### Summary Position as at 31st December 2012

	Original Budget 2012/13 £000s	Current Budget 2012/13 £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s
<b>Department</b>					
3A. Corporate Services	10,256	10,533	10,842	309	322
3B. Children, Schools and Families	42,366	42,124	42,777	653	831
3C. Community and Housing	60,223	60,134	59,086	-1,048	-1,255
3D. Environment & Regeneration	28,008	27,707	28,244	537	196
<b>NET SERVICE EXPENDITURE</b>	<b>140,853</b>	<b>140,498</b>	<b>140,949</b>	<b>451</b>	<b>94</b>
<b>3E. Corporate Items</b>					
Impact of Capital on revenue budget	14,080	14,080	13,449	-631	-631
Transfer to Capital financing reserve	0	0	631	631	631
Transfer to Closing the Gap Reserve	5,738	5,738	5,738	0	0
Other Central budgets	-5,983	-5,627	-10,391	-4,764	-4,938
Levies	880	880	880	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>14,715</b>	<b>15,072</b>	<b>10,307</b>	<b>-4,764</b>	<b>-4,938</b>
<b>TOTAL GENERAL FUND</b>	<b>155,568</b>	<b>155,568</b>	<b>151,254</b>	<b>-4,313</b>	<b>-4,844</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>-155,568</b>	<b>-155,568</b>	<b>-155,568</b>	<b>0</b>	<b>0</b>
<b>NET</b>	<b>0</b>	<b>0</b>	<b>-4,314</b>	<b>-4,313</b>	<b>-4,844</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 position for December, in subjective format.

	Current Budget 2012/13	Year to Date Budget (Dec)	Year to Date Actual (Dec)	Full Year Forecast (Dec)	Forecast Variance at year end (Dec)
<b>Expenditure</b>	£000	£000	£000	£000	£000
Employees	85,912	64,653	64,611	87,119	1,207
Premises Related Expenditure	8,938	6,675	5,443	8,691	(247)
Transport Related Expenditure	10,840	7,432	7,962	11,557	717
Supplies and Services	155,823	113,917	102,406	154,983	(840)
Third Party Payments	84,535	59,892	57,635	84,797	262
Transfer Payments	112,648	6,908	6,661	112,689	41
Support Services	33,743	520	34	33,743	0
Depreciation and Impairment Losses	13,920	25	0	13,920	0
Corporate Provisions	15,071	4,282	1,099	10,307	(4,764)
<b>GROSS EXPENDITURE</b>	<b>521,431</b>	<b>264,304</b>	<b>245,851</b>	<b>517,806</b>	<b>(3,624)</b>
<b>Income</b>					
Government Grants	(258,682)	(9,024)	(9,202)	(258,751)	(69)
Other Grants, Reimbursements and Contribs	(15,837)	(8,418)	(7,315)	(15,470)	367
Customer and Client Receipts	(52,516)	(37,859)	(38,919)	(53,503)	(987)
Interest	(44)	0	0	(44)	0
Recharges	(35,323)	(847)	(812)	(35,323)	0
Balances	(3,459)	(1,976)	(1,921)	(3,459)	0
<b>GROSS INCOME</b>	<b>(365,860)</b>	<b>(58,124)</b>	<b>(58,169)</b>	<b>(366,550)</b>	<b>(689)</b>
<b>NET EXPENDITURE</b>	<b>155,571</b>	<b>206,180</b>	<b>187,682</b>	<b>151,256</b>	<b>(4,313)</b>

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

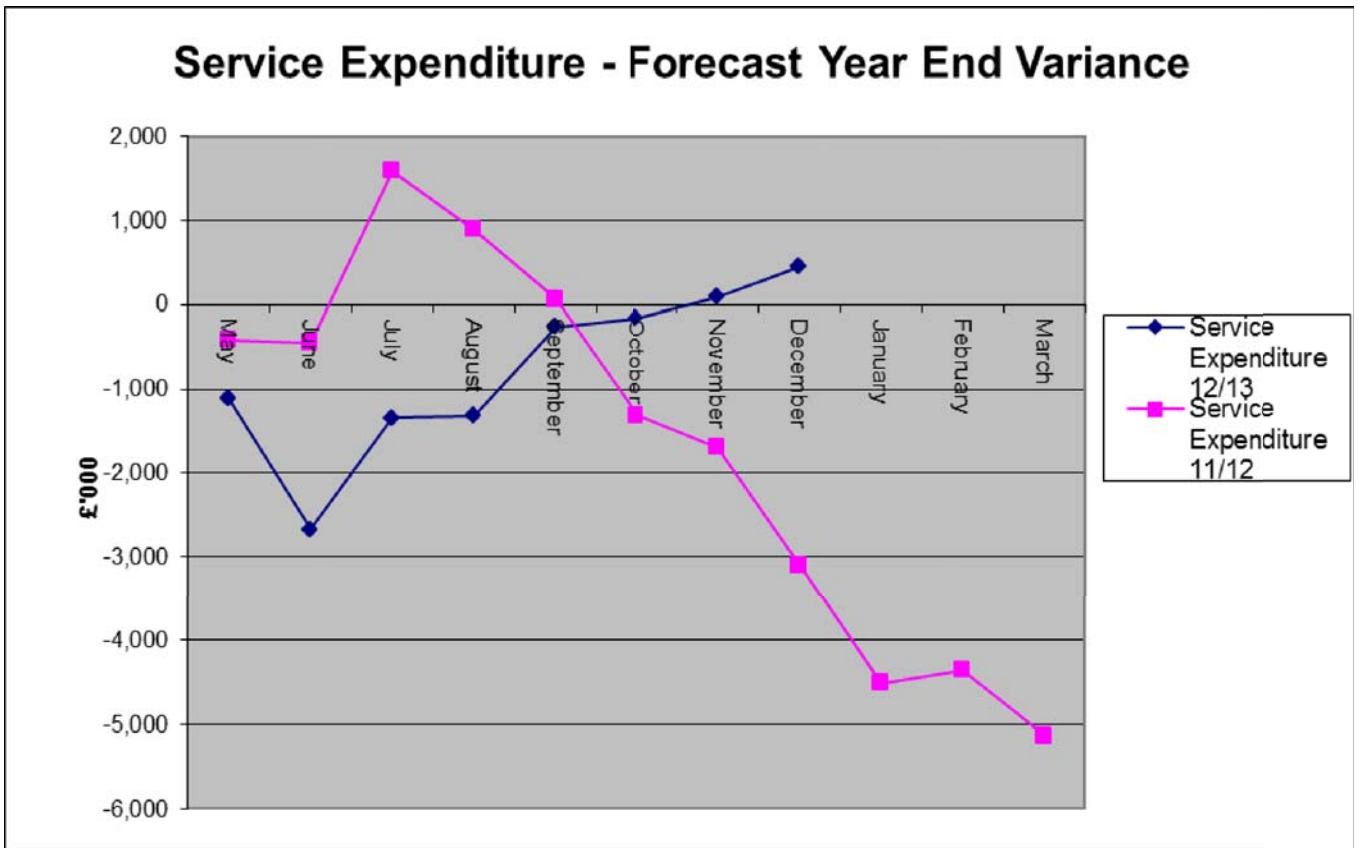
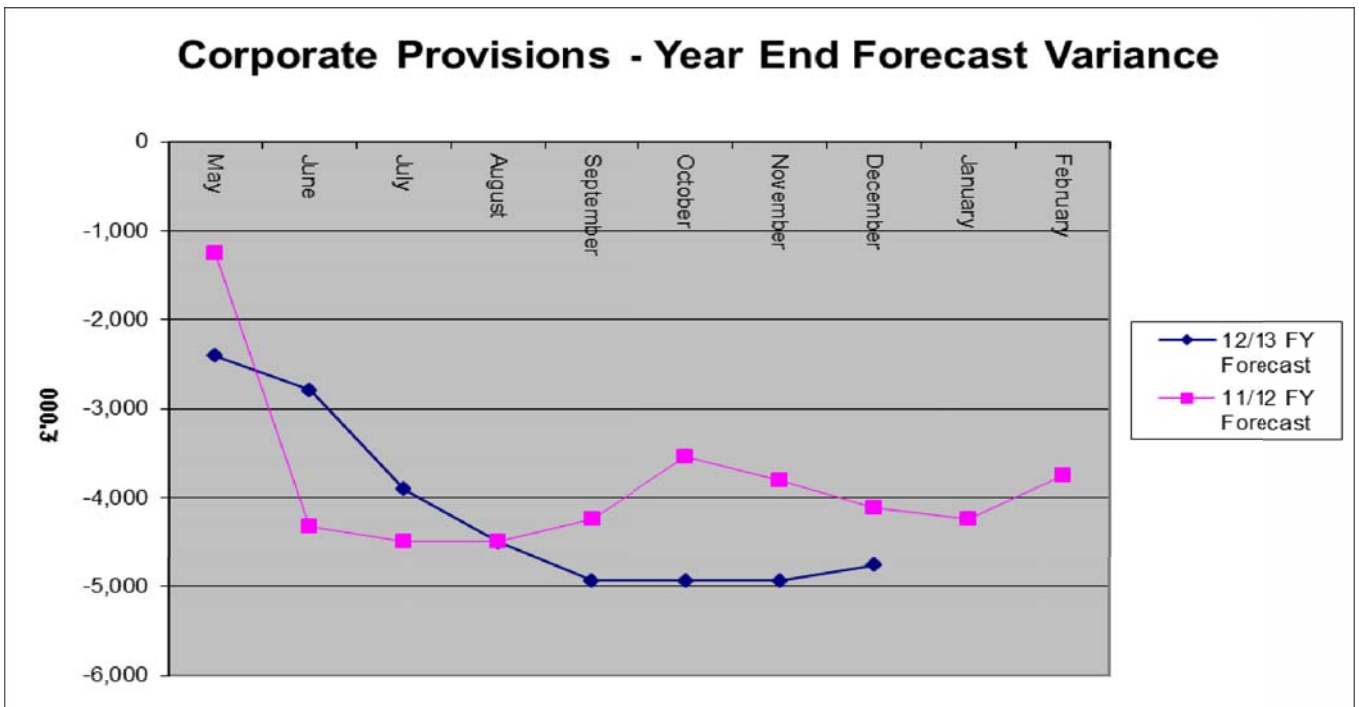


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against 2011/12.



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	Oct £'000	Nov £'000	Dec £'000	
<b>Total Waste</b>	-282	-860	-783	-935	-698	-698	-538	-467	
<b>Children's Social care</b>	-54	-26	150	362	327	329	251	149	
<b>Adult Social care</b>	-875	-1,344	-1,028	-1,206	-1,153	-1,185	-1,003	-791	
<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>-1,554</b>	<b>-1,290</b>	<b>-1,109</b>	
<b>Other departmental expenditure</b>	96	-440	325	460	1,263	1,391	1,384	1,560	
<b>Variation from budget</b>	<b>-1,115</b>	<b>-2,670</b>	<b>-1,338</b>	<b>-1,319</b>	<b>-261</b>	<b>-163</b>	94	451	

If managers current projections are accepted, the pattern of under and overspending appears to be changing in 2012/13,

The main 3 areas which have produced the large under spending in the past 2 years are currently forecasting an under spend of £1.1m compared to a forecast of £5m at the same stage last year. However, in 2011/12 the actual under spend was £2.2m greater than the December monitoring suggested and so some caution needs to be exercised before accepting this.

It should be noted that a significant overspending is now being forecast elsewhere in the budget that essentially offsets the under spending that is suggested for the “big 3” services. The table below highlights the major variances in the “other category”. There are clearly some significant variations here that will need action taken to eliminate them in future years or re align budgets to fund them

	£'000
Corporate Services income shortfalls	477
HR Recharges to school	156
General Fund Education	516
Housing General Fund	(314)
Traffic & Highways	587
Other	138
<b>Total</b>	<b>1,560</b>

### 3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

#### (A) Corporate Services Department

	<b>2012/13 Current Budget</b>	<b>Full year Forecast December</b>	<b>Forecast variance at year end (Dec)</b>	<b>Forecast variance at year end (Nov)</b>	<b>2011/12 Variance at year end</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Business Improvement	1,821	1,795	(26)	0	47
Infrastructure & Transactions	8,974	8,886	(97)	(39)	71
Resources	7,074	6,971	(103)	(180)	(122)
Human Resources	1,797	2,030	233	219	(51)
Corporate Governance	4,407	4,303	(105)	(89)	(140)
Customer Services	403	811	417	439	29
Corporate Items including redundancy costs	1,184	1,173	(11)	(29)	1,700
<b>Total (controllable)</b>	<b>25,660</b>	<b>25,969</b>	<b>309</b>	<b>322</b>	<b>1,534</b>

## Overview

At period 9 the Corporate Services department is forecasting an overspend of £309k. The main variances are summarised in the table below.

	<u>Budget</u> <u>£000</u>	<u>Dec</u> <u>forecast</u> <u>variance</u> <u>£000</u>	<u>Nov</u> <u>forecast</u> <u>variance</u> <u>£000</u>	<u>12/13</u> <u>Savings</u> <u>£000</u>
<b><u>Human Resources</u></b>				
School's SLA	(444)	156	156	59 -saving on new payroll contract not achieved
Agilisys contract costs	349	91	91	
Other costs	1,892	(14)	(28)	
<b><u>Total Human Resources</u></b>	<b><u>1,797</u></b>	<b><u>233</u></b>	<b><u>219</u></b>	
<b><u>Resources</u></b>				
Audit Fee	416	(166)	(166)	
Other costs	6,658	63	(14)	
<b><u>Total Resources</u></b>	<b><u>7,074</u></b>	<b><u>(103)</u></b>	<b><u>(180)</u></b>	
<b><u>Customer Services</u></b>				
Corporate Communications Income	(199)	140	150	
Shortfall on recovery of court costs	1,030	100	100	
Underachievement of bailiff's income	(887)	257	257	
Other costs	459	(80)	(68)	
<b><u>Total Customer Services</u></b>	<b><u>403</u></b>	<b><u>417</u></b>	<b><u>439</u></b>	

### **Human Resources (HR) – forecast overspend £233k**

As reported previously, the payroll service provided by Agilisys is forecasting an overspend of £91k. There are also additional costs of agency staff of £30k required to manage the payroll service in the current year. The shortfall on the Schools SLA income of £156k remains in the current year and is a budget pressure for 2013/14. The budget for the payroll system implementation is forecast to overspend by £33k which is an overspend in the current year and included in the overall forecast overspend of the HR division of £233k.

### **Customer Services – forecast overspend £417k**

The forecast overspend has reduced by £22k from November reporting. The reasons for the overspend remain the same:

Corporate Communications sponsorship, advertising and filming income forecast shortfall of £140k and underachievement of Bailiffs income is expected to be £237k.

The above forecast overspends are partly offset by forecast overachievement of income in the Registrars office (£55k) and an underspend on some vacant posts (£100k).

### **Resources – forecast underspend £103k**

There is a reduction in the audit fee following the appointment of Ernst & Young of approx £166k for 2012/13. This will be subject to review in 2013/14, due to extra work potentially required on grant claims.

In order to comply with CIPFA accounting code of practice, a review was performed of capital expenditure on accounting systems and £120k was identified as revenue expenditure and has been transferred from capital to revenue.

### **Infrastructure and Transactions – forecast underspend £97k**

This is mainly due to IT support services holding vacant posts and savings for 13/14 from renegotiation of contracts being achieved early.

### **Corporate Governance – forecast underspend £105k**

The shared legal service with Richmond is forecasting an underspend of £118k; Merton's 50% share will be £59k. There are small underspends in benefits investigation and democratic services.

### **Management Action**

Budget managers are working closely with finance staff to continue to make forecasting more robust and reducing spend where possible to address the above cost pressures.

