Merton Council

Cabinet Agenda

Membership

Councillors:

Stephen Alambritis (Chair)
Mark Allison
Kelly Braund
Mike Brunt
Tobin Byers
Caroline Cooper-Marbiah
Nick Draper
Edith Macauley MBE
Martin Whelton

Date: **Monday 12 November 2018**

Time: **7.15 pm**

Venue: **Committee rooms C, D & E - Merton Civic Centre, London Road, Morden SM4 5DX**

This is a public meeting and attendance by the public is encouraged and welcomed. For more information about the agenda please contact democratic.services@merton.gov.uk or telephone 020 8545 3616.

All Press contacts: communications@merton.gov.uk, 020 8545 3181

Cabinet Agenda
12 November 2018

Note on declarations of interest

Members are advised to declare any Disclosable Pecuniary Interest in any matter to be considered at the meeting. If a pecuniary interest is declared they should withdraw from the meeting room during the whole of the consideration of that mater and must not participate in any vote on that matter. If members consider they should not participate because of a non-pecuniary interest which may give rise to a perception of bias, they should declare this, .withdraw and not participate in consideration of the item. For further advice please speak with the Assistant Director of Corporate Governance.

CABINET
15 OCTOBER 2018

(7.15 pm - 7.41 pm)

PRESENT Councillors Councillor Stephen Alambritis (in the Chair), Councillor Mark Allison, Councillor Kelly Braund, Councillor Mike Brunt, Councillor Tobin Byers, Councillor Caroline Cooper-Marbiah, Councillor Nick Draper, Councillor Edith Macauley and Councillor Martin Whelton

ALSO PRESENT Ged Curran (Chief Executive), Hannah Doody (Director of Community and Housing), Caroline Holland (Director of Corporate Services), Chris Lee (Director of Environment and Regeneration), Rachael Wardell (Director, Children, Schools & Families Department), Fabiola Hickson (Head of Law Property and Commercial), Roger Kershaw (Assistant Director of Resources), Amy Dumitrescu (Democratic Services Officer)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

No apologies were received.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of interest.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

RESOLVED: That the minutes of the meeting held on 17 September 2018 were agreed as an accurate record.

Post-meeting note: Following a request from the Director for Community and Housing, the last paragraph on Page 1 of the minutes of the meeting held on 17 September has been amended to read "Following Feedback received, from the CEO of Merton centre for Independent Living had requested the inclusion of community care to the list of lead issues for focus as set out in the funding prospectus, and this was recommended to Cabinet for approval."

4 STAGE 2 CONSULTATION ON MERTON'S NEW LOCAL PLAN (Agenda Item 4)

The Cabinet Member for Regeneration, Housing and Transport presented the report which had been discussed at the Borough Plan Advisory Committee. The Cabinet Member highlighted the need for further housing in the Borough.

At the invitation of the Chair, Councillor Aidan Mundy, Chair of the Borough Plan Advisory Committee advising that cross-party feedback had been sought during discussions. Councillor Mundy encouraged all present to respond to the consultation, the responses to which would be looked at in November.

The Chair welcomed the cross-party approach that had been taken during the process.

RESOLVED:

A. That Cabinet approved the second six week consultation on the new borough-wide Local Plan, to run for six weeks between October and December 2018.

B. That approval for the final consultation documents was delegated to the Director of Environment and Regeneration in consultation with the Cabinet Member for Regeneration, Environment and Housing.

C. That Cabinet resolved to agree BPAC's recommendation to revise Merton's Statement of Community Involvement 2006.

5 DRAFT BUSINESS PLAN 2019-23 (Agenda Item 5)

The Deputy Leader and Cabinet Member for Finance presented the report and thanked all involved for their work. The Cabinet Member highlighted the current Council finances and advised that £20 million of savings were required by 2022/23 and the report set out previously agreed savings to be analysed, capital programme information to be assessed and new savings that had been identified. The Cabinet Member advised that further savings would need to be looked at and noted the £2 million saving from the Environment and Regeneration division from the introduction of wheeled bins.

The Chief Executive advised that the Equality Impact Assessments had not all been completed to the desired standard before the meeting and therefore a change was required to the recommendations. The Chief Executive advised that the recommendations would therefore now be amended to note the recommendations, not to agree them. This would not affect the progress of the project and the Equality Assessments would be included when the report progressed to Scrutiny.

The Director for Corporate Services advised that Directors had been asked to review the current savings and a number of new savings had come forward. The maximum levels of Council Tax had been assumed in the budget, however it was currently unclear what would happen in regards to funding and so there remained a level of uncertainty. The Director advised they would look to bring forward further savings over the next few months.

The Cabinet Member for Community and Culture asked what the impact of Brexit would be, to which the Director for Corporate Services responded that there would be a paper at the Cabinet meeting in November to assess the potential impacts of Brexit.

RESOLVED:

1. That Cabinet considered and noted the draft savings/income proposals (Appendix 3) put forward by officers and referred them to Overview and Scrutiny panels and Commission in November 2018 for consideration and comment.
2. That Cabinet noted the proposed amendments to savings set out in Appendix 2 and incorporated the financial implications into the draft MTFS 2019-23.
3. That Cabinet noted the latest draft Capital Programme 2019-23 detailed In Appendix 4 for consideration by Scrutiny in November and noted the indicative programme for 2023-28.

6 FINANCIAL REPORT 2018/19 – AUGUST 2018 (Agenda Item 6)

The Deputy Leader and Cabinet Member for Finance presented the report and thanked all staff involved with the work. The Cabinet Member highlighted the current projected overspend of £2 and ¾ million in the Children Schools and Families division and advised that the report included ways in which this would be addressed.

The Director for Corporate Services advised that the savings progress and projections were being monitored.

The Cabinet Member for Regeneration Housing and Transport welcomed the work being done around safety outside of Schools and enforcement.

RESOLVED:

A. That Cabinet noted the financial reported data relating to revenue budgetary control, showing a forecast net overspend of £2.78million, 0.5% of gross budget.

B. That Cabinet approved the virement of £160k between Parking Services and Future Merton in relation to work related to CPZs.

C. That Cabinet noted the position in respect of the Capital Programme contained in Appendix 5b and approved the adjustments summarised in the Table below:

Scheme	2018/19 Budget	2019/20 Budget	Narrative
Children, Schools and Families			
Cricket Green expansion	(955,730)	955,730	Reflects the estimated programme post contract award
Secondary School Autism Unit (Harris Morden)	(160,000)	160,000	Reprofiled in accordance with anticipated spend
Unallocated SEN (Further SEN provision	(188,000)	188,000	Reprofiled in accordance with anticipated spend
Harris Academy Morden - Expansion	(143,560)	143,560	Reprofiled in accordance with anticipated spend
St Mark's Academy	(200,000)	200,000	Reprofiled in accordance with anticipated spend
Perseid Expansion	152,000	0	Virement to cover additional costs of expansion
Harris Academy Wimbledon - Expansion	(1,142,940)	771,440	Virement to Cover Essential Works at PFI Schools
Harris Academy Morden - Essential Wks	104,000	0	Virement to Cover Essential Works at PFI Schools

Ricards Lodge - Essential Wks	15,000	0	Virement to Cover Essential Works at PFI Schools
Raynes Park - Essential Wks	79,000	0	Virement to Cover Essential Works at PFI Schools
Rutlish - Essential Wks	21,500	0	Virement to Cover Essential Works at PFI Schools
Environment and Regeneration			
Bus Priority Scheme	150,000	0	New TfL Funding
School Keep Clear B750-7	190,480		£50k S106 remainder virement
Fleet Vehicles	(60,000)		Virement to School Keep Clear
Alley Gating	(1,510)		Virement to School Keep Clear
Street Trees	(2,310)		Virement to School Keep Clear
Street Lighting	(11,210)		Virement to School Keep Clear
Traffic Schemes	(5,600)		Virement to School Keep Clear
Surface Water Drainage	(2,700)		Virement to School Keep Clear
Footways	(18,110)		Virement to School Keep Clear
Anti Skid	(3,400)		Virement to School Keep Clear
Borough Roads	(44,710)		Virement to School Keep Clear
Total	**(2,227,800)**	**2,418,730**	

Committee: Cabinet

Date: 12 November 2018

Wards: All

Subject:	**Preparing the Council for the UK's exit from the European Union**
Lead officer:	Caroline Holland, Director of Corporate Services
Lead member:	Councillor Mark Allison, Deputy Leader & Cabinet Member for Finance
Contact officer:	John Dimmer, Head of Policy, Strategy and Partnerships (020 8545 3477 / john.dimmer@merton.go.uk)

Recommendations: That Cabinet:

A. Note the implications for the council and the borough of the issues highlighted in the report and the actions being taken to deal with them;

B. Note the establishment of a corporate task group headed by the Director of Corporate Services, that is looking at the implications of Brexit in more detail and directing actions being taken; and

C. Note the proposed approach for how the council can support EU residents, particularly those in hard to reach and vulnerable groups, with information and support to secure their rights around settled status.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. The purpose of this report is to highlight the ways in which the council and the services it provides will potentially be impacted by the UK's withdrawal from the European Union. It also highlights the implications of Brexit for residents of the borough and the local community.

1.2. The report outlines cross cutting issues that will have an impact on the organisation as a whole, including analysis and commentary from organisations such as the Local Government Association, the Local Government Information Unit, London Councils, CIPFA and the No Recourse to Public Funds Network. It also sets out an early indication of the council's preparations.

1.3. There remains continued uncertainty about what 'kind of Brexit' the country will face, and until the final agreement is known it will be hard to determine its exact impact. However the council will need to be prepared for all eventualities (including a "no deal Brexit") and keep up-to-date with developments, regularly reviewing the areas of highest potential impact. This will enable it to strengthen its resilience and develop contingency plans in key areas such as workforce, regeneration, funding, legislation and community cohesion.

1.4. In response, the Leader of the Council has created a Cabinet role to assess the impact of Brexit and ensure that actions are being taken as appropriate. The Leader has also asked the Director of Corporate Services to establish a task group to look at the implications of Brexit in more detail and direct actions being taken.

1.5. At a meeting on 12 September Council welcomed the news that the Council's Risk Register is being updated with regards to Brexit, and called on Cabinet to ensure the register maintains a robust and up to date account of the risks of the UK leaving the EU with no deal, and to implement any recommended measures as soon as possible.

1.6. Council also expressed its support for the work being carried out through the Scrutiny process into ways for Merton to better support citizens from the EU27 as Brexit progresses, particularly looking at what support can be given as their rights change. Council agreed to support the call for a People's Vote on any final Brexit deal.

1.7. Updates relating to Brexit continues to be released on a regular basis, and announcements and analysis highlighted in this report is subject to frequent change and speculation. Information in this report was accurate and up-to-date as at October 2018.

2 BACKGROUND

2.1. On 23 June 2016 Britain voted to leave the European Union (52 per cent voting to leave). London was the only region within England to vote with a majority to remain in the EU, with 59.9 per cent of the vote (2.26 million votes).

2.2. The government formally triggered the process of the UK's withdrawal from the European Union on 29 March 2017. The terms – which continue to be negotiated – will have a range of significant effects on local government and the communities they serve. Local authorities have a unique and important perspective to bring to the negotiations as community leaders, service providers, employers and shapers of place.

3 DETAILS

3.1. On 12 July the Government published its white paper on the Future Relationship between the United Kingdom and the European Union. The proposals in the white paper are informing the ongoing discussions between Government officials and EU negotiators about the terms of the UK's withdrawal. The withdrawal agreement and the framework for the future relationship will need to be finalised in the autumn to allow time for ratification before the UK leaves the EU on 29 March 2019.