### **(B) Children, Schools and Families**

<b>Children, Schools and Families (Non-DSG)</b>	<b>2012/13 Current Budget</b>	<b>Full year Forecast (as at Dec)</b>	<b>Forecast Variance at yearend (as at Dec)</b>	<b>Forecast Variance at yearend (as at Nov)</b>	<b>2011/12 Variance at year-end</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Commissioning, Strategy and Performance	7,645	8,026	381	404	(135)
Education	10,061	10,196	135	188	(11)
Social Care and Youth Inclusion	11,517	11,666	149	251	(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>38,836</b>	<b>653</b>	<b>831</b>	<b>(1,089)</b>

### **Overview**

Detailed analysis of budgets as at the end of December 2012 by departmental budget managers show a number of over and underspends that combine to forecast a net overspend of £653k on local authority funded services for 2012/13. This includes £366k and £61k (£427k) of once off non-recurrent spend detailed further below.



DSG funded services are forecast to underspend but these budgets are not within the council's general fund and such underspends cannot be offset against overspends on local authority funded budgets.

### Local Authority Funded Services

The key variances are shown in the following table.

Description	Budget £000	December £000	November £000
Independent fostering and residential placements (ART)	4,971	34	45
Re-classification of capital as revenue cost	50	404	404
Various other small over and underspends	2,624	(57)	(45)
<b>Subtotal Commissioning, Strategy and Performance</b>	<b>7,645</b>	<b>381</b>	<b>404</b>
Direct and Discretionary payments &S17	231	129	136
SEN and FE transport	2,917	109	65
Nursery grant payments to 2 year olds	1,159	(80)	0
Various other small over and underspends	5,754	(23)	(13)
<b>Subtotal Education</b>	<b>10,061</b>	<b>135</b>	<b>188</b>
Special guardianship orders	112	228	188
Section 17	36	100	100
CHAMS	286	(100)	(88)
Various other small over and underspends	11,083	(79)	51
<b>Subtotal Children's Social Care and Youth Inclusion</b>	<b>11,517</b>	<b>149</b>	<b>251</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>653</b>	<b>831</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, the residual overspend amounting to some £34k.
- In order to comply with the relevant accounting code of practice, the council identified £366k of once-off capital expenditure that was reclassified as revenue resulting in an overall overspend of £404k. CSF and Corporate Finance officers are looking further at the implications of the reclassification for future schemes and years.
- There are various other small over and underspends predicted across the division totalling £57k underspend. This, combine with the items described above, equals the reported divisional overspend forecast of £381k.

## Education Division

- The SEN and Disability integrated service is forecasting overspends of £129k on their direct; discretionary; and Section 17 payments, due to increased numbers of clients reflecting rising numbers of children with complex needs being supported in this way. These payments, however often prevent higher cost interventions being required.
- SEN and FE transport cost are expected to overspend by £109k due to the increased number of service users, although work continues to ensure the most cost effective routing for individual young people and a revised policy is proposed for 2013.
- The nursery grant payments for two year olds are estimated to underspend by £80k as a result of lower than expected take-up. This budget will transfer to DSG in 2013/14 when the grant funding moves from Early Intervention Grant (EIG) to Dedicated Schools Grant (DSG).
- There are various other small over and underspends predicted across the division totalling £23k underspend. This, combine with the items described above, equals the reported divisional overspend forecast of 135k.
- Bishopsford Arts College will change to Harris Academy Morden. As part of budget monitoring the school's latest estimate is a deficit of £200k. If this materialise, it will be an additional cost to the CSF department. Finance is checking the schools estimates at the moment and will be closing the school accounts with the school to confirm the closing balance.

## Children's Social Care and Youth Inclusion

1. Regarding allowances including SGOs, this figure includes the sum of £131k relating to a court required increase as a result of a judicial review, which was backdated to 6 August 2010, therefore at this time we estimate £61k of this overspend will be one-off. Work continues to undertake individual assessments to firm up the historic and recurrent figures.
2. The Section 17 budgets are forecast to overspend by £100k 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.
3. The Children and Adolescent Mental Health Service (CAMHS) is expecting to underspend by £100k due to vacancies. This service is being re-negotiated and is expected to run at full capacity from next financial year.
4. Cost pressures of £103k were identified during 2011/12 relating to maternity cover. Funding for this one-off cost was budgeted for through reserves, but it is more appropriate for these costs to be met from in-year resources if possible. The director of Corporate Services will review reserves at year-end.
5. Commissioning savings at Leyton Road are expected to result in an overall underspend for the year of £60k.
6. Adoption allowance costs have increased to secure appropriate placements for young people with complex needs, resulting in an expected overspend of £40k.

7. The Connexions budget is expected to underspend by £85k as a result of delay in program take-up. Legal action is being pursued by the Connexions contractor against the six boroughs within the arrangement. There are possible financial consequences but at this stage amounts cannot be estimated. Any legal costs and redundancies resulting from these changes will be funded from the corporate contingency budget.
8. There are various other small over and underspends predicted across the division (including 4 to 7 above) totalling £79k underspend. This, combined with the significant item 1 to 3 described above, equals the reported divisional overspend forecast of £149k.
9. There are currently pressures on the budget for remand costs which are hard to predict due to the low but volatile numbers. In addition changes to the Legal Aid, Sentencing and Punishment of Offender (LASPO) Act 2012 coming into force in December 2012 introduced 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 overspending in the current year. It is not possible to estimate the in year or full-year effect of this pressure for 2013/14 as it is dependant on the formula used for distributing national funding and the then number of placements, neither which is known, offset by the funding transfer which is still under consultation.

### **Dedicated Schools Grant**

Based on current client costs, independent residential SEN placements are expected to underspend by £754k. The current client costs do not build in contingencies for new assessments towards the end of the financial year or the possibility of any tribunal cases.

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. The current forecasts indicate a net underspend on recoupment activities of £882k. The Government is changing the SEN recoupment system from 13/14 and introducing a new funding model for special schools.

Work continues to conclude the transfer of Bishopsford Arts College to academy status with the school currently run on Merton's behalf by the Harris Federation under an agreement with LBM. As required under that agreement, Harris has notified LBM of a potential £200k projected deficit. As per that agreement the A D Education and finance officers must review current and planned expenditure and will be doing so as soon as practicable to ensure that the expenditure is reasonable and unavoidable. The Interim Executive Board was asked to control expenditure closely going forward with monthly reports to the A D Education and the Director of CSF. The deficit would be a one off cost that is expected to be funded from the DSG underspend detailed in the paragraphs above.

Redundancy and legal costs resulting from the Academy transfer will be funded from Education Funding Agency grant and Merton corporate contingency funding.

## 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. Our ART service is working hard to negotiate down the costs of Individual placements and our work with our consortium partners continues including piloting the care cost calculator.

We are targeting our work even more sharply to prevent high cost interventions where possible and are reshaping our early intervention and prevention services 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 the end of December, C&H is forecast to under-spend by £1.048m.

<b>Community and Housing</b>	<b>2012/13 Current Budget</b>	<b>Full Year Forecast (Dec)</b>	<b>Forecast Variance (Dec)</b>	<b>Forecast Variance (Nov)</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	40,139	(621)	(885)	(1,643)
Commissioning	5,239	4,905	(332)	(283)	(698)
Direct Provision	4,832	4,965	114	143	(463)
Directorate	847	895	48	22	(62)
<b>Adult Social Care</b>	<b>51,724</b>	<b>50,905</b>	<b>(791)</b>	<b>(1,003)</b>	<b>(2,866)</b>
Libraries and Heritage	2,471	2,504	29	18	8
Merton Adult Education	(12)	15	28	12	107
Housing General Fund	1,263	949	(314)	(282)	(391)
<b>Total (controllable)</b>	<b>55,446</b>	<b>54,373</b>	<b>(1,048)</b>	<b>(1,255)</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>Forecast Variance (Dec)</b>	<b>Forecast Variance (Nov)</b>
<b>Access &amp; Assessment</b>	<b>£000</b>	<b>£000</b>
Client Contribution	(941)	(941)
PCT Contribution	(139)	(139)
<b>Total over-achievement of Income</b>	<b>(1,080)</b>	<b>(1,080)</b>
Miles Re-ablement Service	(205)	(220)
Other A&A Net under-spends	(371)	(286)
Gross Placements over-spend	1,036	701
Total A&A under-spend	(620)	(885)
Other C&H under-spend	(428)	(370)
<b>TOTAL FORECAST UNDERSPEND C&amp;H</b>	<b>(1,048)</b>	<b>(1,255)</b>

### Commissioning

The projected under spend in Commissioning of £332k is due to under-spend of the supporting people grant £108k, reduction in the contribution to Voluntary Organisation contracts and grants of £113k, salaries due to delay in recruitment £55k and £56k on budget for non salary expenditure for the new brokerage team.

### Income

The overachievement of income derives from an understatement of this budget when growth was agreed in previous years. Of the £1,080,000 overachievement forecast, £800,000 will be taken to balance the 2013/14 budget.

Direct Provision is forecast to overspend by £114k.

Mainly due to additional staff required at Glebelands and additional supported living service at Haselmere Avenue and the Gables coming on-line and also additional staffing costs to cover long term sick.

Housing - Predicting a £314k under spend

£184k -Preventing homelessness grant, however the proposed welfare reform changes may impact upon the use of this fund and it remains difficult to accurately predict whether the welfare reform will see an increased use of this grant.

£50k net additional housing benefit and client contribution to bed and breakfast accommodation  
£29k forecast under-spend on repossession and eviction budget.

Libraries £29k forecast over-spend

Merton Adult Education (MAE) is forecast to over spend by £28k.

There is an additional £15k forecast overspend this month due to an increase in Examination fees. Additionally tutors were overpaid in the current financial year and this is being recouped on a monthly basis. A check has indicated that a proportion has been repaid and thus additional work is required to ascertain if all will be recouped in the current financial year or else it will adversely effect the actual overspend.

**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 are being monitored closely.

The table below identifies the movement in care package numbers:

	No of Care Packages as at October 2011 (budget setting)	No of Care Packages as at December 2012	Increase/decrease since Budget Setting	Total Yearly Commitment @ Dec 12 £000
<b>Activity Data – Care Package Numbers</b>				
Service Area				
Mental Health	179	176	(3)	£1,629
Physical and Sensory	278	283	5	£3,665
Learning Disabilities	357	373	16	£12,493
Older People	1,681	1629	(52)	£20,659
Substance Misuse	7	14	7	£247
No recourse to public funds	22	20	(2)	£259
Other Placement Expenditure				£548
<b>TOTAL FORECAST UNDERSPEND A&amp;A</b>	<b>2,524</b>	<b>2,495</b>	<b>(29)</b>	<b>£39,501</b>

**Pressures**

Based on current packages within care-first , gross placement expenditure budget is forecast to over-spend by £1,036k at Period 9.

Savings progress has been reviewed and of the total Savings target of £4.099m,savings of £241k is still to be achieved.

Trend analysis of placement expenditure over the last 5 financial years, indicates that placement expenditure increases between December and the end of the financial year.

It is estimated that spend on Adult Social care placements will increase due to winter pressures.

### **Additional Winter Pressures Funding**

The DH has confirmed an additional funding of approx £500k of funding to be made immediately available to ensure the maintenance of high quality care over this winter in both health and social care.

This needs to be spent by 31<sup>st</sup> March 2013.

This income and forecast expenditure is not yet included in the forecast

A meeting has been arranged to discuss this additional funding and other allocations for next year.

Discussions are being held with the PCT to agree transfer of resources within this year's framework .The S256 Agreement is required by 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. An agreement has been made with the CCG/PCT over the "re-ablement" funding which may entail some modest in year non recurrent expenditure. It is important to ensure that non commitments are entered into that would put pressure on the 2013/14 budget

### **Management Action to date**

#### **Adult Social Care**

The monitoring of income is a key budget area where enhancement of the monitoring is being developed.

#### **Housing General Fund**

The Temporary Accommodation budget is being reviewed by the budget manager. The forecast for temporary accommodation does not seem to be consistent with actual spend to date and the manager is investigating whether invoicing to date fully reflects commitments entered into.

In 2011/12 the forecast under spend on the Adult Social Care budget was c£500,000 below the figure that finally transpired, rising from £2.398m to £2.9m. The actual extent of continuing under spending is being kept under scrutiny by the Director through monthly budget monitoring as a critical factor in determining the out-turn position for 2012/13.

## (D) Environment & Regeneration

	2012/13 Current Budget £000	Full year Forecast (Dec) £000	Forecast Variance at year end (Dec) £000	Forecast Variance at year end (Nov) £000	2011/12 Variance at year end £000
Public Protection & Development (PP&D)	(6,281)	(5,991)	290	227	(95)
Sustainable Communities	3,170	3,129	(41)	(17)	235
Street Scene & Waste	24,937	25,259	322	25	(2,533)
Safer Merton	963	929	(34)	(39)	(45)
<b>Total Excluding Overheads</b>	<b>22,789</b>	<b>23,236</b>	<b>537</b>	<b>196</b>	<b>(2,438)</b>
Description	2012/13 Current Budget £000	Forecast Variance at year end (Dec) £000	Forecast Variance at year end (Nov) £000	Forecast Variance at year end (Nov) £000	Forecast Variance at year end (Nov) £000
Shortfall in Building & Development Control (B&DC) income	(1,972)	465	440		
General Supplies & Services underspend within B&DC	240	(77)	(75)		
Employee underspend within Parking Services	2,330	(55)	(29)		
Other	(6,879)	(43)	(109)		
<b>Total for Public Protection &amp; Development</b>	<b>(6,281)</b>	<b>290</b>	<b>227</b>		
Shortfall in Greenspaces income	(1,661)	51	67		
Employee overspend within Greenspaces	2,083	72	72		
Premises related underspend within Greenspaces	679	(51)	(51)		
Shortfall in Property rental income	(3,439)	135	135		
Premises related costs within Property Management	267	105	105		
Employee underspend within Senior Mgmt & Support	872	(124)	(124)		
Olympic income for services provided	0	(178)	(207)		
Other	4,369	(51)	(14)		
<b>Total for Sustainable Communities</b>	<b>3,170</b>	<b>(41)</b>	<b>(17)</b>		
Employee overspend within Waste Services	7,319	753	254		
Reduced transport sla costs within Waste Services	2,284	(122)	(294)		
Premises related underspend within Waste Services	271	(109)	(61)		
Reduced SLWP related costs	8,708	(893)	(485)		
General Supplies & Services underspend within Waste Services	772	(113)	(129)		
Shortfall in Waste Services income – principally Commercial Waste	(2,359)	164	279		
Reduction in ability to Capitalise expenditure	(782)	379	352		
Overspend on highways maintenance contract reactive works	666	259	74		
Transport Services	(555)	202	123		
Other	8,613	(198)	(88)		
<b>Total for Street Scene &amp; Waste</b>	<b>24,937</b>	<b>322</b>	<b>25</b>		
Employee related underspend	1,058	(101)	(97)		
Overspend on third party payments	1,467	65	83		
Overachievement of contributions form other bodies	(1,487)	(64)	(63)		
Other	(75)	66	38		
<b>Total for Safer Merton</b>	<b>963</b>	<b>(34)</b>	<b>(39)</b>		
<b>Total Excluding Overheads</b>	<b>22,789</b>	<b>537</b>	<b>196</b>		



## **Overview**

The Department is currently forecasting an overspend of **£537k** 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.

## **Public Protection & Development**

### **Building and Development Control**

An overspend of £375k 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.

However, this pressure will be partially offset by the fact that the DCLG have recently implemented 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 increased it since 2008. The increase took effect on 22nd November, and could result in an additional £30k of income during this financial year.

This forecast overspend is being partially mitigated by underspends elsewhere within the section and the rest of the PP&D division, especially within Parking Services where an employee underspend of £55k is expected.

## **Sustainable Communities**

### **Property Management**

The Property Management section is currently forecasting a shortfall in rental income of around £135k, 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 several 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.

### **Greenspaces**

The section is currently forecasting an overspend of £131k. This is as a result of an employee related overspend of £72k, and a shortfall in income of around £51k mainly as a result of 2012/13 savings not being achieved. Action is being proposed to address the overspend, including cost reductions and potential for additional income.

In the short-term, this forecast overspend, coupled with the overspend forecast within property Management, is being mitigated by underspends elsewhere within Sustainable Communities, principally within the Senior Management and Support section, and Leisure & Culture where income is due from services delivered up to and during the Olympics.

## **Street Scene & Waste**

### **Waste Services**

The section is currently forecasting an overall underspend of £467k, 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 are a few notable pressures. Firstly, Commercial Waste is forecasting an income shortfall of around £277k. This compares to a shortfall of £278k in 2011/12. A review of the commercial waste business has been carried out and an action plan is being delivered to address issues around future growth of the business together with improved efficiencies and cost control.

In addition, the section is currently projecting an employee related over spend of about £753k. This is as a result of a combination of issues, including contractual and non-contractual overtime, and agency cover for sick leave absences. Actions are being taken in order to reduce this overspend, including continuing the delivery of the action plan to reduce the level of sickness absence.

### **Traffic & Highways**

The section is currently forecasting an overspend of £587k for three main reasons. Firstly, there was a delay in the introduction of the London Permit Scheme due to a delay in the approval from the Department for Transport. The delay has meant 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 to charge a lower level of highways maintenance spend than it anticipated to Capital. Thirdly, the section has experienced higher than expected costs relating to reactive works on highways maintenance. Mitigating action is being taken to bring this expenditure back into line with budget.

### **Safer Merton**

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 being mitigated by staffing underspends. Work is underway to re-commission all service in CCTV and this will mitigate any further issue. This work will be completed by April 2014, with a new and full service specification. Large amounts of work have already been done on consolidating the current contractual agreements in order to have a clear and comprehensive base from which to start recommissioning.

### **Management Action**

Work is ongoing with regard to the 2011/12 outturn variances in order to ascertain the extent to which they will continue into this financial year, and to mitigate the significant differences seen between forecasts and outturn.

Management action is being taken to mitigate the overspend in the remainder of the year. Plans are being finalised.

All managers are aware of the need to contain expenditure and maximise income wherever possible. Corporate guidance regarding the filling of vacant posts will be strictly adhered to.

**(E) Corporate Items**

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> December 2012 are:-

3E. Corporate Items	Council 2012/13 £000s	Original Budget 2012/13 £000s	Current Budget 2012/13 £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s
Cost of Borrowing	14,481	14,481	14,481	13,850	-631	-631
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>13,449</b>	<b>-631</b>	<b>-631</b>
Pension Fund	4,537	4,537	4,537	4,537	0	0
Pay and Price Inflation	1,335	1,334	1,334	600	-734	-908
Contingencies and provisions	5,337	4,095	3,871	908	-2,963	-2,963
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>9,337</b>	<b>8,097</b>	<b>8,453</b>	<b>3,058</b>	<b>-5,395</b>	<b>-5,569</b>
Levies	881	880	880	880	0	0
Appropriation to Reserves	5,738	5,738	5,738	6,369	631	631
<b>TOTAL CORPORATE PROVISIONS</b>	<b>15,956</b>	<b>14,715</b>	<b>15,071</b>	<b>10,307</b>	<b>-4,764</b>	<b>-4,938</b>

Details of forecast variances have been provided in previous monitoring reports.

Further details of corporate expenditure and income are provided in Appendices 1 and 2.

**(F) Reserves**

Attached as Appendix 6 is a table detailing the movement in reserves to date and anticipated movement to year end

**(G) Cash Flow Forecast for 2012/13**

Attached as Appendix 10 is the Cash Flow Forecast for 2012/13 as at 29 January 2013.

#### 4. CAPITAL PROGRAMME 2012-16

4.1 The table below summarises the position in respect of the Capital Programme as at December 2012. Officers will continue to review projections until despatch to February 2013 Cabinet.

##### Merton - December 2012 - Summary Departmental Capital Monitoring Information

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Community and Housing	1,311,540	426,694	839,476	(412,782)	1,305,487	(6,053)
Corporate Services	3,083,280	1,565,739	1,788,661	(268,009)	3,103,935	20,655
Children Schools and Families	27,276,000	21,042,134	20,050,331	1,014,831	27,276,906	906
Environment and Regeneration	13,619,290	6,319,186	9,025,936	(2,707,838)	13,756,310	*137,020
<b>Total Capital</b>	<b>45,290,110</b>	<b>29,353,753</b>	<b>31,704,404</b>	<b>(2,373,798)</b>	<b>45,442,638</b>	<b>152,528</b>

\* TFL LIP money that must be spent in 2012/13 – re-profiles of budget outstanding – will be amended for Cabinet

- i) Community and Housing -.Budgetary provision has been revised to reflect expected outturn for 2012/13.
- ii) Corporate Services – Officers have undertaken a detailed review of their expenditure up to 2015/16 and this is reflected within the report. The analysis identifies almost £1.4 million anticipated spend over this period that should be transferred to revenue. This will have a considerable impact on the MTFs and financial officers need to the detail underpinning these proposals to ensure their correct classification.
- ii) Children, Schools and Families – A detailed review of expenditure allowing for activity over the festive break has resulted in the overall programme for 2012/13 being reduced by £3,214 million. From 2012/13 to 2015/16 the department’s capital programme has been reduced by £2.44 million.
- iii) Environment and Regeneration –.Officers within the Department are projecting an outturn position of £13.6 million. Spend at the of December as just over £6.3 million an increase of almost a £1 million on the previous month. To achieve the required outturn officers will need to spend in excess of £2 million per month over the next three months. Specific assumptions have been made in respect of the Wimbledon Community Association Project and the Merton and Sutton Joint Cemetery Board Loan. Currently the department’s 2012/13 capital programme has been reduced by £84,000 no adjustment has been made to the future years programme.

4.2 There have been the following movements in the current year budget since the report submitted last month:

Department	November Monitoring	Increase/ (Decrease)	Total Budget
Community and Housing	1,442,090	(130,550)	1,311,540
Corporate Services	4,993,370	(1,910,090)	3,083,280
Children Schools and Families	30,490,120	(3,214,120)	27,276,000
Environment and Regeneration	13,901,300	(282,010)	13,619,290
<b>Total Capital</b>	<b>50,826,880</b>	<b>(5,536,770)</b>	<b>45,290,110</b>

4.3 The table below breaks down the changes made to the 2012/13 capital programme in December 2012:

Department	Surrendered	Transferred to Revenue	Income from Schools	New Schemes	Reprofile to Future Years	Total Changes
Community and Housing	0	0	0	0	(131)	(131)
Corporate Services	(1,050)	(480)	0	0	(379)	(1,909)
Children Schools and Families	(42)	(344)	44	0	(2,872)	(3,214)
Environment and Regeneration	(130)	(84)	0	115	(183)	(282)
<b>Total Capital</b>	<b>(1,222)</b>	<b>(908)</b>	<b>44</b>	<b>115</b>	<b>(3,565)</b>	<b>(5,536)</b>

The adjustments in the table above are detailed in Appendix 5b.

4.4 The Table below shows the movement in the 2012/13 corporate capital programme 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	November Monitoring Report	Increase / (Decrease)	December. Monitoring Report
Community and Housing	0	769	(1,405)	2,078	0		1,442	(131)	1,311
Corporate Services	4,796	1,740	(1,543)		0		4,993	(1,910)	3,083
Children Schools and Families	33,214	6,885	(14,645)	4,175	0	861	30,490	(3,214)	27,276
Environment and Regeneration	14,602	3,466	(5,417)	423	827		13,901	(282)	13,619
<b>Total Capital</b>	<b>52,612</b>	<b>12,860</b>	<b>(23,010)</b>	<b>6,676</b>	<b>827</b>	<b>861</b>	<b>50,826</b>	<b>(5,537)</b>	<b>45,289</b>

4.5 The table below summarises the impact of the re-profiling, virements etc detailed in Appendix 5b on the Capital Programme 2012-16. The impact on the funding of the Capital Programme 2012/13 is attached as Appendix 5c.

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

Dept	October 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
C&H	1,442	(131)	1,311	1,405	131	1,536	0	0	0	0	0	0
CS	4,993	(1,910)	3,083	7,754	(170)	7,584	2,926	(262)	2,664	2,457	(82)	2,375
CSF	30,490	(3,214)	27,276	25,792	1,932	27,724	13,090	(500)	12,590	4,165	(500)	3,665
E&R	13,901	(282)	13,619	19,323	(6,506)	12,817	10,126	1,172	11,298	15,946	4,978	20,924
<b>Total</b>	<b>50,826</b>	<b>(5,537)</b>	<b>45,289</b>	<b>54,274</b>	<b>(4,613)</b>	<b>49,661</b>	<b>26,102</b>	<b>410</b>	<b>26,552</b>	<b>22,568</b>	<b>4,396</b>	<b>26,964</b>

- 4.6 Considerable re-profiling of regeneration schemes through the Environment and regeneration programme with a total of £329,000 of budget being re-profiled to 016/17 for regeneration. Officers have located an additional £708k of external funding for regeneration and this will be added to the Capital Programme in 2016/17 and progressed as part of the Business Plan. The housing scheme in Western Road will also be added to the Business Plan when appropriate and reported to Council on 6 March 2013.
- 4.7 There has been a considerable reduction to the programme in 2013/14, mainly due to the re-profiling of regeneration schemes.
- 4.7 The Table below highlights the increase in spend from November to December 2012:

Department	Spend to	Spend to	Variance
	December	November	
Community and Housing	427	427	(0)
Corporate Services	1,566	1,244	322
Children Schools and Families	21,071	19,698	1,373
Environment and Regeneration	6,319	5,460	859
<b>Total Capital</b>	<b>29,383</b>	<b>26,829</b>	<b>2,554</b>

- 4.7.1 The table below indicates the average monthly level of spend required by Departments to achieve their projected outturn:

Department	Total Budget	Spend to December	Remaining Budget	Average Monthly Spend
Community and Housing	1,312	427	885	295
Corporate Services	3,075	1,566	1,509	503
Children Schools and Families	28,196	21,071	7,125	2,375
Environment and Regeneration	14,066	6,319	7,747	2,582
<b>Total Capital</b>	<b>46,649</b>	<b>29,383</b>	<b>17,266</b>	<b>5,755</b>

- 4.7.2 The Table below show the level of spend achieved in December 2012:

Department	Spend to November	Spend to December	Spend in December
Community and Housing	427	427	0
Corporate Services	1,244	1,566	322
Children Schools and Families	19,698	21,071	1,373
Environment and Regeneration	5,460	6,319	859
<b>Total Capital</b>	<b>26,829</b>	<b>29,383</b>	<b>2,554</b>

## 5. DELIVERY OF SAVINGS FOR 2012/13

5.1 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.

## **6. MISCELLANEOUS DEBT**

6.1 Attached as Appendix 9 is the bi-monthly miscellaneous debt report as at December 2012.

## **7. CONSULTATION UNDERTAKEN OR PROPOSED**

7.1 All relevant bodies have been consulted.

## **8. TIMETABLE**

8.1 In accordance with current financial reporting timetables.

## **9. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

9.1 All relevant implications have been addressed in the report.

## **10. LEGAL AND STATUTORY IMPLICATIONS**

10.1 All relevant implications have been addressed in the report.

## **11. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

11.1 Not applicable

## **12. CRIME AND DISORDER IMPLICATIONS**

12.1 Not applicable

## **13. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

13.1 Attached as Appendix 5D is the Key Strategic Risk Register updated as at the end of December 2012. Directors are asked to review the information in the Appendix, comment as appropriate and approve the information.

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

- Appendix 1 – Detailed monthly position table
- Appendix 2 – Detailed Corporate Items table
- Appendix 3 – Pay and Price Inflation as at June 2012
- Appendix 4 – Treasury Management: Outlook
- Appendix 5a – Current Capital Programme 2012/13
- Appendix 5b – Capital Programme Virements December 2012 Monitoring
- Appendix 5c – Capital Programme 2012/13 Funding Statement
- Appendix 5d – Key Strategic Risk Register as at December 2012
- Appendix 6 – Movement on reserves
- Appendix 7 – Savings expected in 12/13
- Appendix 8 – Forecast year end variance by department
- Appendix 9 – Miscellaneous Debt Report
- Appendix 10 – Cash Flow Forecast 2012/13 as at 29 January 2013

**17. BACKGROUND PAPERS**

16.1 Budgetary Control files held in the Corporate Services department.

**18. REPORT AUTHOR**

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**Summary Position as at 31st December  
2012**

	Budget as per March Council 2012/13 £000s	Original Budget 2012/13 £000s	Current Budget 2012/13 £000s	Year to Date Budget (Dec.) £000s	Year to Date Actual (Dec.) £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec) £000s	Forecast Variance at year end (Nov) £000s
<b>Department</b>								
3A. Corporate Services	8,329	10,256	10,533	17,745	15,915	10,842	309	322
3B. Children, Schools and Families	42,296	42,366	42,124	133,384	122,320	42,777	653	831
3C. Community and Housing	60,107	60,223	60,134	40,302	37,955	59,086	-1,048	-1,255
3D. Environment & Regeneration	28,889	28,008	27,707	10,467	10,393	28,244	537	196
<b>NET SERVICE EXPENDITURE</b>	<b>139,621</b>	<b>140,853</b>	<b>140,498</b>	<b>201,898</b>	<b>186,583</b>	<b>140,949</b>	<b>451</b>	<b>94</b>
<b>3E. Corporate Items</b>								
Impact of Capital on revenue budget	14,080	14,080	14,080	4,459	2,852	13,449	-631	-631
Transfer to Capital financing reserve	0	0	0	0	0	631	631	631
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	-5,627	-875	-2,451	-10,391	-4,764	-4,938
Levies	881	880	880	698	698	880	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>15,956</b>	<b>14,715</b>	<b>15,071</b>	<b>4,282</b>	<b>1,099</b>	<b>10,307</b>	<b>-4,764</b>	<b>-4,938</b>
<b>TOTAL GENERAL FUND</b>	<b>155,576</b>	<b>155,568</b>	<b>155,569</b>	<b>206,180</b>	<b>187,682</b>	<b>151,256</b>	<b>-4,313</b>	<b>-4,844</b>
<b>Funding</b>								
Formula Grant:								
- NNDR	-58782	-58782	-58782	-40284	-40284	-58782	0	0
- RSG	-1179	-1179	-1179	-884	-884	-1179	0	0
- Council Tax Freeze Grant 2011/12	-2060	-2060	-2060	-1545	-1545	-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>-47,181</b>	<b>-47,181</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
- WPCC	-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>-47,181</b>	<b>-47,181</b>	<b>-155,568</b>	<b>0</b>	<b>0</b>
<b>NET</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>158999</b>	<b>140501</b>	<b>-4312</b>	<b>-4313</b>	<b>-4844</b>

## APPENDIX 2

3E. Corporate Items	Budget as per Council 2012/13 £000s	Original Budget 2012/13 £000s	Current Budget 2012/13 £000s	Year to Date Budget (Dec.) £000s	Year to Date Actual (Dec.) £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s
Cost of Borrowing Investment Inc.	14,481 -401	14,481 -401	14,481 -401	4,760 -301	3,127 -275	13,850 -401	-631 0	-631 0
<b>Impact of Capital on revenue budget</b>	<b>14,080</b>	<b>14,080</b>	<b>14,080</b>	<b>4,459</b>	<b>2,852</b>	<b>13,449</b>	<b>-631</b>	<b>-631</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	600	-326	-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>600</b>	<b>-734</b>	<b>-908</b>
Contingency	2,000	2,000	1,938	0	0	500	-1,438	-1,438
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>3,871</b>	<b>0</b>	<b>0</b>	<b>908</b>	<b>-2,963</b>	<b>-2,963</b>
New Homes Bonus	-1,136	-1,136	-1,136	-875	-875	-1,136	0	0
Local Services Support Grant	0	0	0	0	-521	0	0	0
LACSEG refund	0	0	0	0	-471	-471	-471	-471
VAT Savings	0	0	0	0	-585	-596	-596	-596
<b>Income Items</b>	<b>-1,136</b>	<b>-1,136</b>	<b>-1,136</b>	<b>-875</b>	<b>-2,452</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>8,453</b>	<b>3,584</b>	<b>401</b>	<b>3,058</b>	<b>-5,395</b>	<b>-5,569</b>
<b>Levies</b>	881	880	880	698	698	880	0	0
- Financing costs: saving transferred to reserves	0	0	0	0	0	631	631	631
- 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>Appropriation 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>631</b>
<b>TOTAL CORPORATE PROVISIONS</b>	<b>15,956</b>	<b>14,715</b>	<b>15,071</b>	<b>4,282</b>	<b>1,099</b>	<b>10,307</b>	<b>-4,764</b>	<b>-4,938</b>

**Pay and Price Inflation as at December 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 2.7 per cent in December 2012, unchanged for the past two months. The main upward pressures came from domestic gas and electricity bills. Downward pressures from airfares were the main cost reductions which offset the increase.