3.2. The key points outlined in the white paper would mean:

- That the UK leaves the single market and the customs union; instead there would be a new free trade area for goods and "new arrangements" for services
- Free movement of people would be ended, replaced by a framework for mobility that would allow UK and EU citizens to travel across each

other's borders without a visa for tourism, temporary business and study

- The creation of new partnerships between the UK and the EU on security and cross cutting issues such as science, research and innovation, culture and education and data and information sharing
- The establishment of institutional mechanisms to govern the new arrangements and resolve disputes

3.3. In the LGiU's view, the white paper provides greater clarity on the government's thinking on some key issues for Local Government. These include the proposals on labour mobility which acknowledges the importance of EU citizens being able to able to come to the UK to work. However it is noted that the white paper appears to focus on those with professional qualifications, rather than lower skilled workers. Further detail is awaited on the Government's future policies on immigration from EU member states.

3.4. Decisions are ongoing about the terms of the 'deal' that the UK will negotiate to exit the EU. There is the potential for the UK to become a '3rd Country', the relationship that currently exists for Norway and Switzerland. In this scenario border checks and customs arrangements would be subject to enhanced controls and processes while freedom of movement would be ended. It is unclear what this would mean for the framework for mobility proposed by the Government's white paper. However, it should be noted that other's '3rd country status' was achieved as a result of negotiating an agreement, and so a 'no deal' Brexit could result in the UK also failing to achieve this status.

3.5. The Government continues to state its intention to negotiate a deal, however, the current impasse to date in negotiations between the EU and UK means that 'no deal' preparations are important and likely to be twin-tracked with negotiations, possibly right up to March 2019. The LGA has produced a 'No Deal' briefing that identifies the key issues for councils and highlight where clarity needs to be provided by Government.

3.6. Over the summer the Government have published a series of technical notices to set out what citizens, businesses and organisations would need to do in a 'no deal' scenario. Three sets of papers have been published to date with at least one more set expected in October. The LGA have analysed them against their headline concerns for local government, with the notices so far dealing with some, but not all, issues. For example, there is advice on future procurement processes, but technical advice on the residency/employment status of non-UK EU workers under a 'no deal' departure has yet to be published.

3.7. In an appendix to their report, the LGA have provided a summary of the issues contained in the 76 Technical Papers published to date, highlighting where there are direct implications for local authority services. The LGA have stated their goal that this can act as an initial checklist for leaders and chief executives of those issues where local government has received advice for 'no deal' planning and local preparations will be expected.

3.8. With the possibility of a ‘no deal’ withdrawal, non-UK EU citizens will be seeking reassurance about their future in the UK. The anticipated reciprocated ‘settled status’ for non UK EU citizens may only be possible under a deal with the EU. The LGA is seeking assurance on employment/residency/access to services and voting/standing rights in a ‘no deal’ scenario, which it is hoped will be addressed in a future technical guidance note.

3.9. Councils’ business continuity and emergency planning duties relating to the impact of ‘no deal’ will need to be considered. There is the need to reassure communities that plans are in place for any immediate community cohesion work. In the short-to medium term, there could be scenarios under ‘no deal’, such as the possible return of large numbers of largely elderly UK citizens from other parts of the EU, the key skills the local workforce will need, and the additional capacity that will be needed if more regulatory checks are required to keep on importing from or exporting to the EU.

3.10. The Cabinet Office’s Civil Contingencies Secretariat and CLG’s Resilience and Emergencies Division have begun discussions with Local Resilience Forums to ensure preparedness for key issues; councils will be contributing to this alongside their own scenario planning that they should be doing. The council has provided information to London Councils who are preparing a high level London local authority overview of the implications of exiting the EU.

EU Funding

3.11. Since the result of the referendum, one of the biggest concerns from councils has been addressing the potential funding gap from no longer having access to EU funding, estimated by the LGA to be up to €10.5 billion (£8.4 billion) UK-wide, unless a viable domestic successor to EU regional aid is put in place. While Merton is not currently in receipt of any EU funding that will need to be replaced, it will no longer have access to put funds for projects such as the regeneration of Morden Town Centre where there may previously have been the opportunity.

3.12. In its 2017 General Election manifesto, the Government pledged to create a UK Shared Prosperity Fund that would replace the money that local areas are currently in receipt of from the EU. Despite the uncertainty over the replacement of EU funding, the LGA has argued that there is the opportunity to give local areas a greater say over how to target regional aid funding for local projects of benefit for local people that can support infrastructure, environment, enterprise and social cohesion.

3.13. The LGA have produced a briefing: 'Beyond Brexit: future of funding currently sourced from the EU' which provides analysis of a number of options aiming to inform the design and delivery of the UK Shared Prosperity Fund.

3.14. ***What the council is doing:*** *a review has been carried out that confirms that the council is not currently in receipt of any EU funding. The task group will continue to review developments around a UK Shared Prosperity Fund to* *ensure that the council is aware of funding that may become available in the future.*

Citizenship and migration

3.15. EU Settled Status is the new indefinite leave to remain status which will protect the rights of non-UK EU citizens when the UK leaves the EU in March 2019. In June 2018 the Home Office launched a Statement of Intent around EU Settled Status with further details on the Scheme. It outlines who will be able to apply, what requirements applicants must meet, how to submit an application and how the process of obtaining status will work practically. The statement clarified some issues for councils, like the waiving of the £32.50 fee for children in care, which has now been agreed.

3.16. Under the scheme EU citizens living in the UK can apply for 'settled status' if they want to continue living in the country after June 2021. The scheme will open fully by March 2019. Under the settlement scheme it will be mandatory for EU citizens to have 'settled' or 'pre-settled' status from 1 July 2021. Applications for settled status can be made once the individual has lived in the UK for five years (unless they were not resident in the UK by 31 December 2020). The deadline for applying will be 30 June 2021. Applications may be made after this date if looking to join a family member already in the UK. The Government has indicated that a person who fails to apply by the end of June 2021 may have no lawful basis to remain in the UK, but it is currently unclear what the consequences of this will be.

3.17. Councils directly or indirectly employ a high proportion of non-UK EU citizens but as the LGA have highlighted, there is also the need for local authorities to consider the scheme as 'leaders of place', for example in their role as corporate parents for children in care, but also in supporting hard to reach and vulnerable groups that will require information and support around changes to their status. Local authorities can play a key role in reducing the possible negative impacts on communities that may arise when people are applying for, or in some cases may fail to secure their status.

3.18. The LGA have highlighted that councils should also begin exploring how many children in their care will have to go through the planned EU Settlement Scheme. The No Recourse to Public Funds Network has provided a guide for councils providing more information on the roles and responsibilities of councils in the scheme with a focus on EU children in care and young people leaving care, EU nationals receiving social services' support and groups at risk of not securing their status.

3.19. London Councils research from August 2017 puts the overall number of EU nationals living in London at 1 million - 12 per cent of the total population. European Economic Area (EEA) employees represent one in eight of all employees in London. The research shows that London is particularly reliant on migrant care workers, with nearly three in five of its social care workforce (59 per cent) born abroad.10.6 per cent of London's social care workforce were born in the EEA and are without British citizenship.

3.20. According to the Census data from the Office of National Statistics, as at 2011 there were 18,690 EU nationals in the borough. This is 9.3% of the borough's population. Of this total number, 7,649 are from EU member states as of 2001, while 11,041 are from the EU Accession countries that became member states between April 2001 and March 2011. Since the last Census, Information from the council's electoral roll shows that the total number of EU residents in the borough has increased to 20,146.

3.21. London Councils estimates that 64 per cent of EEA+ Nationals in the UK arrived at least five years previously and are therefore potentially eligible for "settled status" on this basis. A further 8 per cent were born in the UK but do not report having British citizenship.

3.22. At the time of the London Councils report, data sources were indicating that migrants' intentions to move to or remain in the UK are changing as a result of the economic and social consequences of Brexit. ONS data from August 2018 shows the number of EU citizens moving to the UK has continued to decrease over the last year. EU net migration was 87,000 in the year to the end of March 2018, returning to a level last seen in 2012. Some 226,000 EU citizens came to the UK and 138,000 EU citizens left. Separate data from the Labour Force Survey for April to June 2018, shows there were 86,000 fewer EU nationals working in the UK than a year earlier - the largest annual fall since comparable records began in 1997.

3.23. In September 2018, the Migration Advisory Committee published its final report on the impact of EEA migration in the UK. In the Committee's view, while EEA migration has had impacts, many of them seem to be small in magnitude when set against other changes – e.g. the fall in the value of the Pound after the referendum vote to leave the EU probably raised prices by 1.7 per cent - a larger impact than the effect on wages and employment opportunities of residents from EEA migration since 2004, although over a different time period. Therefore according to the report: "small overall impacts mean that EEA migration as a whole has had neither the large negative effects claimed by some nor the clear benefits claimed by others."

3.24. The report recommends that if the UK is in a position where it is deciding the main features of its immigration policy, then there should be a less restrictive regime for higher-skilled workers than for lower-skilled workers in a system where there is no preference for EEA over non-EEA workers. The report argues that higher-skilled workers tend to have higher earnings so make a more positive contribution to the public finances.

3.25. In the Committee's view any routes into attract low-skilled workers should not be based around sectors. The report states 'serious concern' about social care, but that this sector needs a policy wider than just migration policy to fix its problems and that this is an illustration of a more general point: "that the impacts of migration often depend on other government policies and should not be seen in isolation from the wider context." The report is also clear to not recommend that the public sector should receive special treatment in the migration system.

3.26. In return, just over 4.5 million Britons live abroad, with approximately 1.3 million of them in Europe, according to figures compiled by the United Nations. British in Europe, a group which campaigns for the rights of British citizens who live elsewhere in the EU, said the draft terms of the Brexit transition deal only guarantee the right for Britons on the continent the right to live, work, and receive healthcare and pensions in their current country of residence. That means freedom of movement, the EU policy which gives citizens the rights to work and study anywhere in the continent without applying for a visa was not contained in the provisional transition deal.

3.27. In December 2017 the government reached an agreement with the European Commission on citizens' rights. This aimed to provide a level of certainty to UK nationals in the EU and their families and allows UK nationals in the EU to continue living their lives 'broadly as they do now.' Following the agreement on the Implementation Period, all UK nationals lawfully residing in another EU Member State on 31 December 2020 will be covered by the citizens' rights agreement, meaning they will continue to have the same access as they currently do to healthcare, pensions and other benefits and will be able to leave their Member State of residence for up to 5 years without losing their right to return. The UK and EU Commission have also agreed that EU27 Member States may require UK nationals and their family members covered by the agreement to apply for a residency document or status conferring the right of residence.

3.28. As with other parts of Brexit, there is a continued lack of clarity on the exact position of UK citizens currently living and working in the EU. The fall in the value of the pound means that the cost of living abroad has increased, and with the potential for a diminishment in the level of rights that UK citizens have access to then there is the possibility that some may choose to return to the UK. Large numbers of UK citizens returning home could put pressure on the availability of housing. In addition, with a proportion of those living abroad being older, that moved following retirement, there could be the added impact from those returning on healthcare and older people's services.

3.29. ***What the council is doing:*** *a recommendation has been put forward to Cabinet to agree that the council, as a leader of place, should be supporting EU residents, particularly those in hard to reach and vulnerable groups, with information and support around changes to their status and how to secure their rights under the settlement scheme. It is proposed that the council should develop a communications campaign and publish information online, brief staff working in the customer contact centre, send out information through channels such as MVSC bulletins and work with advice agencies and providers such as Citizens Advice.*

3.30. *At a meeting on 12 September Council expressed its support for the work being carried out through the Scrutiny process into ways for Merton to better support citizens from the EU27 as Brexit progresses, particularly looking at what support can be given as their rights change and the related uncertainty created by that process. All councillors were encouraged to engage with that review.*

Communities

3.31. According to a report put together by London Councils on the implication of exiting the EU, over one third of Londoners were born abroad with migrants being a key part of local communities and the economy. As outlined in the report, councils have an important role to play in promoting integration and community cohesion, especially at a time of significant upheaval and uncertainty.