RPI annual inflation stands at 3.1 per cent in November 2012, up from 3.0 per cent in November. Utility bill increases were the main reason for the rise.

**Outlook for inflation:**

On 10 January, 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 totalling £375 billion, financed by the issuance of central bank reserves.

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 (January 2013)			
	Lowest %	Highest %	Average %
2012 (Quarter 4)			
CPI	2.1	2.9	2.6
RPI	2.8	3.3	3.1
2013 (Quarter 4)			
CPI	1.7	3.3	2.3
RPI	1.7	3.6	2.7

As reported last month, both the Government's Autumn Statement and the Office for Budget Responsibility's (OBR) "Economic and Fiscal Outlook – 2012" were published in December.

The OBR's forecast overview of CPI until 2017 is set out in the table below:-

Percentage Change %	Outturn 2011	2012	2013	2014	2015	2016	2017
CPI	4.5%	2.8%	2.5%	2.2%	2.0%	2.0%	2.0%

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.

**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 the end of 2014. The Bank of England's Monetary Policy Committee on 10 January 2013 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.

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

	End Q.1 2013	End Q.2 2013	End Q.3 2013	End Q.4 2013	End Q.1 2014	End Q.2 2014	End Q.3 2014	End Q.4 2014	End Q.1 2015	End Q.2 2015
Sector	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.75%	1.0%
Capital Economics	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%		
UBS	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%		

As reported last month, there were revisions in economic forecasts in the Government's Autumn Statement and publication of the Office for Budget Responsibility's (OBR) "Economic and Fiscal outlook – December 2012".

Most economists are now forecasting that the bank base rate will remain at 0.5% until at least 2015, and expectations that they would fall further to 0.25% now appear to have receded.

### Community and Housing Capital Monitoring - December 2012

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care	119,650	47,333	80,001	(32,668)	119,649	(1)
Libraries	33,940	14,763	25,461	(10,698)	27,888	(6,052)
Adult Education and Community	145,340	111,647	108,092	3,555	145,340	0
Housing	1,012,610	252,951	625,922	(372,971)	1,012,610	0
<b>Total Community and Housing</b>	<b>1,311,540</b>	<b>426,694</b>	<b>839,476</b>	<b>(412,782)</b>	<b>1,305,487</b>	<b>(6,053)</b>

### Corporate Services Capital Monitoring - December 2012

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Business Improvement Total	45,530	35,052	34,146	906	45,530	0
Cloud Computing	242,480	228,249	223,461	4,788	242,480	0
Corporate Governance	13,000	0	0	0	13,000	0
Corporate Items	0	0	0	0	0	0
Facilities Management	838,130	385,506	588,044	(247,625)	858,136	20,006
IT	1,944,140	916,932	943,010	(26,078)	1,944,789	649
Resources	0	0	0	0	0	0
<b>Corporate Services Total</b>	<b>3,083,280</b>	<b>1,565,739</b>	<b>1,788,661</b>	<b>(268,009)</b>	<b>3,103,935</b>	<b>20,655</b>

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

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Commit	Remaining	Forecast For Year	Forecast Variance
Aragon Expansion	1,161,360	1,006,222	700,181	306,041	27,809	(39,571)	1,161,360	0
BENEDICT PRIMARY SCHOOL EXP	859,100	768,566	564,337	204,229	20,345	10,869	859,101	1
Cranmer Expansion	175,000	154,046	422,980	(268,934)	0	457,354	175,000	0
Temp classrooms for 5 schools	292,180	282,419	194,337	88,082	5,347	4,414	292,180	0
Hollymount Primary School Exp	617,910	566,925	411,883	155,042	207,189	(148,294)	617,908	(2)
Joseph Hood Primary School Exp	2,707,450	1,893,977	1,946,793	(52,816)	87,956	725,517	2,707,450	0
William Morris PCP	434,390	392,959	295,536	97,423	11,223	30,208	434,390	0
Holy Trinity Expansion	40,000	20,653	30,000	(9,347)	5,636	13,711	40,000	0
St Mary's expansion	825,170	545,182	587,997	(42,815)	157,439	127,149	825,165	(5)
Pupil Growth - Unallocated	280,850	104,373	184,301	(79,928)	10,906	165,571	280,850	0
All Saints/ South Wim YCC exp	1,567,670	1,165,079	1,105,769	59,310	2,014	400,577	1,567,670	0
Gorringe Park expansion	2,770,180	2,053,093	2,175,475	(122,382)	76,439	991,318	2,770,183	3
Hillcross School Expansion	340,000	50,714	252,956	(202,242)	21,027	398,039	340,000	0
Merton Abbey Temp Accomodation	275,510	11,178	128,670	(117,492)	10,702	228,480	275,505	(5)
Pelham School Expansion	343,820	193,815	241,198	(47,383)	23,951	202,244	343,815	(5)
Cricket Grn Exp-Chapel Orchard	140,000	80,536	133,337	(52,801)	119,384	80	140,000	0
Dundonald expansion	120,000	69,709	4,113	65,596	243,218	(192,987)	120,000	0
Poplar Permanent Expansion	613,580	278,650	250,401	28,249	26,930	65,550	613,578	(2)
Liberty expansion	2,308,560	1,998,604	1,474,754	523,850	158,871	31,085	2,308,560	0
Singlegate expansion	3,549,230	3,504,984	2,735,524	769,460	49,915	950,091	3,549,229	(1)
Wimbledon Park expansion	2,193,170	1,560,815	1,347,052	213,763	342,365	137,330	2,193,170	0
Beecholme Expansion	180,000	0	191,428	(191,428)	0	350,000	180,000	0
St Ann's Primary Phase	467,230	244,072	171,760	72,312	39,397	(159)	467,233	3
Wimbledon Chase Expansion	185,390	16,262	145,463	(129,201)	(14,262)	183,390	185,390	0
<b>Total Primary Expansion</b>	<b>22,447,750</b>	<b>16,962,833</b>	<b>15,696,245</b>	<b>1,266,588</b>	<b>1,633,801</b>	<b>5,091,966</b>	<b>22,447,737</b>	<b>(13)</b>

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

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Devolved Formula Capital	519,810	325,646	359,196	(33,550)	519,810	0
SEN Centre of Excellence	464,710	332,259	489,376	(157,117)	464,707	(3)
SEN Capital improvements	10,610	2,041	7,928	(5,887)	10,610	0
Early Years	64,310	7,846	48,231	(40,385)	64,310	0
Garden PCP	1,711,580	1,502,038	1,217,938	284,100	1,711,580	0
Schools Access Initiative Inc	51,530	7,371	35,416	(28,045)	51,530	0
Bishop Gilpin New Classroom	250,000	243,750	175,000	68,750	250,000	0
St Thomas of Canterbury Expnsn	7,830	7,830	3,159	4,671	7,830	0
Abbotsbury-playgrnd Improvemts	30,000	29,247	20,337	8,910	30,000	0
Links PCP	13,820	13,821	8,088	5,733	13,821	1
St Mark's Primary PCP	1,320	0	990	(990)	1,320	0
SS Peter & Paul PCP	142,290	134,378	106,722	27,656	142,290	0
Abbotsbury	0	0	15	(15)	0	0
Poplar PCP	0	0	0	0	0	0
New Pupil Places - Garfield	0	1,254	51	1,203	0	0
Rutlish	20,390	20,390	15,291	5,099	20,390	0
Bond School	0	0	217	(217)	0	0
Primary Capital Programme	7,530	0	5,474	(5,474)	7,530	0
School kitchens/dining areas	43,620	41,017	32,715	8,302	43,620	0
St Ann's Primary Phase	58,740	58,740	58,740	0	58,740	0
Cricket Green Site	0	(23,028)	0	0	0	0
Behaviour Unit	60,910	57,001	42,031	14,970	60,910	0
Hillcross Unit	0	0	1,217	(1,217)	0	0
Primary school autism unit	0	0	0	0	0	0
Brightwell	299,600	265,356	214,363	50,993	299,960	360
Short Breaks Disabled Children	105,090	105,386	80,264	25,122	105,089	(1)
Primary Capital Improvements	472,790	344,124	365,405	(21,281)	473,352	562
Play Spaces	10,420	7,076	7,812	(736)	10,420	0
Former Royal Sun Alliance SG	420,680	361,365	375,512	(14,147)	420,680	0
Secondary Expansion	0	0	33,337	(33,337)	0	0
Secondary Improvements	134,750	134,042	101,061	32,981	134,750	0
Schools Loans	127,200	0	375,003	(375,003)	127,200	0
Youth Centres	110,430	100,351	173,197	(72,846)	110,430	0
<b>Total Other</b>	<b>5,139,960</b>	<b>4,079,301</b>	<b>4,354,086</b>	<b>(251,757)</b>	<b>5,140,879</b>	<b>919</b>
<b>Total Children, Schools and Families</b>	<b>27,276,000</b>	<b>21,042,134</b>	<b>20,050,331</b>	<b>1,014,831</b>	<b>27,276,906</b>	<b>906</b>



## Environment and Regeneration Capital Monitoring - December 2012

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Footways Planned Works	1,000,000	674,768	750,000	(75,232)	1,020,670	20,670
Greenspaces	1,568,410	651,402	1,237,980	(586,578)	1,480,620	(87,790)
Highways General Planned Works	1,024,170	529,087	801,544	(272,457)	917,967	(106,203)
Highways Planned Road Works	1,600,000	860,930	1,200,000	(339,070)	1,600,000	0
Leisure Centres	501,670	121,272	411,156	(289,885)	506,260	4,590
Other E&R	1,252,360	106,772	879,017	(772,245)	1,333,660	81,300
On and Off Street Parking	2,290	39,511	12,368	27,143	17,290	15,000
Plans and Projects	147,580	116,258	76,342	39,916	147,580	0
Regeneration Partnerships	202,200	9,990	124,150	(114,160)	208,680	6,480
Street Lighting	640,000	37,527	360,000	(322,473)	640,000	0
Street Scene	610,720	191,039	516,472	(325,433)	617,180	6,460
Transport for London	2,312,560	797,356	897,981	(100,625)	2,502,560	190,000
Traffic and Parking Management	12,100	1,279	60,084	(59,892)	12,100	0
Transport and Plant	717,030	552,811	421,668	131,143	744,533	27,503
Safer Merton - CCTV & ASB	79,280	44,433	58,758	(14,325)	88,290	9,010
Environmental Health	1,000,970	868,914	799,697	69,217	970,970	(30,000)
Waste Operations	947,950	715,837	418,719	297,118	947,950	0
<b>Environment and Regeneration</b>	<b>13,619,290</b>	<b>6,319,186</b>	<b>9,025,936</b>	<b>(2,707,838)</b>	<b>13,756,310</b>	<b>137,020</b>

## Appendix 5b

### CAPITAL VIREMENTS AND REPROFILING DECEMBER 2012 MONITORING

Community and Housing	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		2016/17 Budget		Virements		Revised 2016/17 Budget		Narrative					
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£				
Laptops for Social Care Mngrs	0		15,000			15,000	15,000																													
Captive E-Learning CareFirst	5,000		(4,510)		490	5,000	5,000			4,510		9,510																								
Merton Information Portal	150,000		(80,000)		70,000					80,000		80,000																								
Telehealth	43,000		(16,040)		26,960		37,000			16,040		53,040																								
Birches Close	952,000		(45,000)		907,000					45,000		45,000																								
<b>Total Corporate Services</b>	<b>1,150,000</b>		<b>(130,550)</b>		<b>1,019,450</b>		<b>57,000</b>			<b>130,550</b>		<b>187,550</b>																								

# Appendix 5b

## CAPITAL VIREMENTS AND REPROFILING DECEMBER 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	Narrative
	£	£	£	£	£	£	£	£	£	£	£	£	
Invest to Save schemes- General	126,570	(73,000)	53,570	200,000	73,000	273,000	100,000	0	100,000	0	0	0	
IT Equipment	481,380	(106,280)	375,100	879,000	(204,000)	675,000	232,000	(50,000)	182,000	940,000	0	940,000	Reviewed to remove revenue spend
Windows 7 Upgrade	14,000	(3,640)	10,360	0	0	0	0	0	0	0	0	0	Reviewed to remove revenue spend
IT Strategy - unallocated	610,000	(70,000)	540,000	0	0	0	0	0	0	0	0	0	Reviewed to remove revenue spend
PABX	89,820	(38,320)	51,500	0	0	0	0	0	0	0	0	0	Reviewed to remove revenue spend
Connect to N3 Netwkr NHS Spine	100,170	(71,020)	29,150	0	65,580	65,580	0	0	0	0	0	0	Reviewed to strip out revenue spend and re-profile
Transformation (IT) - I&T	675,450	(210,390)	465,060	320,000	(165,000)	155,000	417,000	(382,000)	35,000	167,000	(82,000)	85,000	Reviewed to remove revenue spend
Disaster recovery	370,630	(50,000)	320,630	0	0	0	0	0	0	0	0	0	Reviewed to remove revenue spend
Cloud Computing - Capex	297,780	(55,300)	242,480	0	0	0	0	0	0	0	0	0	Surrendered budget grant funded scheme
Energy Utilities Invest to Save	78,340	(640)	77,700	100,000	0	100,000	0	0	0	0	0	0	Reviewed to remove revenue spend
CHP Equipment	15,290	(800)	14,490	0	0	0	0	0	0	0	0	0	Reviewed to remove revenue spend
Customer access strategy	40,000	(40,000)	0	525,000	40,000	0	0	0	0	0	0	0	Scheme reviewed and re-profiled
Replacement Document Management System	0	0	0	340,000	(170,000)	0	0	170,000	170,000	0	0	0	Scheme reviewed and re-profiled
Acquisitions	1,000,000	(1,000,000)	0	1,000,000	0	0	0	0	0	0	0	0	Budget Surrendered
Capital Reporting Project	27,380	(27,380)	0	0	27,380	27,380	0	0	0	0	0	0	Scheme reviewed and re-profiled
PCIDSS	7,990	(7,990)	0	0	0	0	0	0	0	0	0	0	
Proactis to Carefirst link	45,000	(45,000)	0	0	0	0	0	0	0	0	0	0	
FMIS Version Upgrade	4,280	(4,280)	0	0	0	0	0	0	0	0	0	0	
Improve Financial Systems	106,050	(106,050)	0	0	163,320	0	0	0	0	0	0	0	Scheme reviewed and re-profiled
<b>Total Corporate Services</b>	<b>4,090,130</b>	<b>(1,910,090)</b>	<b>2,180,040</b>	<b>3,364,000</b>	<b>(169,720)</b>	<b>1,295,960</b>	<b>749,000</b>	<b>(262,000)</b>	<b>487,000</b>	<b>1,107,000</b>	<b>(82,000)</b>	<b>1,025,000</b>	

## CAPITAL VIREMENTS, REPROFILING AND DELETIONS NOVEMBER 2012 MONITORING

Children, Schools and Families	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
	£	£	£	£	£	£	£	£	£	£	£	£
Aragon expansion	994,460	166,730	1,161,190	84,000	(84,000)	0						
Benedict expansion	800,000	53,420	853,420	20,780	(20,780)	0						
St Anns Targeted Capital	468,530	(3,820)	464,710	0								
Crammer expansion	611,400	(436,400)	175,000	4,136,000	301,400	4,001,000						
Temp Classrooms	290,000	2,180	292,180	0	0	0						
St Marks CC	12,650	(12,650)	0	0	0	0						
Garden PCP	1,711,770	(190)	1,711,580	78,000	0	78,000						
Hollymount Permanent Expabsion	625,920	(14,080)	611,840	46,900	(68,900)	(22,000)						
Joseph Hood	2,707,430	(19,320)	2,688,130									
Holy Trinity Expansion	100,000	(60,000)	40,000	180,000	60,000	240,000						
St Thomas of Canterbury Expsn	3,680	4,150	7,830									
St Mary's expansion	830,000	(4,910)	825,090	2,262,170	4,830	2,267,000	1,100,000	0	1,100,000	100,000	0	100,000
Pupil Growth	280,850	(132,790)	148,060	25,000	(25,000)	0						
All saints/south wim ycc	1,567,670	(80)	1,567,590									
Gorringe Park Extension	3,120,850	(359,970)	2,760,880	611,330	350,670	962,000	150,000	0	150,000	250,000	0	250,000
Hillcross School Expansion	470,000	(237,850)	232,150	2,560,840	(50,840)	2,510,000	1,700,000	0	1,700,000	200,000	0	200,000
Merton Abbey Temporary Accommodation	250,010	25,500	275,510	2,043,500	(25,500)	2,018,000	1,700,000	0	1,700,000	200,000	0	200,000
Pelham School Expansion	420,010	(76,190)	343,820	1,179,810	(58,810)	1,121,000	2,849,000	0	2,849,000	1,226,000	0	1,226,000
Cricklet Grn Exp-Chapel Orchard	200,000	(60,000)	140,000	0	60,000	60,000						
Poplar Permanent Expansion	371,130	242,450	613,580	800,450	(212,450)	588,000						
Liberty Expansion	2,188,560	108,690	2,297,250	120,000	(120,000)	0						
Singlegate Expansion	4,504,990	(955,930)	3,549,060	3,430,240	815,760	4,246,000	380,000	0	380,000			
Wimbledon Park expansion	2,040,510	152,660	2,193,170	2,279,660	(152,660)	2,127,000	170,000	0	170,000			
Beechholme Expansion	350,000	(170,000)	180,000	400,000	145,000	545,000	2,800,000	(25,000)	2,775,000	1,600,000	(25,000)	1,575,000
St Ann's Primary Phase	525,970	(7,790)	518,180	0	0	0						0
23FE	0	0	0	325,000	(100,000)	225,000	1,600,000	(25,000)	1,575,000	1,600,000	(25,000)	1,575,000
24FE							325,000	(25,000)	300,000	1,600,000	(25,000)	1,575,000
25FE							325,000	(25,000)	300,000	1,600,000	(25,000)	1,575,000

## CAPITAL VIREMENTS, REPROFILING AND DELETIONS NOVEMBER 2012 MONITORING

Children, Schools and Families - Continued....	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
Cricket Green Site	24,420	(24,420)	0	0	0	0						0
Liberty Primary School	57,000	3,910	60,910	4,000	0	4,000						
Hillcross Unit	1,700	(1,700)	0	0	0	0						
Primary school autism unit	30,000	(30,000)	0	0	31,700	31,700						
Brightwell	299,960	(360)	299,600	100,000	0	100,000						
Disabled Breaks	106,900	(1,810)	105,090	0	0	0						
Hillcross boiler renewal	2,840	(2,840)	0	0	0	0						
Merton Abbey Rewiring	1,040	(1,040)	0	0	0	0						
Stanford roofing & tarmac	1,450	(1,450)	0	0	0	0						
Dundonald EDF works	1,830	(1,830)	0	0	0	0						
Aragon-cold water storage tank	3,650	(3,650)	0	0	0	0						
St Marks PS-classroom lighting	30,000	(1,730)	28,270	0	0	0						
Bond - Imprints to corridors	6,730	(3,730)	3,000	0	0	0						
Hillcross - Fire alarm & roof	45,500	(38,730)	6,770	0	0	0						
Merton Abbey - refurb toilets	4,640	(4,640)	0	0	0	0						
Pelham - Window Replacement	43,560	(9,570)	33,990	0	0	0						
Poplar - Repairs nursery roof	30,000	(30,000)	0	0	0	0						0
Wimbledon Park - roof replace	4,660	(4,660)	0	0	0	0						0
Malmesbury-under floor heating	2,050	(2,050)	0	0	0	0						0
Merton Pk- Entrance adaptation	54,680	(4,680)	50,000	0	0	0						0
The Sherwood - Roof repairs	50,000	(9,210)	40,790	0	0	0						0
Contingency	30,000	9,210	39,210	0	0	0						0
Raynes Park Sports Pavilion	483,680	(80,000)	403,680	0	80,000	80,000						0
Secondary School expansion	50,000	(50,000)	0	100,000	(110,000)	(10,000)	200,000		(200,000)	250,000	(400,000)	(150,000)
Ursuline Loan	600,000	(600,000)	0	0	600,000	600,000						
Schools Equipment Loans	500,000	(372,800)	127,200	0	372,800	372,800	0	0	0	0	0	0
Wimbledon Chase Expansion	185,390	(11,100)	174,290	0	0	0						
Youth&Comm centres reprovision	234,490	(139,050)	95,440	0	139,010	139,010	0	0	0	0	0	0
<b>TOTAL</b>	<b>28,332,580</b>	<b>(3,214,120)</b>	<b>25,118,460</b>	<b>20,787,680</b>	<b>1,932,230</b>	<b>22,283,510</b>	<b>13,299,000</b>	<b>(500,000)</b>	<b>12,799,000</b>	<b>8,426,000</b>	<b>(500,000)</b>	<b>7,926,000</b>

# Appendix 5b

## CAPITAL VIREMENTS, REPROFILING AND DELETIONS NOVEMBER 2012 MONITORING

Environment and Regeneration	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	2016/17 Budget	Virements	Revised 2016/17 Budget
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>Greenspaces</b>															
Beach Volleyball Courts	37,000	55,000	92,000	0	0	0	0	0	0	0	0	0	0	0	0
Play Space Pollards Hill	0	50,000	50,000	0	0	0	0	0	0	0	0	0	0	0	0
Parks Investment	250,000	(76,560)	173,440	250,000	0	250,000	250,000	0	250,000	250,000	0	250,000	0	0	0
B595 Colliers Wd Rec-play area	0	10,000	10,000												
Colliers Wood Area (S106)	9,570	(9,570)	0	0	0	0	0	0	0	0	0	0	0	0	0
MSJCB Loan	1,000,000	(163,160)	836,840	0	163,160	163,160	0	0	0	0	0	0	0	0	0
<b>Highways General Planned Works</b>															
Bushey Road Bridge Repair	82,000	4,000	86,000	0	0	0	0	0	0	0	0	0	0	0	0
Highways bridges & structures	348,000	(2,590)	345,410	260,000		260,000	260,000		260,000	260,000		260,000		260,000	0
<b>Leisure Centres</b>															
Leisure centre Plant & Machinery	470,000	(4,590)	465,410	300,000		300,000	300,000		300,000	300,000		300,000		300,000	0
<b>Regeneration and Partnerships</b>															
Colliers Wd- Regeneration Fund	0	15,000	15,000	1,480,000	83,000	1,593,000	0	422,000	422,000					0	0
Regeneration	0	0	0	2,220,000	(2,220,000)	0	0	0	0	0	0	0	0	0	0
Mitcham OLF				492,000	(192,000)	300,000	0	500,000	500,000	0	2,100,000	2,100,000	0	0	0
Town Centre Improvements				2,225,000	(1,665,000)	560,000	0	250,000	250,000	500,000	378,000	878,000	0	329,000	329,000
<b>Street Scene</b>															
Street scene enhancements	236,770	(670)	236,100	250,000		250,000	250,000		250,000	250,000		250,000		250,000	0
<b>Transport and Plant</b>															
B574 Town Centre transport imp	0	33,000	33,000	33,000	(33,000)	0	0	0	0	0	0	0	0	0	0
B544 Wimbledon Station Access	0	10,030	10,030	48,730	(10,030)	38,700	0	0	0	0	0	0	0	0	0
Transportation				2,500,000	(2,500,000)	0	0	0	0	0	2,500,000	2,500,000	0	0	0
<b>Traffic and Parking Management</b>															
Wimbledon Area Traffic Study	80,000	(67,900)	12,100	53,000	67,900	120,900	0	0	0	0	0	0	0	0	0
Traffic surveys & Safety Measu	4,000	(4,000)	0	15,000	0	15,000	0	0	0	0	0	0	0	0	0
<b>Waste Operations</b>															
Waste Phase B	650,000	0	650,000	200,000	(200,000)	0	0	0	0	0	0	0	0	0	0
Kitchen Waste Collection Extension	334,930	(130,000)	204,930	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	3,502,270	(282,010)	3,220,260	10,326,730	(6,505,970)	3,850,760	1,060,000	1,172,000	2,232,000	1,560,000	4,978,000	6,538,000	0	329,000	329,000

**CAPITAL PROGRAMME FUNDING SUMMARY 2012/13**

	Funded from Merton's Resources	Funded by Grant	Total
	£000s	£000s	£000s
<b>Current Capital Programme 2012/13</b> - January 2013 Cabinet	<b>27,701</b>	<b>23,127</b>	<b>50,828</b>
Adult Social Care IT Projects	0	(86)	(86)
Birches	0	(45)	(45)
Corporate Services Schemes	(1,855)	(55)	(1,910)
Environment and Regeneration Schemes	(378)	95	(283)
Children, Schools and Families Schemes	(3,132)	(82)	(3,214)
<b>Current Capital Programme 2012/13</b> - February 2013 Cabinet	<b>22,336</b>	<b>22,954</b>	<b>45,290</b>

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
								↑	→	↓				
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	Clr Mark Allison	<a href="#">Procurement Board</a>	
KSR47 / IT02	Staff security (changes to Welfare Reform)	Inadequate security for staff, Councillors and MP's	Inadequate supervision & management of public areas	5	3	15	R	↑			Mark Humphries	Clr 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
56 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	Clr 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 Shoesmith	Clr 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.
KSR04 / 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	Clr 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	Clr 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.



Risk No	Short Name	Cause	Consequences	Likelihood	Impact	Risk Score	RAG Status	Direction of travel			Portfolio Holder	Action Plan (Y/N) / Review date	Comment regarding review
								↑	→	↓			
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	→			Clr 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	→			Clr Maxi Martin / Clr 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	→			Clr 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	→			Clr 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	→			Clr Mark Allison	<a href="#">HR service plan</a>	Project 3. Split ballot outcome will require a return to the negotiating table in the future
KSR45 / CG03	Asbestos Compliance	Asbestos compliance officer post vacant	Failure to comply with statutory duty on managing Asbestos	4	3	12	A	→			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	→			Clr Mark Allison	Building Condition Survey linked to Capital Programme	Various capital and revenue projects address this issue (e.g civic centre windows)

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
								↑	→	↓				
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	Cllr 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	Cllr 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	Cllr Mark Allison	<a href="#">Procurement Board</a>	Awaiting feedback from Peter Stone as he has been on leave.
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="#">CSO's</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	Cllr 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	Cllr Edith Macauley	<a href="#">Resources service plan</a>	
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 EIG. 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.

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
								↑	→	↓				
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	→			Clr Mark Allison	Yes	Report setting out risks & mitigation agreed by CMT on 23.8.11. Guidance produced for managers & regular reviews at DMTs. Spend and usage subject to monthly CMT review via HR metrics	
KSR60 / CG08	Business Continuity	Business Continuity and Business Impact Analysis forms out of date	Reduced ability to recover from major disaster	4	3	12	A	→			Clr Mark Allison	<a href="#">Business continuity - Plans and strategies</a>	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	3	4	12	A	→			Clr Mark Allison	<a href="#">Customer services service plan.</a>		
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	Schools Insurance SLA	From 01.04.13 all schools will be part of SLA arrangements and this risk will reduce. CS DMT 9.1.13 transfer risk to Adam Vicari	
KSR61 / RE16	Delivery of Savings Programme 2013-17	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	→			Clr Mark Allison	MTFS		
KSR08 / 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	→			Chris Lee		monitored regularly by DMT and finance meetings	
HR14 / KSR63	Trinity project	Failure of Trinity project	Impact on HR management of staff & payroll issues	3	3	9	A	→			Clr Mark Allison	<a href="#">Trinity project</a>	<a href="#">HR service plan - project 2</a>	

## Emerging Risk

Short Name	Cause	Consequences	Risk Owner	Portfolio Holder
New Comprehensive Spending Review	Funding for 2015-16 and 16-17	May affect the councils expenditure process	Caroline Holland	Mark Allison

More detail expected in December 2012

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
								↑	→	↓				
	Public Health transfer	Merton & Sutton PCT being disbanded with LA's taking over responsibility from 01.04.13 with a £7.5m budget	Finance / liabilities may exceed budget Pension issues Unequal split of responsibilities				R A G		→	↓			See Public Health Cabinet paper 18 February 2013	
<b>Partnership risks</b>														
							R A G		→	↓				
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	

<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	33,866	(1,724)	(3,483)	28,659
<b>Total Available General Fund revenue</b>	<b>47,841</b>	<b>(1,724)</b>	<b>(3,483)</b>	<b>42,634</b>
Add reserves for future use towards Budget	6,319	-	6,713	13,032
Add DSG reserve for Schools	1,710	(140)	(170)	1,400
Add Schools own reserves	12,005	-	-	12,005
<b>Revenue Reserves</b>	<b>67,876</b>	<b>(1,865)</b>	<b>3,060</b>	<b>69,071</b>
Capital Receipts	15,199	-	6,300	21,499
Capital Grants	3,635	-	(190)	3,445
<b>Capital</b>	<b>18,834</b>	<b>-</b>	<b>6,110</b>	<b>24,944</b>
<b>Reserves as per Council's accounts</b>	<b>86,710</b>	<b>(1,865)</b>	<b>9,170</b>	<b>94,015</b>
<b>Earmarked Reserves breakdown</b>	<b>£000</b>			
Outstanding Council Programme Board Reserve	7,703	(389)	(140)	7,174
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)	(206)	1,040
Pension Fund additional contribution	1,251	(20)	(172)	1,059
Community Care Reserve	996	-	-	996
Energy renewable reserve	841	-	-	841
Local Land Charges Reserve	850	-	-	850
LABGI Reserve	560	-	-	560
Schools Reserve	515	(58)	(95)	362
Apprenticeships	1,500	-	(167)	1,333
Corporate Services reserve	431	(249)	-	182
Merton Business Investment Fund	339	-	(300)	39
Waste & Recycling Reserve	225	-	-	225
ICES Reserve	200	-	-	200
E&R Partnerships	195	-	(101)	94
Wimbledon Tennis Courts Renewal Fund	125	-	(117)	8
Other	143	-	-	143
Grants and contributions	4,801	(349)	(618)	3,834
<b>Sub Total</b>	<b>33,866</b>	<b>(1,724)</b>	<b>(3,483)</b>	<b>28,659</b>
For use in future years for budget	-	-	7,820	7,820
VAT Reserve	28	-	-	28
Revenue Reserves for Capital / Revenuisation	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	(140)	(170)	1,400
<b>Net Total</b>	<b>41,895</b>	<b>(1,865)</b>	<b>3,060</b>	<b>43,090</b>

## APPENDIX 7

Ref	No.	Description of Saving	2012/13 Savings Requirement £000	2012/13 Savings Expected to year-end £000	RAG	Comments
ASC	4	TCES Retail Model (simple equipment)	32	100	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	183	R	There continues to be a challenge around taxi expenditure, as the re-tendered routes are not yielding savings as required. This saving will be contained through other Direct provision activities
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	55	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	243	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	247	R	There is an issue with the de-registration of 18 Crescent Road. CQC had actually granted a date of early December, but due to the delays in resolving the lease issue for that property, United Response has requested for the date to be put back. The project team is working very closely with Property Management and Legal Services to ensure the lease issue is resolved as quickly as possible. CoP applications are also being progressed for the residents of 18 Crescent Road. Work around de-registration for the other identified residential homes is on-going. The challenges around the time to complete de-registration will reduce the projected savings identified to date, and the earlier indication of possible additional savings are unlikely now, as the Approved Provider List has been rescheduled to commence from 30 April 2013.
ASC	17	Optimise use of Shared Lives	350	50	R	Comments on the draft SLA have been received and revisions made. The pilot process has commenced with a small number of referrals to the scheme. Matching and all associated processes are currently being progressed. Once placements have been agreed we should be clearer on the associated savings for 2012-13, been finalised. There is a risk, if there are compatibility issues between customers and carers, this will impact on the number of customers available for the pilot. It is very unlikely that this project will achieve the identified level of savings for 2012-13. It will also not be possible to identify a realistic level of savings until the pilot is underway.
ASC	18	Restructuring Supporting People	50	109	G	The best estimate of projected savings has been revised up to £91k. An additional team member has commenced in post on a P/T basis on secondment (until their substantive post can be back filled, at which point this will become F/T) on 3/12, to lead on the review of the 'Supporting People' contracts. The review is scheduled to be complete by March 2013. Through the review, any additional in-year savings identified will be implemented immediately, if they have no risk to customers.
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>3,528</b>		

Alternative savings proposals have been progressed to achieve total target.