3.32. Many areas saw a rise in reported hate crime immediately following the referendum result and evidence gathered by London Councils from boroughs shows different European communities expressing concern about their future. As the report emphasises, 'a rise in reported hate crime alone is an imperfect measure of community cohesion and might indicate a positive increase in the rate at which such crimes are reported' however it is clear that councils have a key role to play in building and protecting social integration in their local area as emphasised by the Casey Review into integration.

3.33. Merton launched its Hate Crime Strategy shortly after the EU vote. The strategy references that 74% of Londoners say they are concerned about hate crime and that recorded figures saw an increase after the referendum result, with more than 3000 allegations of hate crime made to UK police in the week before and after the vote on June 23rd. This led the head of the National Police Chiefs' Council to make the following statement: "The referendum debate has led to an increase in reporting of hate crime. It is very clear in the last couple of weeks that more people have been aware of experiencing such incidents than we have had before". It should be noted however that the level of reported instances of hate crime has reduced since this point.

3.34. ***What the council is doing:*** *the council, through Safer Merton will continue to monitor developments within the community and any increases in hate crime linked to Brexit should they arise. An objective is in place in the Hate Crime Strategy Action Plan to reassure the public before, during, and after the process of the UK exiting the EU. Through the communications campaign set out above, to counter any false rumours, 'myth busting', and offer reassurance to Merton's communities about the council's support of a diverse and tolerant borough and zero tolerance approach to hate crime.*

Workforce

3.35. Brexit could have wide ranging implications for the future public sector workforce. It is estimated five per cent of the local government workforce and seven per cent of the social care workforce is from the EU-27 countries. While this is a lower proportion than some sectors, recruitment difficulties resulting from a fall in EU migration are likely to impact on local government via the social care and construction sectors, with the LGiU arguing that workforce issues are inextricably linked to the financial challenges facing local government. The impact that Brexit could have on the wider national workforce that will be vulnerable to reductions in the supply of labour from the EEA, could also have other indirect implications for council services.

3.36. CIPFA's Brexit Advisory Commission for Public Services has published a report which examines options for how the Brexit agreement could protect the needs of UK public services. It advocates that the UK should be looking for a bespoke agreement which allows free movement between the UK and the EU of skilled public sector workers such as doctors, nurses, academics and technicians, alongside a quota system for lower skilled positions in key sectors where there are labour shortages. The report highlights that the public sector will continue to require high skilled and lower skilled staff from the EU, as will other sectors that are important for public services such as construction, IT, engineering and transport.

3.37. The commission proposes that central government and the public sector should do more joint planning and risk assessment on Brexit. Specifically, the issues arising from Brexit should be considered alongside other public sector challenges, rather than being considered in isolation. It also recommended that the Government consider the idea of regional variations in migration policy, so that areas most dependent on EU staff can continue to recruit them, however the Migration Advisory Committee's report on the impact of EEA migration argues the opposite; there should be no regional variation and no special dispensation for the public sector.

3.38. During the 2016-17 parliamentary session the health select committee held an inquiry into the impact of Brexit on health and social care. It published a report on its findings in April, with one of the key impacts likely to be on the social care workforce of the future. An LGiU briefing on the key findings from the select committee enquiry highlights that the UK will continue to need lower skilled workers from overseas, at least in the short-medium term. 'If health and social care providers find it difficult to fill shortages with workers from the EU-27 countries, gaps may open up which could put upward pressure on pay and terms and conditions, raising costs. This could put further stress on local authority budgets.'

3.39. It is estimated that EU-27 workers make up around seven per cent of the adult social care workforce in England, with a further nine per cent from outside the EU. The significant proportion of overseas workforce in social care is driven by low wages and challenging working conditions, which in turn are exacerbated by the squeeze on local authority budgets. This has historically been seen as a reason for carework being a less attractive proposition for British workers.

3.40. ***What the council is doing:*** *HR are looking to review the current workforce and understand the service areas where there might be the most significant implications of a high proportion of EU nationals. In particular this will look at the care sector and the workforce of the council's contractors. As part of this work HR will be looking at the options for supporting staff that may be required to apply for Settled Status.*

Laws, legislation and devolution

3.41. The proposals in the Government's white paper on the Future Relationship between the UK and the EU for a non-regression on environmental standards suggest that there should be little change to environmental law which governs some local authority functions. The white paper also stated the Government’s intention to adhere to a common rulebook on procurement and state aid.

3.42. As part of the Brexit negotiations local government leaders are pushing the case for further devolution and public service reform, to ensure that it does not mean a transfer of powers from the EU back to central government.

3.43. EU law and regulation underpins many council services (such as waste and environmental standards). The Withdrawal Act 2018 provided for all EU law to be brought into UK law to ensure that there was legal certainty for businesses and residents. The Withdrawal Act is now law and this legal certainty remains in place under ‘No Deal’. However, many UK laws refer to EU regulations or to EU agencies. The Withdrawal Act gives ministers the ability to amend such laws where EU institutions or processes are mentioned. The Government has said that it is working to assure people of continuity (at least in short-medium term) that it will name UK successor agencies to EU regulators.

3.44. As EU law is incorporated into the domestic statute, local government has a central role to play in deciding which should be kept, amended or scrapped. For example, there are many EU-origin laws which commentators highlight could be improved through amendment; including public procurement, state aid rules and new approaches to waste, recycling and landfill. Equally there are a number of areas where it is helpful for EU-origin laws to remain, including air quality, transport, consumer rights laws and the provision of service regulations.

3.45. ***What the council is doing:*** *the task group, which will have a representative from Legal Services, will regularly be reviewing policy developments relating to Brexit and the implications this could have. DMTs will be reviewing legislation and technical guidance updates as it relates to the specific service areas within their departments and reporting this information to the task group.*

Regeneration, house building, skills and the high street

3.46. Councils with house building plans and development programmes will need to ensure that their plans are sustainable given the potential impact on infrastructure funds and the loss of housing loans from the European Investment Bank. Rising build costs will affect the financial viability of schemes and could result in stalled development. A loss of labour from the EU national could also impact on the construction sector and skills shortages.

3.47. The construction industry is significantly dependent on EU migrant workers, both for skilled and non-skilled roles. A shortage of workers could therefore lead to higher project costs or as a consequence building schemes having to either be reduced in scale or scrapped altogether. This could have a significant impact for the council’s regeneration schemes such as that for Morden Town Centre and on the Council’s Housing Company and the program of construction outlined in its establishment.

3.48. In a post-Brexit environment, where demand outstrips supply, it could lead to UK workers demanding higher wages to work the jobs where shortages have emerged. This could have a significant impact on the ability of the government to achieve their objective to build one million new homes, as well as locally the Mayor of London's ambitious housing targets.

3.49. Alongside the workforce issues, research suggests that approximately two-thirds of construction materials for house building and other schemes are imported directly from the EU. This could have two issues; a weaker pound will lead to rising costs for imported materials, while at the same time the UK risks losing its tariff-free access to the single market, as well as facing the imposition of duties and limits on quantities, exacerbated in a 'No Deal' withdrawal.

3.50. It is widely accepted that the UK has a significant skills gap. If bridging the gap in the skills that public services need can no longer be met through migration (EU or non-EU) then there will have to be a drive to improving the skills of UK workers. In the LGA's view, the workforce challenges of Brexit needs to be a catalyst for a fundamental rethink of skills development in the UK. In CIPFA's view migration policy should be integrated with greater local control over skills and aligned with the UK Shared Prosperity Fund (the proposed successor to European Structural and Investment Funds).

3.51. A London Councils briefing on the impact Brexit could have on London's skills challenge notes that London's economic success has been driven by being a leader in financial, professional and technical services, creating a strong demand for highly skilled, highly productive labour. A skilled workforce is vital if London's economy is to continue to grow. In the briefing it is argued that to meet the challenges in London of high levels of youth unemployment, a rapidly growing population and a number of key sectors that are heavily reliant on migrant labour, London needs an efficient skills system that is responsive to business need and supports learner progression.

3.52. Since Brexit the fall in the pound has contributed to inflation rising to over 3% - significantly above the Bank of England's 2% target. This has made imported goods more expensive, with costs in many instances passed on to consumers. This come at the same time as wages rising at a slower pace than inflation meaning shoppers have less disposable income to spend in stores and restaurants. There are a number of wider reasons behind the continued decline in many high streets, such as the rise of online shopping, but Brexit is predicted to increase the pressures on many businesses and retailers and could lead to a further downturn. This will have a direct impact on the council in terms of the level of business rates it collects, but also more widely, there is the negative impact for the community if high streets and town centres in the borough are struggling.

3.53. ***What the council is doing:*** *we are assessing the impact on planned and future regeneration activities, particularly the Estates Regeneration Plan. We continue to regularly liaise with business organisations via the Chamber of Commerce. We will also monitor any changes to business rate income.*

4 ALTERNATIVE OPTIONS

4.1. The council could chose not to do any preparatory work or analysis on the potential impacts of Brexit, choosing to wait until there is more clarity or certainty from the government on the terms of the 'deal' to exit or future relationship between the UK and the EU. However this will leave the council ill prepared to deal with any changes to the way it delivers its services that will come about as a result of exiting the EU and a likely growing uncertainty amongst members of the community and the workforce that are EU residents.

5 CONSULTATION UNDERTAKEN OR PROPOSED

5.1. A business continuity planning session on the impacts of Brexit, led by the Director of Environment and Regeneration was held at the Collective DMT session on 25 September 2018.

5.2. The report was presented to Corporate Services DMT on 26 September 2018 for comments and feedback.

5.3. The report was agreed by CMT on 2 October 2018.

6 TIMETABLE

6.1. December 13 -14 2018: the last European Council of 2018 seen as the last practical date for withdrawal agreement to be signed.

6.2. January-February 2019 (at the latest): Commons approval. The House of Commons must approve the agreed deal and Parliament must pass an Implementation and Withdrawal Bill that sets out the terms of Brexit in fuller detail.

6.3. The Settled Status scheme will open fully by March 2019.

6.4. The UK will leave the EU on the 29 March 2019.

6.5. After March 30th, 2019: Trade talks can begin between the UK and the EU. While Britain remained a member state, such talks were not permitted under EU law. Under the deal reached in principle in 2018, this is when the 21-month transition period begins. During this time most aspects of UK membership of the EU will remain in place, including free movement across borders and membership of the customs union and single market. But Britain will no longer have a vote.

6.6. The closing deadline for applications to be submitted for settled status will be 30 June 2021.

7 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

7.1. There continues to be uncertainty about what 'kind of Brexit' the country will face, and until the final agreement is known it will be hard to determine its exact impact. However the council will need to be prepared for all eventualities, including a 'no deal Brexit', all of which are likely to have a significant financial impact on the economy, and subsequently the level of funding for public services.

7.2. Brexit could have wide ranging implications for the future public sector workforce. Recruitment difficulties resulting from a fall in EU migration are likely to impact on local government via the social care and construction sectors. The costs of employing workers in these sectors is likely to increase as a way of attracting workers to fill the resulting vacancies. To cover workforce shortages there may be a greater need to use agency staff with the attached costs that this will bring. Agencies themselves may also suffer from shortages in the availability of staff on their books as a result of a fall in EU migration.