## 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	63	63	G		
CS31	Change Energy Administration officer post to be self financing made self financing	SS1	37	37	G		
CS32	Reduce 1 FTE Postal & Scanning Assistant	SS2	23	23	G		
CS33	Restructure of Building Services & Security Team (delete Shift Team Leaders Posts)	SS2	10	10	G		
CS34	Reduction of number of vans	SNS1	5	5	G		
CS35	Close Civic Centre on Saturdays (Contractual Overtime-Security) E02221-AA03	SS2	63	34	A	The full saving is unachievable due to late implementation	Y
CS36	Councillor Courier Run - reduce to 1 visit per week from 2	SS2	5	5	G		
CS37	Introduce a charge for the Archive Service Facility	SI2	15	15	G		
CS38	Savings on Print Room copy equipment	SNS1	50	50	G		
CS39	Close Worsfold House and relocate service to Civic Centre	SPROP	12	12	G		
CS40	Close the YOT Office in Athena House and relocate the service to Civic Centre	SPROP	51	51	G		
<b>Infrastructure &amp; Transactions Transactional Services</b>							
CS41	Delete 1 vacant Assistant Vendor Maintenance Officer post (part)	SS2	10	10	G		
CS42	Delete 1 Transactional Officer Post (compulsory redundancy)	SS2	28	28	G		
CS43	Recovery of overpayments and other VAT recovery	SP1	50	50	G		
<b>Human Resources - Transactions</b>							
CS45	Reorganise payroll team, link to i-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	0	R	A restructure of the HR Business Partner function is being reviewed and the saving unachievable in the current year	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 2012-2013</b>			<b>2,414</b>	<b>2,270</b>			

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

**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
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.
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.
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.
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.
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.
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.
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.
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.
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.
CSF13	<b>CSF Children's Social Care</b> Reduce the budget available for commissioning expert	30	30	G	Base budgets were reduced. Monitored as
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.
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.
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.
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.
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.
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.



**CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT SAVINGS**

**APPENDIX 7**

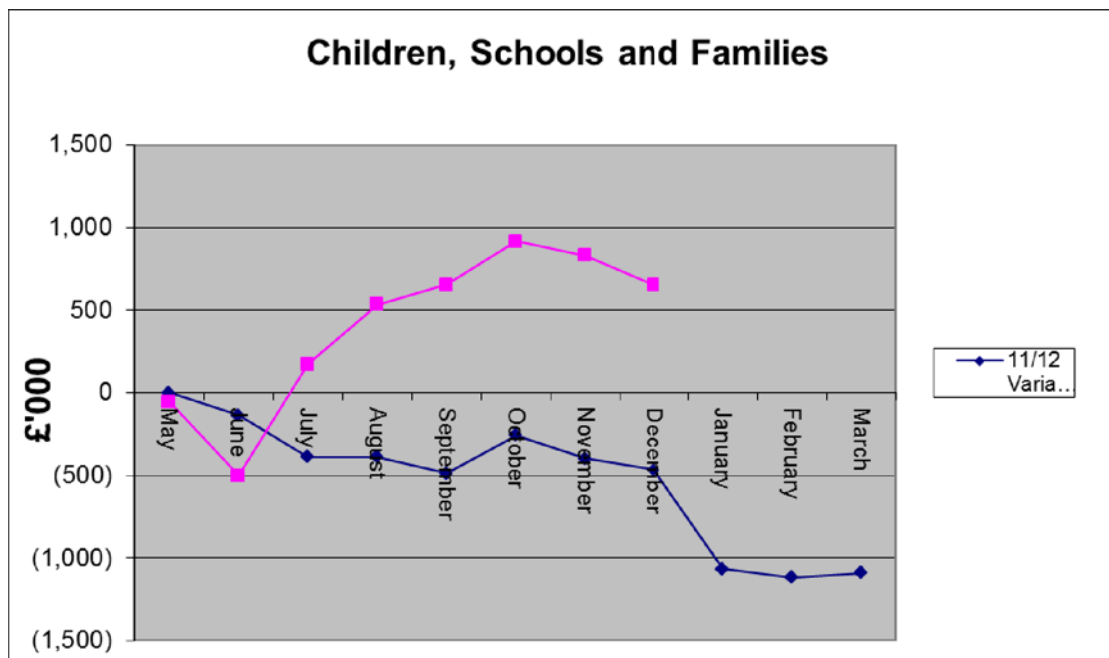
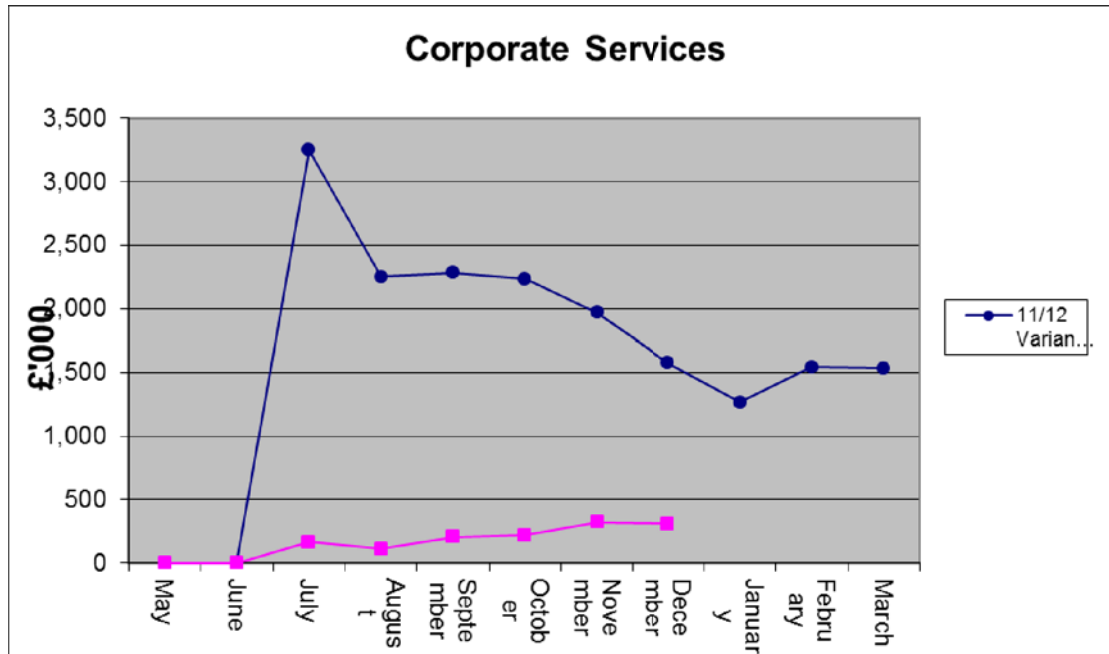
Ref	Description of Saving	2012/13 Savings Requirement £000	2012/13 Savings Expected to year-end £000	RAG	Comments
CSF27	<b>CSF Youth Inclusion</b> Use the Hospital tuition budget (DSG) currently used to fund education provision for children and young people who are in hospital to continue funding the budget reduction in the Education Welfare Team.	60	60	G	Base budgets were reduced. Monitored as part of monthly budgetary control.
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.
CSF34	<b>CSF Commissioning Function and Commissioning</b> Reduce ex LSC commissioning capacity for post 16 education and training	100	70	A	Delay in redundancy caused an underachievement of saving for 2012/13 only. The overspend resulting from this is included in monthly budget monitoring.
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.
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.
<b>Total Children, Schools &amp; Families Savings 2010</b>		<b>1,003</b>	<b>965</b>		

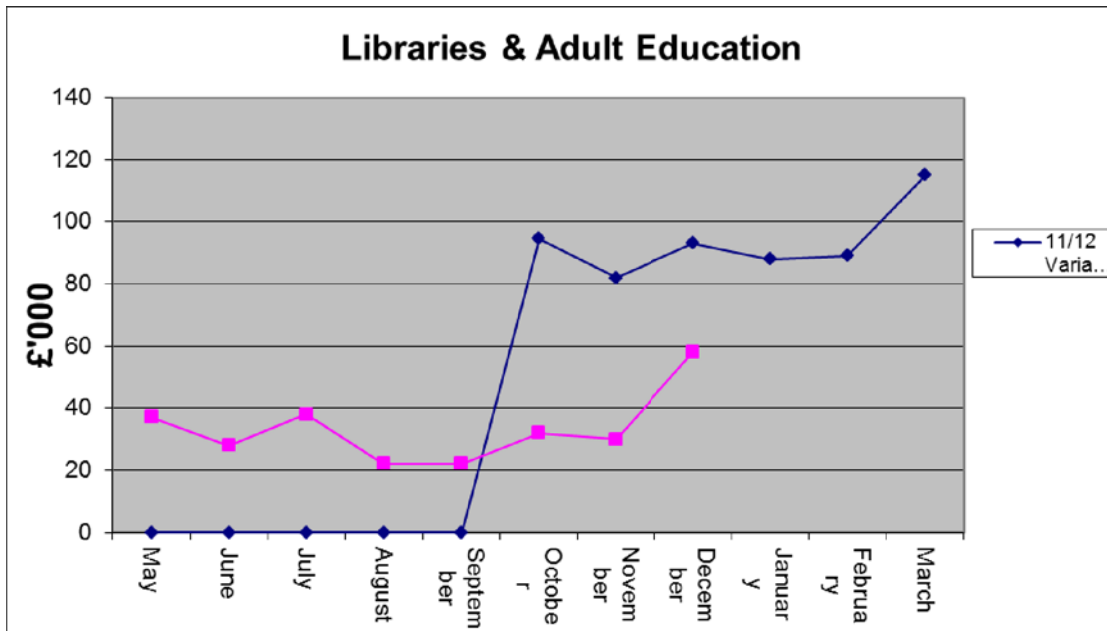
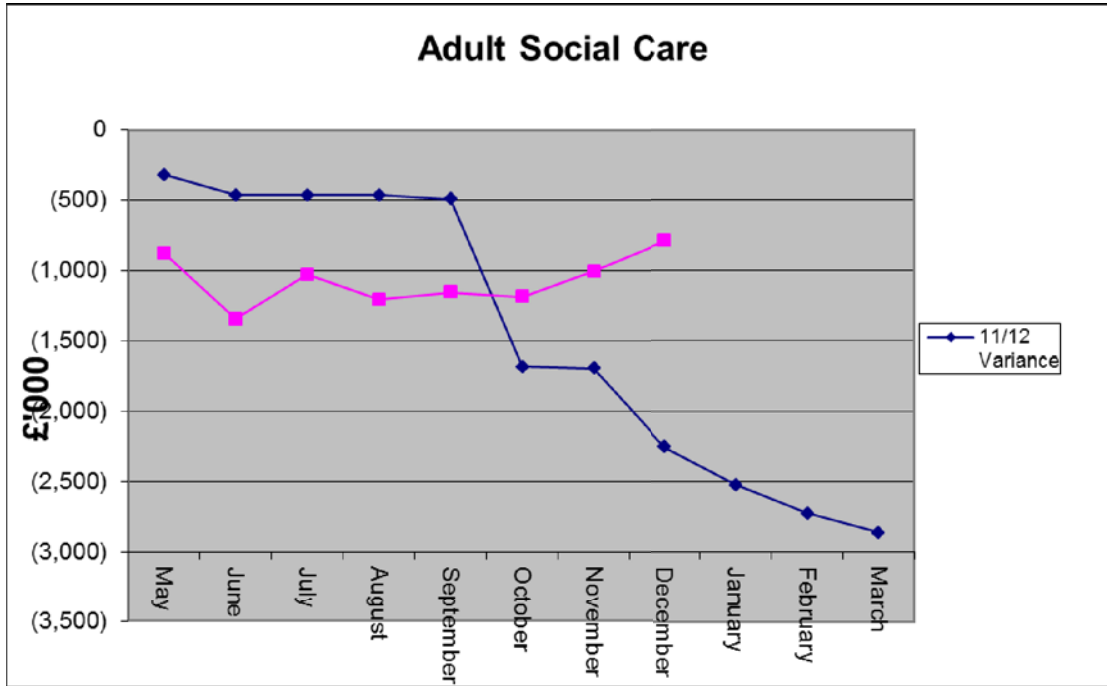
**ENVIRONMENT & REGENERATION SAVINGS**