7.3. It is predicted by some economic models that Brexit could see a fall in the value of the pound which will have an impact on the costs and availability of goods and services, particularly those manufactured by, or provided by countries from within the EU. The introduction of trade tariffs could also result in an increase in costs for the council.

7.4. There is a potential funding gap for councils from no longer having access to EU funding, estimated by the LGA to be up to €10.5 billion (£8.4 billion) UK-wide if not replaced. In its 2017 General Election manifesto, the Government pledged to create a UK Shared Prosperity Fund that would replace the money that local areas are currently in receipt of from the EU, however further information and confirmation of this has yet to be provided.

7.5. Benefit entitlement for EU nationals and their family members is currently linked to a person's activities in the UK, for example, employment or having a right of permanent residence. It is still unclear what the consequence will be for those that don't meet settled status so there may become a larger number of EU nationals who have no recourse to public funds (NRPF). According to the No Recourse to Public Funds Network local authorities currently spend at least £43.5m per year funding accommodation and financial support for destitute migrants with NRPF to safeguard the welfare of children within families, adults with care needs and young people leaving care.

7.6. There could be financial implications related to the council having to bring in specialist advice to understand the potential changes to regulations and legislation.

7.7. There could be financial implications for the council in having to administer another General Election should the decision be made to call one as a result of a deadlock in negotiations between the UK and the EU on the terms of the exit.

8 LEGAL AND STATUTORY IMPLICATIONS

8.1. Over the period of membership, a number of EU laws have been incorporated as part of domestic statute and there is not yet a definitive position on which laws will be kept, amended or repealed. There are a number of pieces of EU legislation that currently impacts on the way the council delivers its services including those linked to procurement, waste, recycling, air quality, transport, consumer rights laws and the provision of service regulations.

8.2. There are a number of areas where it is likely to be decided that it is essential or helpful for EU-origin laws to remain and that the council will need to continue to adhere to. However local government leaders continue to push the case as part of the negotiations for leaving for further devolution and public service reform and have highlighted the opportunity that EU-origin laws could be improved through amendment.

8.3. The far-reaching implications of Brexit have been addressed in this report and as well potential amendments and repeals of legislation; there is the practical impact with regards the fall out of a no deal (or a hard Brexit). There is the effect this will have on the economy and in particular exchange rates and the impact on the contractors/suppliers that the Council is in contract with. In the short term it might be prudent for the council to carry out a due diligence exercise on the financial viability of suppliers/contractors with regards contracts which are high risk or high value. This is also the time to consider contingency plans with regards this area of concern, as well as those areas where EU nationals are directly and indirectly employed and the other areas identified in this report.

9 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

9.1. The Human Rights Act was passed into UK law in 1998. The human rights contained within this law are based on the articles of the European Convention on Human Rights. The Act 'gives further effect' to rights and freedoms guaranteed under the European Convention. As outlined under the legal and statutory implications section, it remains unclear which EU-origin laws and regulation that the UK will continue to adhere to or seek to repeal.

9.2. Many areas saw a rise in reported hate crime immediately following the referendum result and there is evidence, collected both locally as well as regionally and nationally that shows different European communities expressing concern about the future. In the lead up to, and following the date of the exit of the UK from the EU there could be implications for community cohesion within the borough and the potential for instances of hate crime.

10 CRIME AND DISORDER IMPLICATIONS

10.1. As set out under the community cohesion implications, there is the potential for the UK's exit from the EU to lead to a rise in community tensions and a rise in the number of instances of Hate Crime. Figures showed 3000 allegations of hate crime made to UK police in the week before and after the referendum vote on June 23rd.

11 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

11.1. The impact of the UK's exit from the EU has been identified as a key corporate risk in the Key Strategic Risk Register. A 'no deal Brexit' could have significant negative effects on a wide range of council services and businesses as a result of uncertainty and the failure to secure a smooth transition from EU membership.

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

None

13 BACKGROUND PAPERS

13.1. There are a number of articles, briefings and reports that have been used to put together this report, which are hyperlinked to in the document where relevant

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Cabinet Report 12th November 2018

Wards: All wards

Subject: Regional Adoption Agency

Lead officer: Rachael Wardell, Director of Children, Schools and Families Department

Lead member: Cllr Kelly Braund, Cabinet Member for Children Services

Contact officer: Paul Angeli

Recommendations:

Cabinet to support recommendations relating to transfer of components of Merton's adoption work to a Regional Adoption Agency; transfer of budget and TUPE of posts to new regional body.

A. Agree that Merton enter into regional adoption arrangements as part of Adopt London South.

B. Agree that staff and finances (provisional 5.29 FTE and £298,791 of which £256,564 is staffing related) are transferred to Southwark who will be hosting Adopt London South on behalf of ten South London boroughs, noting that Merton will be the spoke authority for the South West authorities. The figures are provisional pending the outcome of an independent audit of all local authorities' proposed budgetary transfers.

C. Agree that Merton's DCS is vested with delegated authority to make more detailed decisions around the implementation of this proposal including signing off the inter-authority agreement between Merton and Southwark.

PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This report summarises the business case for Merton entering regional adoption arrangements with nine other local authorities in South London as part of Adopt London South. All local authorities in England have been instructed by the Department for Education to enter into regionalised adoption arrangements by 2020. This report sets out the proposed approach to regionalisation for Merton and seeks formal agreement to begin implementing the new arrangements.

1.2 This report sets out indicative staffing FTE and financial implications of these proposals. The full business case with confirmed final finances will be available later in the autumn.

DETAILS

1.3 It is proposed that a new Adopt London South Regional Adoption Agency (RAA) is created through combining the adoption services for the ten South London Boroughs of Croydon, Greenwich, Kingston, Wandsworth, Lambeth, Lewisham, Merton, Richmond, Southwark, and Sutton. These agencies wish to build on the success of their existing services to improve performance in meeting the needs of those children who require permanence through adoption by bringing together the best practice from each authority within the RAA. This proposal forms part of an overarching project to develop four RAAs across London.

1.4 This report describes how establishing a single agency will allow the ten authorities to provide a more cohesive, efficient and effective use of resources and development of practice to the benefit of children, adopters and others who gain from adoption services. It proposed that the London Borough of Southwark will host the RAA, the cost of development to be funded by the Department for Education.

1.5 In March 2016, the government announced changes to the delivery of adoption services setting a very clear direction that all local authorities' adoption services must be delivered on a regionalised basis by 2020. This followed a range of national policy changes since 2012, including the 2015 'Regionalising Adoption' paper by the DfE that sought improvements in adoption performance. Following the general election in June 2017, the Minister of State for Children and Families reaffirmed commitment to this policy. In March 2018, the DfE commenced the legislation that allows them to direct a local authority into a RAA if there is no progress being made.

1.6 The premise of regionalisation is to:

- Increase the number of children adopted
- Reduce the length of time children wait to be adopted
- Improve post-adoption support services to families who have adopted children from care
- Reduce the number of agencies that provide adoption services thereby improving efficiency & effectiveness.

1.7 . The South London RAA will be known as Adopt London South (ALS) and will build upon the previous positive practice established within the two South London consortia – South London Adoption and Permanence Consortium (SLAPC) and South West Consortium which have acquired over the years good reputations for delivering effective services.

1.8 The rest of this report sets out the issues and detailed proposals for delivering Adopt London South.

1.9 The business case is founded on a number of key assumptions:

- There is one host for the south London RAA and it is proposed this is Southwark; however, it is expected that staff will be located across all ten LA sites; and that there is a host site for the South West in Merton.
- There is one lead responsible officer and centrally located functions, likely senior management, performance, commissioning and back office will be located in Southwark.
- Wherever possible practice and processes will be the same across all south London boroughs; however, there is a recognition of the scale of the South London RAA (and that it is bigger than all other RAAs in the country), therefore there will be tailoring and delivery based within two spokes which are based on the existing consortia (Merton, Sutton, Kingston, Wandsworth and Richmond in the South West and Southwark, Lambeth, Lewisham, Greenwich and Croydon in the South East).
- All agencies have the resources available to actively lead on and participate in agreed work streams and achieve the deliverables within agreed timescales set out in the plan;
- Adopt London South (ALS) will share case work responsibility for the child at the earliest possible point, at the discretion of each Agency Decision Maker but in most cases at the point of the Placement Order being granted;
- Staff affected will retain their existing Terms and Conditions, including pension rights, holiday entitlements and sick pay policies. If it applies, staff will be transferred to the host authority under the Transfer of Undertakings (Protection of Employment) regulations (TUPE). In Merton at this stage, and subject to formal consultation 4 FTE staff have been identified as potentially in scope for TUPE;
- Any applicable redundancy costs will be underwritten by the currently employing LAs as this will not be funded by the DfE or the host;
- Premises – ALS will be delivered from office bases in all ten locality areas. This will ensure: continuity of provision as far as possible; close working relationships with children's social workers and easy access for local communities to a service within their community. A small number of workers undertaking central functions (mainly senior management and back office staff) will work from a central base in the Host authority Southwark, and some functions will be delivered from the South West site of Merton. Merton will be able to charge for the use of premises and any related costs. To ensure the new ALS team is established with a cohesive and single culture it is expected that particularly in

the early stages that staff will be based for team building events, conferences, team meetings at Southwark's Tooley Street offices.

The Principles

1.10 The principles, which the business case has followed, were agreed by the Adopt London Executive Board which was delegated by the Association of London Directors of Children's Services (ALDCS) to oversee the development of the four London Regional Adoption Agencies. These principles have been endorsed by the DfE:

- Local authorities involved in Adopt London and each of the four RAAs are committed to collaborating on adoption arrangements so that the best interests of children and their adoptive families are secured and kept at the forefront of decision-making.
- Adopt London will provide an overarching framework for enabling effective coordination, coherence and partnership working across London.
- Adopt London authorities, and the four RAAs will make sure that there is consistency of approach in relation to key strategic and operational decisions, e.g. about whether staff are transferred under TUPE arrangements or seconded. Project teams in the four RAAs and RAA governance arrangements should reflect the ambition to promote such consistency of approach.
- We are committed to working effectively together with Voluntary Adoption Agencies (VAAs), making sure that their unique and important contribution is maximised and that VAAs are involved in the development of the RAAs and Adopt London.
- The focus of work over the next 18 months will be on establishing the four RAAs; in phase two, developmental work on the Adopt London hub will progress. We will use the Adopt London Executive Board to operate a virtual Hub in the coming period, with a view to exploring options for joint commissioning across London, maintaining common design principles for the spokes and exploring opportunities for further development of the Hub in phase 2.

The scope and delivery model

1.11 The decision to pursue four RAAs in London was agreed by ALDCS, and endorsed by the DfE in May 2018. This report does not revisit that decision, but provides more detail for how the agreed delivery model will work in south London.

1.12 Whilst a number of options were considered early on including the creation of a new single entity to deliver adoption services across South London, the preferred option is to combine the ten London boroughs with one borough becoming the host authority. Creation of new single entities is time consuming and costly and not a preferred option elsewhere with RAAs already live.

1.13 Governance of the RAA will operate through a board comprising of senior representatives from all LAs with executive voting powers with non-executive advisory representation from Voluntary Adoption Agencies (VAAs), adopters and adoptees. The RAA will continue to be accountable to Corporate Parenting Boards and other Local Authority bodies including local scrutiny panels.

1.14 The RAA will aim to provide a high-quality service to adopted children with improved outcomes; taking the best models of delivery from each of the nine services and considering the best level of geography on which to deliver (sub-regional, regional or pan-London). The RAA will also aim to provide savings through economies of scale.

1.15 It is important to note that each of the other London RAAs has between 5-7 local authorities, and no other RAA has gone before nationally which combines such a large number of Local Authorities. Therefore, ALS will be implemented as two spokes with the South West comprised of Sutton, Merton, Wandsworth, Richmond and Kingston (with Merton acting as a spoke office) and the South East comprised of Southwark, Lewisham, Greenwich, Lambeth and Croydon (with Southwark acting as both spoke office and overall hub).

1.16 The delivery model for the RAA addresses the five areas set out by the DfE as their minimum expectations of a Regional Adoption Agency:

1. A single line of authority with the ability to act as a single service and a head of service in place.
2. Transfer of staff into the organisation.
3. Inclusion of core adoption functions of recruitment and assessment of adopters, early permanence and family finding, and adoption support.
4. Pooled funding from local authorities into the RAA.
5. Pan-regional approach to matching i.e. one pool of children and adopters.

1.17 Adopt London South will work collaboratively with 3 other RAAs across London namely:

- Adopt London West – hosted by Ealing
- Adopt London North – hosted by Islington
- Adopt London East – hosted by Havering

1.18 Approximately 50-60 FTE LA staff, many of whom work part time, are expected to become part of the new organisation to deliver the following main services across South London:

- Recruitment and Assessment – to provide the prospective adopters;
- Permanence Planning – ensuring that children identified as requiring adoption achieve a placement;
- Matching and Placement – to match prospective adopters with children in need of adoption;
- Adoption Support – to help all affected by adoption;

The table below sets out the RAA and LAs will work together, summarising roles and responsibilities for each:

Function	Regional Adoption Agency	Local Authority
RECRUITMENT AND ASSESSMENT		
Marketing and Recruitment Strategy	✓	
Adopter Recruitment and Enquiries	✓	
Assessment of Prospective Adopters – all Stage One and Stage Two functions	✓	
Completion of Prospective Adopter Report	✓	
Agency Decision Maker for approval of adopters	✓	
Post approval training	✓	
Matching	✓	
Post Placement training for Prospective Adopters	✓	
PERMANANCE PLANNING		
Early identification of a child possibly requiring adoption		✓
Tracking and monitoring the child possibly requiring adoption	✓	✓
Support and advice to child care social worker on the adoption process	✓	✓
Sibling or other specialist assessments if commissioned by LA	✓	✓
Direct work to prepare child prior to placement	✓	✓
Preparation of the Child Permanence Report		✓
Agency Decision Maker for “Should be placed for Adoption” decisions		✓
Case management prior to the point agreed by the LA ADM		✓
Case management from point agreed by the LA ADM		✓
MATCHING AND PLACEMENT		
Family finding	✓	
Looked After Child reviews	✓	✓

Function	Regional Adoption Agency	Local Authority
Shortlist potential families	✓	
Visit potential families	✓	✓
Organising child appreciation day	✓	
Ongoing direct work to prepare child prior to placement	✓	
Adoption Panel administration and management	✓	
Agency adviser role	✓	
Agency Decision Maker for Matching prospective adopters and child		✓
Placement Planning meeting administration and management of introductions	✓	
Support to family post placement and planning and delivery of adoption support	✓	
Ongoing life story work and preparation of Life story book	✓	✓
Independent Review Officer monitoring of quality of child's care and care plan		✓
Support prospective adopters in preparation and submission of application for Adoption Order – including attending at court	✓	
Preparation of later life letter	✓	✓
ADOPTION SUPPORT		
Assessment for adoption support	✓	
Developing and delivering adoption support plans	✓	
Agree and administer financial support to adoptive families pre and post Adoption Order		✓
Adoption support delivery including: • Support groups • Social events • Post adoption/special guardianship training • Independent Birth Relative services • Support with ongoing birth relative contact • Adoption counselling and training	✓	
Financial support to adopters including adoption allowances		✓
NON-AGENCY ADOPTIONS		
Step parent/partner adoption assessments	✓	
Inter-country adoption assessments and post approval and post order support	✓	

Milestones and implementation

1.19 It is proposed that following formal endorsement of the delivery model and budget at the ten cabinets and committees over the autumn and winter 2018 that the structure for the proposed Adopt London South RAA will be subject to formal consultation through winter and early spring 2019. Phased implementation will begin from the point that the decision is formally endorsed at cabinets and committees and run through until early summer 2019.

1.20 The first key implementation task will be to appoint the permanent leader of the RAA. A phased implementation is being pursued because the logistics of setting up Adopt London South are greater and more complex than any other RAA given that 10 boroughs are being brought together.

1.21 See the table below summarises the key milestones for delivery:

Stage 1: Mobilisation & on going Project Management	Stage 2: Vision & Design	Stage 3: Service Analysis- Measure and Understand (As is)	Stage 4: Service redesign workstream initiation (Future State)	Stage5: Monitoring, evaluation and benefits	Stage 6:Transition arrangements/shadow and testing phase	Stage7: Implementation
This stage ensures that there is an established rationale for integration whilst putting in place the building blocks for defining and scoping the change.	This stage involves working with senior stakeholder to understand and develop the vision for these integrated services and articulate the 'end state'.	The stage involves refining the scope of the project, identifying the cohort to work with and measuring the current situation (the 'as is') and understanding the level of change required to achieve the defined aims and objectives. This is important in providing a solid evidence base for the 'to be' model and developing options for the services and functions in scope.	This stage involves designing the 'to be' model, understanding and developing the options available in order to achieve the desired outcomes and identify the level of change required.	This stage reviews the initial benefit profiles and puts in place monitoring and evaluation measures for the testing and implementation phases	This stage involves working with operational teams to prototype and test out the agreed integration model/option and monitoring effectiveness of it. This stage allows for refinement to confirm the solution as correct/optimum before changes are mainstreamed.	Subject to the evaluation of stage 6, this stage involves fully implementing the new model and associated improvements
Deliverable: March - May • Lockdown scope • Set up PMO function • Project team in place • Project plan signed off • Workstreams developed and leads identified	**Deliverables: April - May** • Establish clear design features & evaluation criteria • Agree key outcome measures and anticipates benefits • Articulate vision for the new service	**Deliverables: May - July** • Analysis of current position • Stakeholder engagement • HR analysis of workforce implications and options • Review benefit profiles • Complete current position statement • Identify opportunities for change and improvement	**Deliverables: July - November** • Service design model options • Legal appraisal of options and impacts • Agree support service functions • Completed Business Case • Sign off and permission to proceed • Complete transition and full implementation plan	**Deliverables: August - September** • Agree on evaluation approach • Set performance measures/KPIs for new service • Review benefit profiles and produce realisation plan	**Deliverables: October- November** •Policies/procedures, referral routes agreed • Functions & Structure agreed • Systems tested • Legal requirements for new entity in place • Future model governance and SLAs agreed	**Deliverables: November - April 19** • Organisation review process • Engagement and change management process • Fully implement the new model • Go live with new service

2. Options Considered

2.1 Entering into these regional adoption arrangements through a Regional Adoption Agency hosted by Southwark is the only option being considered which meets the requirements of regionalisation as set out in the legislation.

2.2 There will be approximately 30 FTE social worker positions within Adopt London South, and approximately 50-60 FTE in total including management, administration, performance, commissioning, panel advisor and administration capacity. 5.1 FTEs from Merton have been identified as in delivering services in scope. One third of the capacity in the new RAA will be focused on adoption in the South West (Sutton, Wandsworth, Kingston, Richmond and Merton), as this is where one third of the adoption work happens. Funding from the South West also accounts for around one third of the RAA budget.

2.3 It is proposed that to ensure clarity and maintain and improve timeliness that specialist teams will operate in each of the spokes (recruitment, assessment, family finding and matching team, and a post adoption team).

3. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

3.1 The budget for the RAA has been built through each of the 10 authorities considering the agreed scope and outcomes for the RAA and identifying the existing budget available to deliver these activities. LAs have ensured that sufficient resource is retained to deliver the activities, which will remain the responsibility of the local authority.

3.2 Merton has identified a staffing budget of £256,564 which will transfer to Southwark to host Adopt London South. A proportion of this will be used to cover hosting charges incurred by Southwark (for example HR, IT, legal, finance), the remainder will be used to resource Adopt London South. We are awaiting confirmation from Southwark of the agreed final hosting costs per borough. Data has been collected on boroughs' adoption allowances, including the proportion funded by ASF and the proportion funded by LAs. However, this is not included in the proposed base budget, which will be transferred to Southwark as it will be retained by the boroughs. However, expertise in securing ASF will sit within the RAA and the RAA will have a role in the future in reviewing the approach to allowances across 10 boroughs. In total the approximate budget for Adopt London South to deliver all the services within scope is likely to be in the region of £3.5 million.

4. LEGAL AND STATUTORY IMPLICATIONS

4.1 In March 2016, the government announced changes to the delivery of adoption services proposing that all local authorities' adoption services be delivered on a regionalised basis by 2020. This followed a range of national policy changes since 2012, including the 2015 Regionalising Adoption paper by the DfE that sought improvements in adoption performance,

4.2 The government has reinforced their policy ambition through provisions in the Education and Adoption Act 2016. The Act also gives the Secretary of State a new power to direct one or more named local authorities to make arrangements for any, or all, of their adoption functions to be carried out on their behalf by other local authorities named, or by another agency. Therefore, the entering into regionalised arrangements is not voluntary, but required.

4.3 The new regional adoption arrangements will be governed by a board, and be subject to an inter-authority legal agreement which sets out the terms of the arrangement. This agreement will need to be signed between each member authority and Southwark prior to the formal go live of the new arrangements.

4.4 In resourcing the new RAA, if it applies staff will be subject to TUPE.

5. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

5.1 No specific implications from this report

6. CRIME AND DISORDER IMPLICATIONS

6.1 No specific implications from this report.

7. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

7.1 No specific implications from this report.

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

None

9. BACKGROUND PAPERS

9.1 None

Committee: Cabinet

Date: 12 November 2018

Wards: All

Subject: International Holocaust Remembrance Alliance- Anti-Semitism definition

Lead officer: Neil Thurlow - Community Safety Manager

Lead member: Cllr Edith Macauley, Cabinet member for Community Safety, Engagement and Equalities

Contact officer: Neil Thurlow, x 3240

Recommendations:

A. That Cabinet formalise the adoption of the IHRA definition of anti-Semitism and its examples

B. That Cabinet approve the above to also be included within the Merton Hate Crime strategy

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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1.1 This report is being brought to Cabinet to ensure that the group are aware of the boroughs adoption of the IHRA definition of anti-Semitism and to request that the Cabinet approve its use within the hate crime strategy

1.1.2 Safer Merton has been leading on hate crime since 2016 and adopted this new definition in June 2017. This adoption was undertaken by the service and with the LBM Safer Merton hate crime pages being updated accordingly. However, there is no record of taking this through Cabinet for oversight and approval.

1.1.3 Hate crime is a strategic priority for the Merton Community Safety Partnership, is a Mayoral priority for London and is a cross party governmental priority. It is defined as "any criminal offence which is perceived, by the victim or any other person, to be motivated by a hostility or prejudice based on a personal characteristic; specifically actual or perceived race, religion/faith, sexual orientation, disability and transgender identity.

1.1.4 Anti-Semitism- a form of Hate Crime, has been a crucial part of national politics recently and continues to be a problem in this country and it is right that as a Local Authority, we are able to demonstrate the seriousness with which we take it as we do for other forms of Hate Crime.