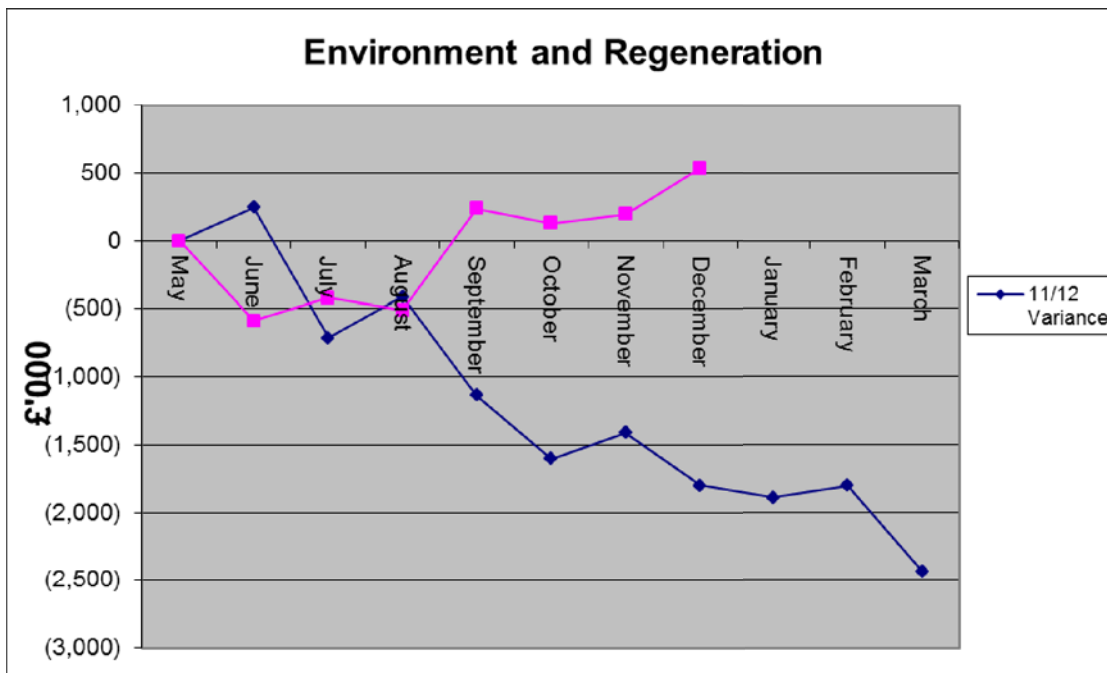
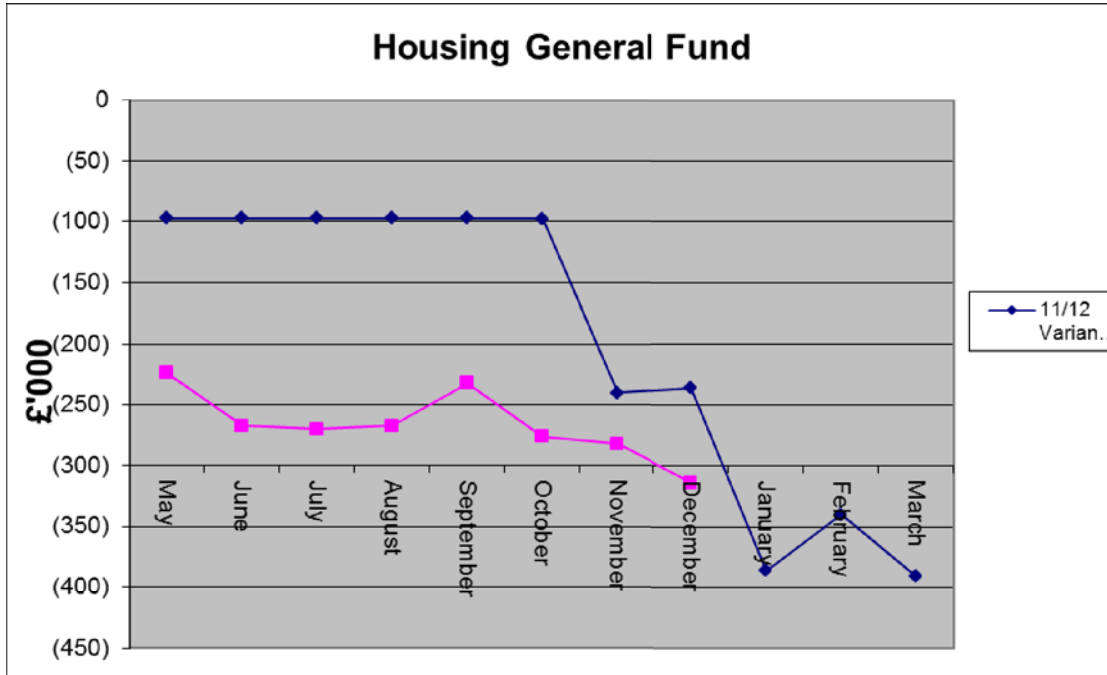
**APPENDIX 7**

Ref	Service	Description of saving	2012/13 Savings Requirement £000	2012/13 Savings Expected to year-end £000	RAG	Comments
ER01	Parks, Greenspaces & Cemeteries	<ol style="list-style-type: none"> <li>Staffing reductions, including a cemetery supervisor (which would leave 1 supervisor covering both LBM and Merton &amp; Sutton cemetery teams) and the Wimbledon Park Development Manager which is a fixed term contract that will not be renewed. Increases in fees and charges will be in the form of a 5% increase in sport booking fees and an 20% increase in cemetery</li> <li>Reducing supplies, services and utilities costs and procuring more effectively.</li> <li>Increased tenancy income will be made by letting 5 parks properties on the open market.</li> <li>By encouraging self management of some allotment sites or increasing charges by 80%, there will be a saving of 17.5k and</li> <li>A reduction in grant to Mitcham Common Conservators of 10k pa (out of £60k) is included.</li> </ol>	459	330	R	Base budgets were reduced, but income related savings not expected to be fully achieved
ER04	Leisure & Culture	<ol style="list-style-type: none"> <li>Reductions in supplies &amp; services budgets.</li> <li>Reduction in 0.2 fte of staff.</li> <li>Increased income at Morden Assembly Hall and the Watersports Centre.</li> <li>Service reduction of approx 15% less grant per annum in each of the next three years to Polka and Attic Theatres.</li> <li>Removal of small Olympics budget after 2012 games.</li> <li>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.</li> </ol>	35	35	G	Base budgets were reduced. Monitored as part of monthly budgetary control.
ER05	Leisure & Culture	<ol style="list-style-type: none"> <li>Delete 3 fte Leisure &amp; 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.</li> <li>Identify alternative funding for or do not take part in London Youth Games.</li> <li>Delete post of Leisure &amp; Business Projects Officer (0.7 fte).</li> <li>Increase income through installation of multi use games area to rear of Canons Leisure Centre to provide additional provision for</li> </ol>	10	10	G	Base budgets were reduced. Monitored as part of monthly budgetary control.
ER07	Development & Building Control	<ol style="list-style-type: none"> <li>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.</li> </ol>	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.
ER13	Parking Services	<ol style="list-style-type: none"> <li>Increase in income for Hatfield Road Bus Lane arising from enforcement of anti-congestion measures to improve traffic flow.</li> <li>Reduce lost cases at PATAS.</li> <li>Eliminate part payments of PCN's.</li> <li>Reduce PCN cancellations.</li> <li>Improve management of CEO performance to generate efficiencies.</li> <li>Reduce CEO absenteeism.</li> <li>CPZ expansion based upon the current demand for zones that will go live in 2012.</li> <li>New Expenditure initiatives organisational restructure remaining full year effect.</li> </ol>	720	720	G	Base budgets were reduced. Monitored as part of monthly budgetary control.
ER14	Parking Services	<ol style="list-style-type: none"> <li>Enforcement of moving traffic offences.</li> </ol>	400	400	G	Base budgets were reduced. Monitored as part of monthly budgetary control.
ER15	Street Cleansing	<ol style="list-style-type: none"> <li>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</li> <li>Restructure and reduction of staffing in the enforcement team</li> </ol>	120	120	G	Base budgets were reduced. Monitored as part of monthly budgetary control.
ER17	Waste Management	<ol style="list-style-type: none"> <li>Reductions in landfill tonnage and anticipated Slwp contract cost</li> <li>Ceasing compensation payments to Sutton agreed as in the overall Slwp financial interest</li> <li>Net of £591,000 Landfill Tax etc.</li> <li>Reduction in Slwp contract dry recycling handling rate per tonne</li> <li>Contract renegotiations for Slwp HRRCs</li> <li>Contract management of Garth Road Waste Transfer Station</li> <li>Staff saving</li> <li>Introduction of Customer Relationship Management (CRM) system leading to reduction in staffing</li> </ol>	219	219	G	Base budgets were reduced. Monitored as part of monthly budgetary control.
ER18	Waste Management	<ol style="list-style-type: none"> <li>Introduction of 6 day working week for refuse, recycling and food collection from Oct 2012</li> </ol>	271	271	G	The Head of Street Scene and Waste is currently drawing up alternative proposals to meet this saving.
ER20	Traffic & Highways	<ol style="list-style-type: none"> <li>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</li> <li>Income from fixed penalty notices (FPN's) in relation to skips, hoardings and scaffolding and through access bar markings</li> <li>Savings on energy (£50k) and service changes associated with the existing Street Lighting Contract (£22k)</li> <li>Potential Savings against final year of existing Highway Maintenance &amp; Improvement contract</li> <li>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)</li> </ol>	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	<ol style="list-style-type: none"> <li>15% reduction in staffing</li> <li>Reduction in Footway Maintenance budget (Revenue)</li> <li>Reduction in Street Furniture Budget</li> <li>Reduction in 'Ditching/Watercourses' budget</li> <li>Reduction in Street Lighting budget (Revenue)</li> <li>Reduction in 'Walksheet' budget – Highway Safety Inspection Works</li> </ol>	467	367	A	Base budgets were reduced. Monitored as part of monthly budgetary control.
ER22	Traffic & Highways	<ol style="list-style-type: none"> <li>A further 15% reduction in staffing</li> </ol>	246	246	G	Base budgets were reduced. Monitored as part of monthly budgetary control.
ER24	Transport	<ol style="list-style-type: none"> <li>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.</li> </ol>	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.
<b>Total E&amp;R Department Savings for 2012-2015</b>			<b>3,561</b>	<b>2,904</b>		

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







**Subject: Miscellaneous Debt Update December 2012      Appendix 9**

Lead officer: David Keppler

Lead member: Councillor Mark Allison

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**1.      PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

This report updates CMT on the latest position with regard to the collection of miscellaneous debt; focusing on debt that is over one year old and the action being taken (or required) to reduce the outstanding arrears.

**2.      LATEST ARREARS POSITION – MERTON'S AGED DEBTORS REPORT**

- 2.1      A breakdown of departmental net miscellaneous debt arrears, as at 31<sup>st</sup> December 2012, is shown in column F of Table 1 below.

**Table 1 – Debtors aged balance – December 2012 – not including debt that is less than 39 days old**

Department a	39 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	December 2012 arrears f	October 2012 arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	510,249	150,179	114,114	28,498	803,040	627,681	↑
Corporate Services	272,384	133,922	48,456	49,510	504,272	431,602	↑
Housing Benefits	631,751	531,883	847,616	1,161,187	3,172,437	2,978,803	↑
Children, Schools & Families	696,784	24,617	-3,827	43,471	761,045	573,674	↑
Community & Housing	1,202,010	1,047,422	719,342	808,305	3,777,079	3,648,069	↑
Chief Executive's	0	0	0	0	0	0	
<b>Total</b>	<b>3,313,178</b>	<b>1,888,023</b>	<b>1,725,701</b>	<b>2,090,971</b>	<b>9,017,873</b>	<b>8,259,829</b>	↑
<b>December 2011</b>	<b>2,212,308</b>	<b>1,411,967</b>	<b>1,412,544</b>	<b>1,486,554</b>	<b>6,523,373</b>		
<b>Variance Dec 11 to Dec 12</b>	<b>1,100,870</b>	<b>476,056</b>	<b>313,157</b>	<b>604,417</b>	<b>2,494,500</b>		↑

2.2 Since the position was last reported in October 2012, the net current level of arrears, i.e. invoices over 39 days old, has increased by £758,044.

2.3 Table 2 below shows the total net level of arrears for the last five years – not including debt that is less than 39 days old.

**Table 2 – net miscellaneous debt December 2008 to December 2012 – not including debt that is less than 39 days old**

Department	Dec 2008	Dec 2009	Dec 2010	Dec 2011	Dec 2012
	£	£	£	£	£
Env & Regeneration	710,857	583,497	285,724	403,880	803,040
Corporate Services	144,742	197,341	133,545	306,021	504,275
Housing Benefits	1,790,760	1,914,665	2,003,148	2,715,178	3,172,438
Children, Schools & Families	41,458	160,875	249,172	252,669	761,010
Community & Housing	3,277,331	2,175,069	2,387,277	2,843,344	3,777,081
Chief Executive's	0	0	0	2,280	0
<b>Total</b>	<b>5,965,148</b>	<b>5,031,447</b>	<b>5,058,866</b>	<b>6,523,372</b>	<b>9,017,844</b>

2.5 The figures in table 2 (above) show that the major area of increase in debt over the five year period is housing benefit overpayments. Housing benefit overpayments have increased by £1.38 million over the 5 year period. It should be noted that the amount of housing benefit paid out has also increased over this period. In 2007/08 £55.1 million was paid out and in 2011/12 £84 million paid out.

2.6 The action being taken to recover the largest debts is outlined below.

### 3 THE PROCESS FOR COLLECTION OF MISCELLANEOUS DEBT

3.1 In considering the current levels of debt, it is important to outline the general process Merton currently has in place to collect its arrears. In general terms the process has 5 stages, as detailed below, although processes employed vary by debt type. It is important to note that most debtors can not pay their outstanding liabilities other than by payment arrangements. Once a payment arrangement has been made it can not be changed without the debtors consent.

**Table 3 – the process for collecting debt**

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Invoice issued to debtor with 30 days allowed for payment.	After 30 days and following two requests for payment, a final warning	The debt and debtor is evaluated to ensure the most effective recovery action is taken to attempt recovery. This will include	If the debt remains unpaid then County Court action is taken by the Debt Recovery team's solicitor who administers this	The final stage is consideration of the debt for write-off if all other



	notice is issued and the case passed to the Debt Recovery team.	contacting debtors' direct and collecting payment or agreeing repayment plans and passing the debt to collection agents to collect on our behalf, bankruptcy proceedings, attachment to benefit etc.	process.	attempts to collect the debt have failed.
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#### 4 DEBT OVER ONE YEAR OLD

4.1 Debt over 1 year old has increased by £533,640 since the end of April 2012.

**Table 4 – Debt over 1 year old compared to April 2012**

Department	April 2012	Dec 2012	Variance	% Variance
Env & Regeneration	65,104	142,612	-77,508	<b>54.35</b>
Corporate Services Note 1	45,461	97,967	-52,506	<b>53.60</b>
Housing Benefits	1,695,646	2,008,804	-313,158	<b>15.59</b>
Childrens, Schools & Families	54,992	39,644	15,348	<b>-38.71</b>
Community & Housing	1,421,831	1,527,647	-105,816	<b>6.93</b>
Chief Executives	0	0	0	<b>0.00</b>
<b>Total</b>	<b>3,283,034</b>	<b>3,816,674</b>	<b>533,640</b>	<b>13.98</b>

4.2 The majority of debt over 1 year old is for Community and Housing debts and Housing Benefit overpayments.

4.3 The debt for Community and Housing over a year old has increased by £105,816 since April 2012.

4.4 The total debt figure for Community and Housing, including debt that is less than 39 days old, is £4.3 million. Of this £1.2 million is at invoice stage or on arrangements agreed by service teams, a further £1.25 million is on arrangements or secured with Charging Orders. The remaining £1.85 million is unsecured against payment arrangements or court action. This debt is being actively worked on.