2 DETAILS

2.1. IHRA definition of Anti-Semitism is ***"****a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of antisemitism are directed toward Jewish or non-Jewish individuals and/or their property, toward Jewish community institutions and religious facilities"*

2.2. Manifestations might include the targeting of the state of Israel, conceived as a Jewish collectivity. However, criticism of Israel similar to that leveled against any other country cannot be regarded as anti-Semitic. Antisemitism frequently charges Jews with conspiring to harm humanity, and it is often used to blame Jews for “why things go wrong.” It is expressed in speech, writing, visual forms and action, and employs sinister stereotypes and negative character traits

2.3. Contemporary examples of anti-Semitism in public life, the media, schools, the workplace, and in the religious sphere could, taking into account the overall context, include, but are not limited to:

a) Calling for, aiding, or justifying the killing or harming of Jews in the name of a radical ideology or an extremist view of religion.

b) Making mendacious, dehumanizing, demonizing, or stereotypical allegations about Jews as such or the power of Jews as collective — such as, especially but not exclusively, the myth about a world Jewish conspiracy or of Jews controlling the media, economy, government or other societal institutions.

c) Accusing Jews as a people of being responsible for real or imagined wrongdoing committed by a single Jewish person or group, or even for acts committed by non-Jews.

d) Denying the fact, scope, mechanisms (e.g. gas chambers) or intentionality of the genocide of the Jewish people at the hands of National Socialist Germany and its supporters and accomplices during World War II (the Holocaust).

e) Accusing the Jews as a people, or Israel as a state, of inventing or exaggerating the Holocaust.

f) Accusing Jewish citizens of being more loyal to Israel, or to the alleged priorities of Jews worldwide, than to the interests of their own nations.

g) Denying the Jewish people their right to self-determination, e.g., by claiming that the existence of a State of Israel is a racist endeavor.

h) Applying double standards by requiring of it a behavior not expected or demanded of any other democratic nation.

i) Using the symbols and images associated with classic antisemitism (e.g., claims of Jews killing Jesus or blood libel) to characterize Israel or Israelis.

j) Drawing comparisons of contemporary Israeli policy to that of the Nazis.

k) Holding Jews collectively responsible for actions of the state of Israel

2.4 All of the above categories have been adopted and will be formally recognised in the revised Safer Merton hate crime strategy following the approval of CABINET

3 ALTERNATIVE OPTIONS

3.1. N/A as LBM adopted this definition in June 2017

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. N/A as LBM adopted this definition in June 2017

5 TIMETABLE

5.1. N/A as LBM adopted this definition in June 2017

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. N/A

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. N/A

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. N/A as LBM adopted this definition in June 2017 and this recognition may aid community cohesion

9 CRIME AND DISORDER IMPLICATIONS

9.1. As Safer Merton oversee the work, as lead service, the team ensure that all crime and disorder concerns are considered within this work

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. N/A

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

Merton Hate Crime Strategy

https://www2.merton.gov.uk/strategic_work_plan_2017-2021_-_website_edition.pdf

12 BACKGROUND PAPERS

12.1. Hate Crime Safer Merton Strategic Work Plan 2017 – 2021

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Committee: Cabinet

Date:

Wards: All

Subject: Council Tax Support Scheme 2019/20 and Council Tax Technical Reforms 2019

Lead officer: Caroline Holland, Director of Corporate Services

Lead member: Councillor Mark Allison,

Contact officer: David Keppler, Head of Revenues and Benefits

Recommendations:

1. That the uprating changes for the 2019/20 council tax support scheme detailed in the report be agreed, in order to maintain low council tax charges for those on lower incomes and other vulnerable residents
2. That Council adopts the new 2019/20 scheme.
3. That Council agrees to implement the proposed council tax technical reforms concerning the increased empty property premium from 1 April 2019 and subsequent years following the amendments to Section 11B of the Local Government Finance Act 1992.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. This report details the proposed changes to Merton's adopted council tax support scheme to ensure that the level of support awarded stays in line with the old council tax benefit scheme had it continued and therefore residents are not worse off due to the new scheme.

1.2. The report also details the change incorporated in the council tax technical reforms regarding long term empty properties and the additional premiums councils can charge.

1.3. That cabinet agrees to implement recommendation 1, 2 and 3 above.

2 DETAILS

2.1. **Council Tax Support Scheme 2019/20**

2.2. As part of the Spending Review 2010, the Government announced that it intended to localise council tax benefit (CTB) from 1 April 2013 with a 10% reduction in expenditure. These plans were included as part of the terms of reference for the Local Government Resource Review and the then Welfare Reform Bill contained provisions to abolish CTB.

2.3. Following a formal consultation exercise full Council agreed on the 21 November 2012 to absorb the funding reduction and adopt the prescribed default scheme in order to maintain low council tax charges for those on lower incomes and other vulnerable residents. CTB was formally abolished with effect from 1 April 2013

2.4. Council have subsequently agreed to continue with the same scheme on an annual basis for 2014/15, 2015/16, 2016/17, 2017/18 and 2018/19.

2.5. Each year the government "uprate" the housing benefit scheme and the new council tax support scheme for pensioners. This is where state pensions and benefits are increased by a set percentage and the government also increase the applicable amounts and personal allowances (elements that help identify how much income a family or individual requires each week before their housing benefit starts to be reduced) and also non dependant deductions (the amount a non child who lives with the claimant is expected to contribute to the rent and or council tax each week).

2.6. The government have stated that under the new local council tax support scheme pensioners must not be worse off and that existing levels of support for them must remain and this protection will be achieved by keeping in place existing national rules, with eligibility and rates defined in Regulations broadly similar to those that previously existed. This is known as the Prescribed Pensioners scheme.

2.7. When full Council adopted the governments default scheme in November 2012 it was not clear what would happen with regards to the uprating of the default scheme from April 2014 onwards. Advice received from the then Department of Communities and Local Government (DCLG) at the end of September 2013 stated that if a Council did not formally agree a revised scheme for the following financial year which would include any "uprating" then its local scheme for the previous year would automatically become its default scheme and as a consequence the "uprating" would not take place and many residents would face an increased council tax bill.

2.8. This means that if Merton wants to continue with its council tax support scheme which is broadly similar to the old council tax benefit scheme it would have to formally consult and agree on the "uprating" each year. Merton has subsequently agreed this approach in prior years and is now seeking agreement to the same for 2019/20.

2.9. It is estimated that if the uprating was not applied the expenditure of the scheme, if everything else remained constant, would be approximately cost neutral. Increases in payments for non-dependants living in households would not be applied and some residents receiving disability benefits or premiums could face higher council tax bills.

2.10. The government will uprate the housing benefit scheme from the 1 April 2019 and the detail of this process is unlikely to be known until early December 2018. The government will also uprate the prescribed pensioner scheme for council tax support from 1 April 2019, with the details announced in December 2018. Once the detailed information is known it is proposed to use the data from these to uprate the council tax support scheme.

2.11. The uprating of the council tax support scheme will be effective from the 1 April 2018.

2.12. A formal consultation exercise regarding the change of the scheme was undertaken between 24 August 2018 and 19 October 2018. Only 4 responses were received, 2 opted to apply the uprating and 2 opted not to apply the uprating. Only one comment was received which was in favour of ensuring that those residents in receipt of council tax support continue to “receive as much as possible to help prevent them getting in to the debt spiral”.

2.13. This level of response is in contrast to the consultation exercise undertaken in the summer of 2012 when the Council first proposed to absorb the funding reduction and ensure that no Merton residents would be worse off due to the change in scheme. Then there were 1,007 responses of which 820 opted to retain the same level of support as council tax benefit and keep the level of contribution towards the council tax down for eligible applicants. Only 69 opted to implement a new council tax support scheme that’s offers less assistance and means that certain groups of people would have to pay more council tax.

2.14. The Council has also consulted with our major precepting authority, the Greater London Authority (GLA). The GLA is content to endorse the broad approach taken by the council however, it believes the council should review the proposed changes as a whole and if one proposed change results in a greater saving to the council that could be used to reduce the need to apply other proposals then they suggest the council does this so that it would help to reduce the financial burden on some individuals and families in Merton who see their council tax support reduced.

2.15. **Council Tax Technical Reforms**

2.16. In 2012 Local Government Finance legislation was amended to give billing authorities discretion to remove or reduce the discounts and exemptions awarded for empty properties and second homes and to give authorities the option to charge up to an additional 50% premium on long term empty properties (over two years empty).

2.17. On 6 February 2013 full council agreed to remove the discounts and exemptions on empty properties and second homes and also agreed that a review of the empty homes premium would be undertaken for the full year 2013/14 and reported back to Cabinet for consideration for the 2015/16 budget process.

2.18. On the 19 November 2014 full council agreed to implement the empty homes premium of 50% from April 2015.

2.19. Since April 2015 the council has charged taxpayers 50% premium on properties that have been empty for over two years.

2.20. Although the number of properties affected by this fluctuates the council has approximately charged between 160 and 190 taxpayers the additional premium per year.

2.21. Based on the latest figures of 166 as at October 2018 being charged at Band D this premium will raise approximately £97,000 council tax for Merton this year.

2.22. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill (the Bill) has now been approved by both Houses of

Parliament. The Bill received Royal Assent on 1 November 2018, becoming an Act and law.

2.23. The provisions of the 2018 Act amend Section 11B of the Local Government Finance Act 1992 (Section 11B, as amended) to allow billing authorities to increase the premium on empty properties from 50% to 100%.

2.24. The Section 11B, as amended, provides for the increase and implementation to take effect in the financial year commencing 1st April 2019.

2.25. Section 11B,as amended, also gives billing authorities the ability to charge higher premiums in subsequent years for properties that have been empty for longer periods of time.

2.26. Billing authorities are now empowered to increase the premiums payable over time as follows: -

From 1 April 2019 – 100% premium for properties that have been empty for 2 years or more

From 1 April 2020 – 200% premium for properties that have been empty for 5 years or more

From 1 April 2021 – 300% premium for properties that have been empty for 10 years or more.

2.27. As at October 2018 there were 166 long term empty properties being charged the 50% premium. Of these, 13 have been empty for 10 years or more, 18 empty for between 5 and 10 years and 135 empty for between 2 and 5 years.

3 ALTERNATIVE OPTIONS

3.1. The only alternative option for the Council Tax Support Scheme based on the consultation undertaken would be not to undertake the uprating of the scheme and continue with the existing scheme. This would result in some of the poorest residents facing increased council tax bills from April 2019

3.2. The alternative option for the Council Tax Technical Reform changes would be not to implement them or delay implementation and review at some further stage.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. A consultation exercise has been undertaken and the results of this are detailed in 2.12 and 2.14 above.

5 TIMETABLE

5.1. The key milestones for council tax support scheme are detailed below:

Task	Deadline
Consultation with public and precepting authority on proposed change to the	24 August 2018 to 19 October 2018

scheme	
Report to full Council for agreement to proposed change to the scheme	21 November 2018
Detailed analysis of the housing benefit and prescribed pensioner schemes uprating to establish exact parameters to be applied for the uprating of the council tax support scheme	December 2018 – or as soon as the information is available from the Department of Work and Pensions
Deadline for agreement of amended scheme	11 March 2019
Testing of IT software for amended scheme	February 2019
Implement amended scheme	1 April 2019

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. Based on current expenditure for 2018/19 it is estimated that £11 million will be granted in council tax support for 2019/20 based on 2018/19 council Tax levels. This figure includes the Greater London Authorities share of the scheme (£2.2 million), the cost for Merton is £8.8 million. This is an increase on the previous year which is due to the council tax increase last year.

6.2. It is estimated that if the uprating was not applied the expenditure of the scheme, if everything else remained constant, would be approximately cost neutral.

6.3. The council has recently submitted its Council Tax Base Return (CTB) to Government. This is based as at October 2018 and incorporates the latest information on council tax support and discounts and exemptions. This will be used to calculate the Council Tax Base for 2019/20 and the MTFS 2019-23 will be updated as appropriate during the budget process.

6.4 Council Tax Proposed revisions to Empty Property Premiums

Based on the 166 properties as at October 2018 outlined in paragraph 2.27 and using Merton's current Band D Council Tax, the revisions to premiums would result in additional income to the Council as follows:-

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Merton Premium from Empty Properties	97	194	230	246
Additional income		97	133	149

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. The Council must formally agree its council tax support scheme for 2019/20 by no later than 11 March 2019.

7.2. If a new scheme is not agreed by this date then the scheme the council administered for the previous year (2018/19) would become the default scheme for 2019/20.

7.3. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 amends the provisions of Section 11B of the Local Government Finance Act 1992, to enable the Council, as the Billing Authority, to increase the empty property premium payable as detailed in 2.26 above.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. A formal consultation exercise has been undertaken. The results of this are detailed in 2.12 and 2.14 above.

8.2. Any changes to the council tax scheme which results in reductions of support will mean some residents facing an increase in their council tax bills. Some of these residents, due to the yearly uprating undertaken by the Department of Work and Pensions, would not have previously been faced with increased council tax bills. In the past it has sometimes proved difficult in collecting council tax from residents who are on limited income and or benefits.

9 CRIME AND DISORDER IMPLICATIONS

9.1. It is possible that taxpayers may not pay the additional premium, however, since the 50% premium was implemented in 2015 this has not been the case and taxpayers have paid. .

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. The Council will need to continue to closely monitor the cost of the council tax support scheme to ensure it is affordable for future years. Although in previous years we have not seen an increase in caseload, it is possible that the full impact of the welfare reform could result in more families located in inner London moving into Merton which would result in an increase in council tax support expenditure

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

None

12 BACKGROUND PAPERS

Consultation letter from GLA

Committee: Cabinet

Date: 12th November 2018

Wards: All

Subject: Public health, air quality and sustainable transport-a strategic approach to parking charges

Lead officer: Chris Lee, Director Environment & Regeneration &

Dagmar Zeuner, Director of Public Health-Merton, Community & Housing

Lead member: Cllr Byers (Cabinet Member for Adult Social Care and Health)

Contact officer: Ben Stephens, Head of Parking Services

Reason for urgency: The Chair has approved the submission of this report as a matter of urgency as a number of key objectives and principles need to be agreed in order for the review to take full account of future impacts on parking charges which come forward to Cabinet and Scrutiny in December and January respectively.

Recommendations:

A. Members note the important role Parking Services play to help deliver key strategic council priorities including public health, air quality and sustainable transportation.

B. That Members note the contents of the report and the key strategic policies in order to review future parking provision and charges.

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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. The purpose of this report is to inform Members of the key strategic drivers that will affect parking policy for the future. The public health agenda, the shift to more active and sustainable transport modes (such as walking, cycling and public transport) the impact of vehicle emissions and congestion on air quality, and demand for kerbside space form the backdrop of the policy direction set out below.

1.2. The Merton parking service already contributes to; and helps deliver the key policies set out in: Merton's Health and Wellbeing Strategy; Merton's Air Quality Action Plan; the Council's Local Implementation Plan; and the Mayor of London's Transport Strategy.

1.3. The report informs Members of the many operational and strategic considerations Parking Services review on a regular basis in order to ensure the council's wider objectives are being met.

1.4. The report also considers a range of options which will aim to adjust driver behaviour and to ensure that we can provide a modern, efficient and environmentally sustainable parking service over the coming years.

1.5. This report forms the first part of the process to identify and define the key policies and drivers that the future review will be based upon. A further detailed report on future parking charges will be tabled in December, before proceeding to scrutiny in January 2019.

2 KEY STRATEGIC COUNCIL PRIORITIES RELEVANT TO PARKING SERVICES

2.1. PUBLIC HEALTH

2.1.1 Public Health has a vision to protect and improve physical and mental health outcomes for the whole population in Merton throughout the life course, and reduce health inequalities especially between the west and east of the borough.

2.1.2 In Merton, the Health and Wellbeing Board brings together key stakeholders to provide leadership for health. This includes shaping a health promoting environment (healthy place) as well as promoting good health and care services.

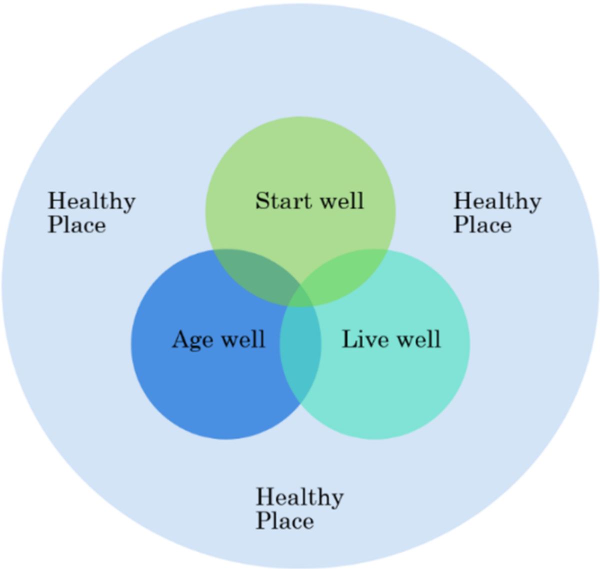
2.1.3 It is a statutory duty for the Health and Wellbeing Board to produce a joint Health and Wellbeing Strategy; this work is based on the data from the Joint Strategic Needs Assessment (JSNA) and an ongoing dialogue what matters to people. The Health and Wellbeing Strategy is underpinned by 6 policy objectives identified in Michael Marmot's 'Fair Society, Healthy Lives' 2010 paper as policies which are key to reducing health inequalities and improving population health. The 6 policy objectives are:

- Giving every child the best start in life
- Enabling all children, young people and adults to maximise their capabilities and have control over their lives
- Creating fair employment and good work for all
- Ensuring a healthy standard of living for all
- Creating and developing sustainable places and communities
- Strengthening the role and impact of ill-health prevention

2.1.4 The Health and Wellbeing strategy sets out how the Health and Wellbeing Board will work in partnership to ensure a fair share of opportunities for Merton residents to live healthy lives, to take early action to improve their health and wellbeing, and to reduce health inequalities.

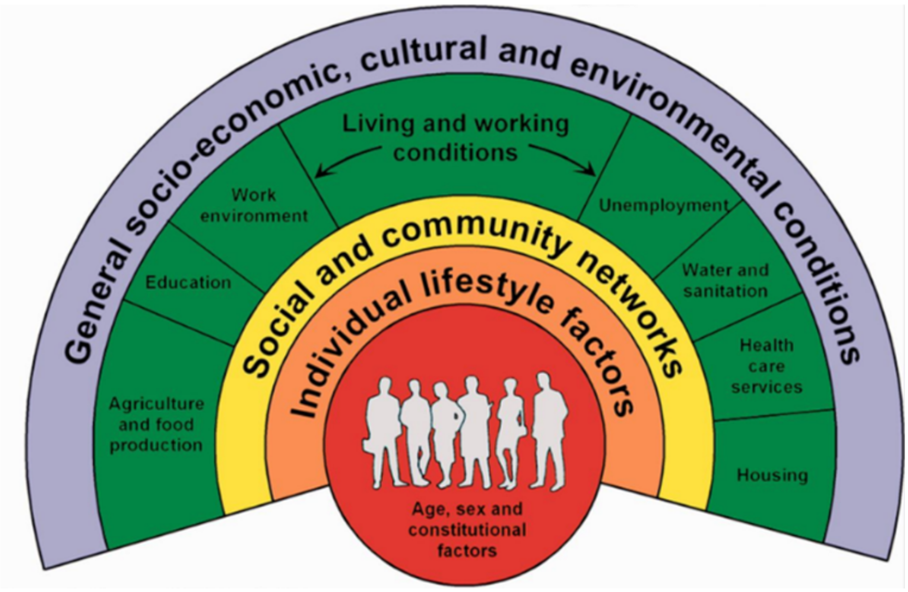
2.1.5 The Health and Wellbeing Strategy is in the process of being refreshed and it will cover 2019-2024. The Health and Wellbeing Board have agreed four overarching themes for the new Health and Wellbeing Strategy of: Start Well; Live Well; Age Well; in a Healthy Place. The Healthy Place theme is an integral part of the first three themes, and focuses on how we can create an environment that allows all Merton residents to flourish, see figure 1 below.

Figure 1



2.1.6 The Health and Wellbeing Strategy is being refreshed from the perspective that the public's health and the choices they face regarding their health is shaped by a wide range of factors in our environment, influenced by political, cultural, social, economic, environmental and commercial factors. These are called the wider determinants of health, illustrated in figure 2 below. For an overview of the evidence base on the wider determinants of health, see Michael Marmot's 2010 paper 'Fair Society, Healthy Lives'.

Figure 2



2.1.7 Although the governance of the of the Health and Wellbeing Strategy sits with the Health and Wellbeing Board, the refresh process will involve all thematic partnerships; Children's Trust Board; Safer and Stronger Partnership; and the Sustainable Communities and Transport Partnership, all of whom influence the wider determinants of health. These Boards incorporate the work of difference Council departments, many-if not all- of whom hold the levers to improving people's health in Merton.

2.1.8 These Council levers can be deployed to create environments that make the 'healthy choice the easy choice' for Merton residents (for example, by limiting the advertising of unhealthy food in Council-owned areas to children, or by incentivising people to walk, cycle and use public transport). Often deploying these levers offers a 'win win' scenario in terms of achieving Public Health goals, such as reducing childhood obesity, and other council strategic priorities, such as improving air quality.

2.1.9 Merton's Annual Public Health Report 2018 on health inequalities was recently published and aims to provide a reference for officers, partners and residents to understand what we mean by inequalities, specifically health inequalities but also the underlying drivers of differences in health outcomes between different groups. The report, whilst recognising the role of personal prevention approaches to improve health (e.g. support for individuals to stop smoking) states that we need to rebalance our efforts towards population level prevention. Parking Services have a role to play in this, for example by helping residents move towards more sustainable and active modes of transport.

2.1.10 **School Neighbourhood Health Enhancement Pilot**: Recognising that many different government departments hold the levers to improving the urban environment and therefore the public's health, Merton is currently developing a 'School Superzone' pilot. The pilot is led and supported by Public Health England and involves identifying the levers the Council has to improve the urban environment in the 400 metres around a school, through taking action on issues such as air quality and an obesogenic environment, with the ultimate aim of reducing health inequalities. The pilot recognises that there isn't one solution to complex public health challenges, and involves London Borough of Merton colleagues across departments collaborating and working jointly to improve the urban environment around a school. Boroughs are encouraged to tie Superzone proposals into local planning and transport funding streams. The pilot will run from July 2018-March 2019, after which an evaluation and final report will be prepared.

2.1.11 The importance of the environment in influencing people's health cannot be underestimated. Evidence shows that personalised information revealing the risks of a certain risky behaviour is not enough. For example communicating with a person about the risks to blood pressure and body mass index caused by not being physically active enough is not always effective at changing people's behaviours and influencing population-level change. This is because they ignore a series of non-conscious processes that occur in people's brains. The environment has a stronger influence on people's behaviours than the information they may be thinking about in their minds. The environment does this by affecting a non-conscious set of processes in our brains that affect behaviours such as travelling to work and craving unhealthy food. For example, it could be an advert in the street for a high sugar soft drink, an escalator beside a set of stairs, or a two-for-one offer on a packet of biscuits. All these environmental cues affect people's behaviours through non-conscious processes.[1] They can be summarised by 'making the healthy choice the easy choice'.