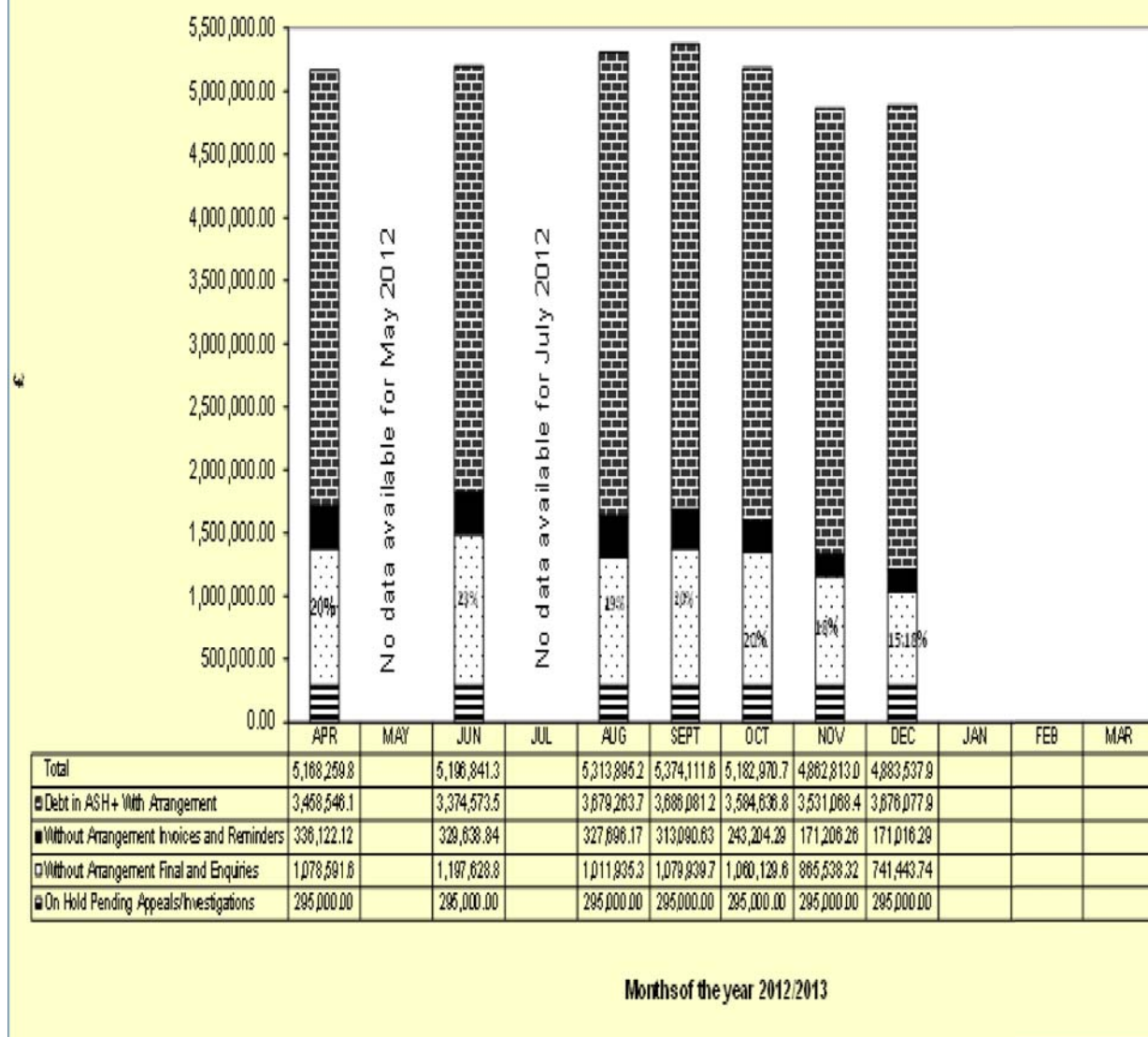
4.5 Housing benefit overpayment debt over a year old has increased by £313,158 since April 2012. The total amount of housing benefit overpayments outstanding has reduced from £5.18 million when last reported at the end of October down to £4.88 million. Of this £1.86 million is being recovered from ongoing benefit through current housing benefit payments, this equates to approximately £90,000 per month

being reduced from payments to off-set these overpayments. Over £3.6 million is on a payment arrangement or recovery from ongoing benefit.

- 4.6 It should be noted that the level and number of housing benefit overpayments continues to increase due to the continued drive to identify fraud and failure to declare change in claimant circumstances. In the second quarter of 2012/13 over £890,000 of overpayments were identified and over £420,000 either recovered or off set against housing benefit.
- 4.7 The graph below shows breakdown of all housing benefit overpayments by recovery action.

**Graph 1 – Total Housing Benefit Debt by recovery action from April 2012**

**Housing Benefit Total Debt  
Financial Year April 2012 - March 2013**



4.8 Of the total debt outstanding shown in the graph 15.18% requires further recovery action. This figure has reduced from 20% when last reported in December 2012. This is the debt where effective recovery action can be taken.

**5. PROVISION FOR BAD AND DOUBTFUL DEBTS**

5.1 A provision has been made available for writing off bad and doubtful debts. Clearly, every attempt is made to collect debts before write-off is considered. The current level of provision is highlighted below.

- 5.2 The Council adheres to the requirements of the SORP when calculating its provisions. Merton's methodology is to provide for on the basis of the collection rates for individual departmental debt, and the age of the debt. A further review is undertaken to factor in any general economic conditions.
- 5.3 Merton's provision fully complies with CIPFA guidance and is considered prudent.

**Provision for Bad and Doubtful Debts as at 31 March 2012**

Department	Less than 1 year £	Over 1 year £	Total provision £
Env & Regeneration	87,557	172,271	259,828
Corporate Services	47,870	72,754	120,624
Housing Benefits	54,387	60,022	114,409
Children, Schools & Families	423,324	1,021,830	1,445,154
Community & Housing	0	228,102	228,102
Chief Executive's	928	30,955	31,883
<b>Total</b>	<b>614,066</b>	<b>1,585,934</b>	<b>2,200,000</b>

**6. EXECUTIVE SUMMARY / CONCLUSION**

- 6.1 Merton's total level of miscellaneous debt arrears i.e. invoices over 39 days old, at 31<sup>st</sup> December 2012 is £9,017,846. The net level of arrears, when the matter was last reported in October 2012 was £8,259,829.

**7. TOTAL DEBT DUE TO MERTON**

The total amount due to Merton as at 31<sup>st</sup> October 2012 is detailed in table 6 below.

**Table 6 – Total debt outstanding as at 31<sup>st</sup> December 2012 and compared with previous periods over the past 12 months**

	<b>Dec-11</b>	<b>Apr-12</b>	<b>Jun-12</b>	<b>Aug-12</b>	<b>Oct-12</b>	<b>Dec-12</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Miscellaneous sundry debt Note 1	9,691,404	10,486,996	10,794,471	10,465,794	11,531,061	11,649,664
HB debt in Benefit system Note 2	2,268,775	2,245,086	2,281,419	2,368,287	2,451,628	2,314,607
Housing Rent Note 3	274,200	231,481	231,364	231,364	231,236	230,060
Parking Services	1,441,224	1,537,996	1,674,128	1,797,029	1,913,322	2,127,613
Council Tax Note 4	4,312,829	6,109,112	5,263,539	4,816,141	4,166,454	3,817,752
Business Rates Note 5	2,055,074	2,966,899	2,311,224	1,760,715	1,656,657	1,281,928
<b>Total</b>	<b>20,043,506</b>	<b>23,577,570</b>	<b>22,556,145</b>	<b>21,439,330</b>	<b>21,950,358</b>	<b>21,421,624</b>

Note 1 This figure differs from the amount shown in Table 1 as it shows all debt, including that which is less than 39 days old.

Note 2 This is the housing benefit debt within the benefits system

Note 3 This is former tenants rent arrears – leaseholder debts are included in miscellaneous sundry debt

Note 4 Council tax debt does not include the current year council tax collection.

Note 5 Business rates debt does not include the current year business rates collection

7.1 Detailed breakdown of the Council Car Parking figures are shown in below.

## Parking Aged Debtors Report

<u>Period Outstanding</u>	<u>Balance Outstanding</u> <u>07/09/12</u>	<u>Number of Cases Outstanding</u>
0 - 3 Months	722,801	6,105
3 - 6 Months	430,737	2,764
6 - 9 Months	343,636	2,022
9 - 12 Months	246,465	1,448
12 - 15 Months	152,384	944
Over 15 Months	231,591	1,744
<b>Total</b>	<b>2,127,614</b>	<b>15,027</b>
<b>Total End August 2012</b>	<b>1,913,325</b>	<b>15,558</b>
<b>Increase/(Decrease)</b>	<b>214,289</b>	<b>(531)</b>

### 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 Not applicable

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

Appendix 1 –Car Parking debt breakdown

**16. BACKGROUND PAPERS**

16.1 Miscellaneous debt files held in the Corporate Services department.

**17. REPORT AUTHOR**

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- email: [david.keppler@merton.gov.uk](mailto:david.keppler@merton.gov.uk)

**CASH FLOW FORECAST 2012-13 AS AT 29 JANUARY 2013**

Appendix 10

DESCRIPTION	2011/12 Total	April	May	June	July	August	September	October	November	December	January	February	March	Total
TOTAL OTHER EXPENDITURE	(825,280)	(826,681)	(2,510,721)	(2,447,003)	(3,896,058)	(809,378)	(2,152,670)	(3,217,799)	(1,193,684)	(7,757,045)	(2,009,283)	(1,694,283)	(29,339,886)	
CAPITAL EXPENDITURE	(1,425,938)	(2,823,773)	(2,457,496)	(3,262,489)	(5,066,291)	(4,259,417)	(5,924,222)	(3,867,594)	(1,610,000)	(3,867,594)	(3,867,594)	(3,867,594)	(3,867,594)	
DAILY DEBITS FROM CHEQUES	(1,537,511)	(670,003)	(541,328)	(857,296)	(653,405)	(738,735)	(803,893)	(541,698)	(740,926)	(541,698)	(707,539)	(1,038,000)	(1,400,000)	
BACS RUN FOR INVOICES (less capital)	(29,509,382)	(21,108,258)	(21,285,513)	(25,710,483)	(22,664,311)	(34,218,238)	(21,590,703)	(24,177,167)	(24,177,167)	(20,771,557)	(27,771,995)	(23,332,407)	(32,032,407)	
GENERAL CHAPS	(886,803)	(4,082,994)	(31,235)	(1,737,749)	(4,136,221)	(6,228)	(57,139)	(111,867)	(111,867)	(2,19)	0	0	0	
RATE SUPPORT GRANT	(795,121)	(1,745,914)	(1,745,914)	(1,745,913)	(1,745,913)	(1,745,914)	(1,745,914)	(1,745,914)	(1,745,914)	(1,745,912)	(7,724)	(928,234)	(17,444,301)	
MID MONTH PAYROLL	(3,651,687)	(3,715,032)	(3,711,613)	(3,620,843)	(4,017,973)	(3,890,791)	(3,549,476)	(3,545,685)	(3,545,685)	(3,545,002)	(3,764,193)	(3,900,000)	(3,900,000)	
END MTH PAYROLL MAIN	(1,525,901)	(1,589,502)	(1,546,095)	(1,692,079)	(1,637,278)	(1,692,202)	(1,709,167)	(1,811,684)	(1,766,255)	(1,811,684)	(1,850,607)	(1,700,000)	(1,700,000)	
END MONTHPAYROLL 2	(223,508)	(227,866)	(226,259)	(236,304)	(223,677)	(220,068)	(252,827)	(229,018)	(229,018)	(533,225)	(234,614)	(240,000)	(240,000)	
TEACHERS PAYROLL	(2,514,517)	(2,504,645)	(2,509,253)	(2,500,515)	(2,542,666)	(2,599,850)	(2,606,997)	(2,624,083)	(2,627,129)	(2,624,083)	(2,640,000)	(2,640,000)	(2,640,000)	
TEACHERS PENSION	(909,914)	(878,846)	(814,215)	(808,296)	(819,774)	(806,824)	(898,738)	(850,883)	(850,883)	(833,261)	(824,421)	(890,000)	(890,000)	
HOUSING BENEFIT	(5,126,616)	(5,308,570)	(3,766,516)	(8,477,941)	(5,247,134)	(5,402,465)	(4,012,863)	(5,289,161)	(5,289,161)	(6,720,493)	(3,841,253)	(4,585,000)	(4,585,000)	
H BENEFIT Run for Merto	(1,436,886)	(1,550,566)	(2,837,393)	(3,065,252)	(1,548,141)	(1,457,151)	(2,993,306)	(1,583,803)	(1,583,803)	(1,543,668)	(2,246,265)	(1,340,000)	(1,340,000)	
INLAND REVENUE	(3,520,708)	(3,362,801)	(3,348,134)	(3,141,935)	(3,344,045)	(3,448,261)	(3,393,898)	(3,316,395)	(3,316,395)	(2,859,377)	(3,412,313)	(3,500,000)	(3,500,000)	
PAYROLL (Pensioners Payroll)	(1,341,104)	(1,366,352)	(1,382,986)	(1,370,804)	(1,376,516)	(1,391,042)	(1,381,274)	(1,368,451)	(1,368,451)	(1,381,274)	(1,340,000)	(1,340,000)	(1,340,000)	
TOTAL EXPENDITURE	(538,201,087)	(55,230,876)	(47,721,604)	(48,714,671)	(60,674,904)	(58,917,703)	(62,672,038)	(53,082,855)	(52,180,453)	(50,011,730)	(62,003,752)	(50,390,007)	(60,057,517)	(593,885,818)
TOTAL OTHER RECEIPTS	20,281,765	13,562,794	12,044,526	11,777,441	12,051,118	10,403,025	13,914,418	12,524,216	9,692,582	22,809,834	9,646,268	8,663,968	157,371,954	
TOTAL GRANTS	3,671,858	4,976,087	11,727,756	3,657,809	4,794,722	4,704,395	2,614,159	4,674,536	5,009,209	3,282,199	2,838,503	2,692,107	54,643,340	
C/TAX REC'D VIA ALL P	1,274,576	1,064,860	918,025	1,010,504	944,591	930,632	1,023,221	943,773	943,773	916,098	904,449	410,000	510,000	
COUNCIL TAX D/D	6,081,845	6,149,276	6,171,923	6,195,049	6,238,425	6,243,751	6,239,871	6,275,596	6,275,596	6,283,492	6,374,264	1,200,000	258,000	
BUSINESS RATES D/D	4,119,081	4,070,364	4,220,010	4,093,066	4,072,808	4,316,995	4,313,755	4,449,053	4,449,053	4,313,596	4,344,477	1,100,000	190,000	
DEPT OF WORKS AND PENSI	8,244,041	8,378,120	8,582,213	8,511,045	8,509,239	8,504,208	8,288,127	8,187,553	8,187,553	8,187,553	8,187,553	8,000,000	8,000,000	
DSG	14,817,154	9,860,560	9,860,560	11,723,560	10,274,560	9,926,680	10,221,040	10,221,040	10,221,040	10,221,040	10,221,040	10,200,000	10,200,000	
SCHOOLS PAYROLL PAYMENT	7,287,224	390,970	7,012,939	7,014,976	14,038,719	6,894,131	7,245,143	7,381,457	7,381,457	7,232,806	7,279,336	7,000,000	7,000,000	
VAT REIMBURSEMENT	325,904	5,474,130	1,282,969	1,980,763	1,890,636	1,891,798	2,295,593	1,624,404	1,624,404	1,418,770	1,715,291	1,500,000	1,000,000	
TOTAL INCOME	549,250,370	66,104,448	53,927,161	61,820,921	55,964,211	62,814,817	53,815,615	54,155,326	56,281,629	53,275,146	65,118,443	41,894,771	38,514,074	663,686,563
TOTAL NET INCOME/EXPEI	11,049,283	10,873,572	6,205,558	13,106,250	(4,710,682)	3,897,114	(8,856,423)	1,072,471	4,101,176	3,263,416	3,114,680	(8,495,237)	(21,543,443)	69,800,745
Interest Received	879,038	138,990	73,489	71,011	20,706	163,343	17,545	38,385	24,685	64,097	136,586	81,085	347,955	
Temporary Borrowing Interest	(104,238)	(6,696,482)	(1,218,630)	(76,875)	(941,347)	0	(983,474)	(1,222,175)	(76,875)	(114,904)	(951,139)	(19,398)	(19,398)	
Interest Paid	(6,696,482)	(1,218,630)	(76,875)	(115,288)	(941,347)	0	(983,474)	(1,222,175)	(76,875)	(114,904)	(951,139)	(19,398)	(19,398)	
Investment Outstanding	57,000,000													
Temporary Borrowing Outstanding	(8,000,000)													
NET CASH POSITION	54,127,801	63,921,533	70,123,705	83,185,678	77,554,344	81,614,802	71,782,449	71,671,130	75,720,116	78,932,725	81,232,862	72,818,711	50,622,591	
Reported in March 2012	53,475,541													46,011,403
Variance in reporting														4,611,188 UNDERSPEND
ACTUAL INVESTMENTS AT MONTH END														
INVESTMENTS														82,200,000
SHORT TERM DEBT														8,000,000
NET INVESTMENTS														74,200,000