2.1.12 Interventions occur at individual, community and population levels. Tackling risky behaviours such as physical inactivity, smoking, drinking alcohol and eating unhealthily require multiple interventions at different levels, in particular, interventions operating at the population level in our built environment, such as parking policy. (The Nuffield Council on Bioethics offers a 'ladder of intervention' tool to use when considering the public acceptability of health interventions.)

2.1.13 The public are aware of the threat of unhealthy behaviours and the impact the environment can play. A recent Healthy Places Survey[2] revealed the top priorities identified by Merton residents for creating healthy places in Merton included air quality, green infrastructure and open spaces including parks, and good cycling and walking routes, paths and lanes. In the UK, the public has identified issues such as obesity, alcohol, poor diet, smoking and lack of exercise as some of the main threats to the population's health.[3]

2.2. POTENTIAL BENEFITS TO THE PUBLIC'S HEALTH RELATING TO PARKING SERVICES

2.2.1 There are many potential public health benefits related to parking policy, some of which are listed below.

2.2.2 **Air quality and health:** The Public Health Outcomes Framework estimates that 5.3% of mortality in Merton can be attributed to long term exposure to air pollution. By helping to reduce vehicle emissions and supporting the shift to sustainable and active modes of transport (such as walking and cycling), parking policy can improve air quality, which in turn will have positive benefits for people's health. The evidence on the impact of air quality on health is wide ranging. It shows that, over time, poor air quality is associated with a range of mortality and morbidity outcomes. Exposure to poor air quality is associated with a range of cardiovascular, respiratory and cerebrovascular health effects[4] and recent evidence suggests there may be a link between air pollution and a person being at increased risk of developing dementia.[5] Evidence suggests a link between air quality and respiratory illnesses in children as well as adults[6] [7], and a link between

[1] https://www.thelancet.com/action/showPdf?pii=S0140-6736%2817%2933324-X

[2] https://www.merton.gov.uk/assets/Documents/Healthy%20Places%20survey%20responses%20Jan18.pdf

[3] https://www.richmond.gov.uk/media/10923/annual_public_health_report_2016.pdf Original source: Ipsos Mori 2014 survey

[4] http://www.euro.who.int/__data/assets/pdf_file/0017/234026/e96933.pdf?ua=1

[5] https://bmjopen.bmj.com/content/8/9/e022404

[6] https://www.bmj.com/content/353/bmj.i2083

[7] https://www.ncbi.nlm.nih.gov/pubmed/29874918

exposure to air pollution and cognitive performance.[8] In Scotland a recent study found spikes in poor air quality to be associated with increased hospital admissions and GP surgery visits.[9] The benefits of improving air quality are not limited to population health benefits, but also represent biodiversity, climate change and economic benefits.

2.2.3 **Safer roads:** In 2016 there were 579 people slightly injured and 44 people killed or seriously injured due to road traffic accidents in Merton.[10] By supporting the shift to more sustainable modes of transport, parking policy can help to reduce the number of road traffic accidents in Merton, leading to fewer deaths from road traffic accidents and a reduction in hospital-related admissions from road traffic injuries.

2.2.4 **Active travel and health:** By supporting the shift to more sustainable and active modes of transport, improving air quality and generally making streets more pleasant places for Merton residents to spend their time, parking policy can help increase the physical and mental health of Merton residents. This can help reduce levels of childhood and adult overweight and obesity; a key issue in Merton that is also related to health inequalities. In Merton, one in five children entering reception are overweight or obese and this increases to one in three children leaving primary school in Year 6 who are overweight or obese. In Merton, levels of physical activity has declined in recent years from 38 percent of residents doing at least two x 10 minutes of active travel a day in 2013/14 to 2015/16 to 36 percent in 2014/15 to 2016/17. Furthermore based on Department for Transport statistics for 2016/17 the proportion of adults doing any walking or cycling is once a week is 77.9% down from 81.5% for 2015/16.

Healthy places: The 'healthy streets' approach, adopted by both Merton Council and Transport for London, The Healthy Streets approach is designed by Public Health Consultant Lucy Saunders and is based on 10 evidence-based indicators. The approach defines a healthy street as one with: things to see and do; places to stop and rest; shade and shelter; clean air; and pedestrians from all walks of life. It must be easy to cross; and feel safe, relaxing and not too noisy. Put simply, it needs to be an environment in which people choose to walk and cycle. Action against these indicators ultimately improves health, and parking policy has a role to play for example, by helping improve air quality, and incentivising people to walk, cycle and use public transport.

2.3. MERTON AIR QUALITY ACTION PLAN 2018-2023

2.3.1 Mentioned previously, air pollution is recognised as a major contributor to poor health with more than 9000 premature deaths attributed to poor air quality in

[8] http://www.pnas.org/content/115/37/9193

[9] http://erj.ersjournals.com/content/52/1/1702557

[10] Travel in London 10 supplementary Information

London Air pollution is associated with a number of adverse health impacts: it is recognised as a contributing factor in the onset of heart disease and cancer. Additionally, air pollution particularly affects the most vulnerable in society: children and older people, and those with heart and lung conditions. There is also often a strong correlation with equalities issues, because areas with poor air quality are often less affluent.

2.3.2 Air quality has been identified as a priority both nationally and within London, where pollution levels continue to exceed both EU limit values and UK air quality standards. Pollution concentrations in Merton have historically and continue to breach the legally binding air quality limits for both Nitrogen Dioxide (NO_2) and Particulate Matter (PM10). The air quality monitoring network run by Merton has shown that the UK annual mean NO_2 objective (40µg/m3) continues to be breached at a number of locations across the borough. In some locations the NO_2 concentration is also in excess of the UK 1-hour air quality objective (60µg/m3) which indicates a risk not only to people living in that area but also for those working or visiting the area.

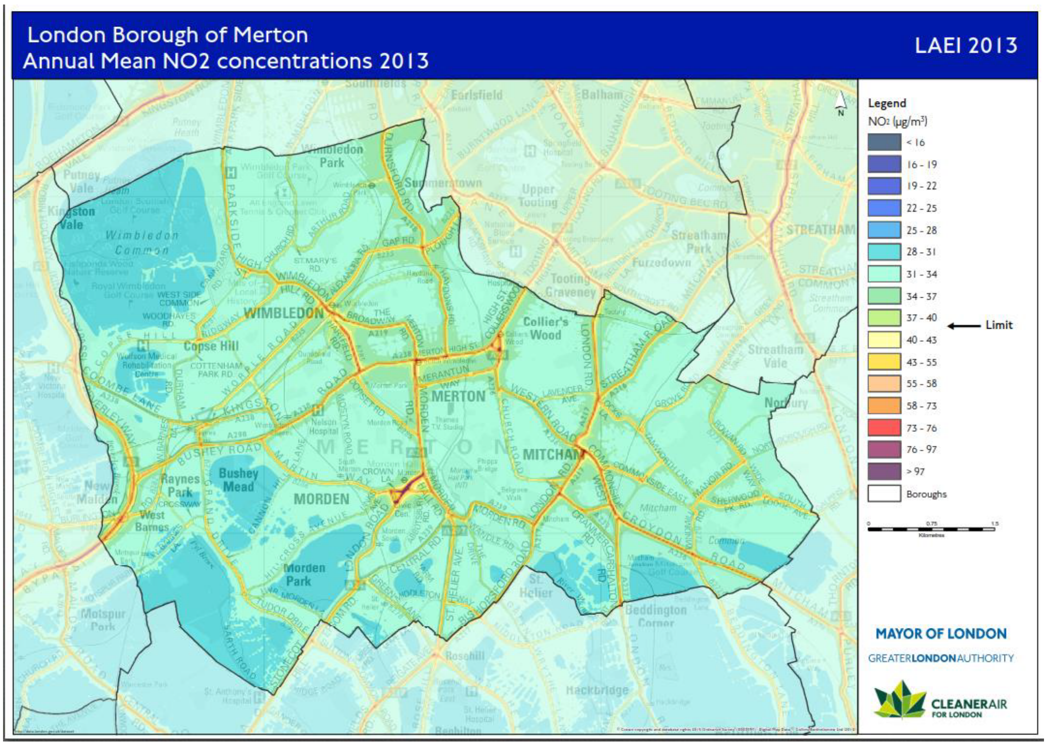
Table A. Summary of National Air Quality Standards and Objectives

Pollutant	**Objective (UK)**	**Averaging Period**	**Date[1]**
Nitrogen dioxide - NO_2	200 □g m^{-3} not to be exceeded more than 18 times a year	1-hour mean	31 Dec 2005
	40 □g m^{-3}	Annual mean	31 Dec 2005
Particles - PM_{10}	50 □g m^{-3} not to be exceeded more than 35 times a year	24-hour mean	31 Dec 2004
	40 □g m^{-3}	Annual mean	31 Dec 2004
Particles - $PM_{2.5}$	25 □g m^{-3}	Annual mean	2020
	Target of 15% reduction in concentration at urban background locations	3 year mean	Between 2010 and 2020

Note: [1]by which to be achieved by and maintained thereafter

2.3.3 Pollution in Merton comes from a variety of sources. It includes pollution originating outside the borough, and, in the case of particulate matter, a significant proportion comes from outside London and even outside the UK. Obviously the Council has limited control over this, however local sources are primarily from road transport and from development/buildings.

Figure 2: Modelled map of annual mean NO_2 concentrations (from the LAEI *2013)*

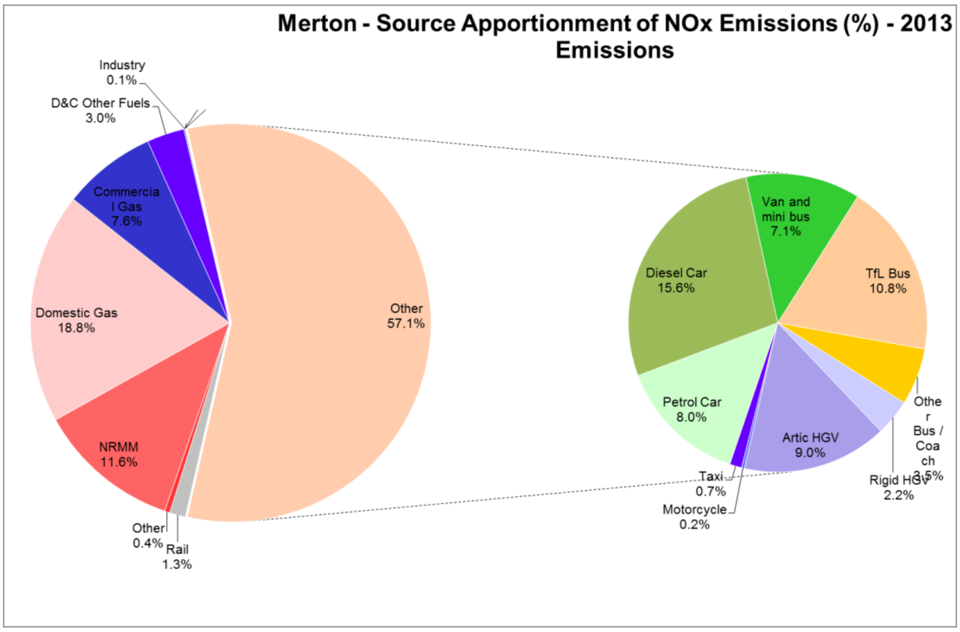


The modelled NO_2 concentrations clearly identify the contribution of road traffic emissions with exceedance of the NO_2 annual mean objective closely correlated with the main transit routes and busy junctions within the borough.

2.3.4 Of the pollution that originates inside the borough the main sources of NO2 are transport (57.1%), domestic gas boilers (18.8%) and static non-road mobile machinery (11.6%).

2.3.5 In respect of the transport sources the LAEI source apportionment data for the borough indicates that diesel vehicles contribute approximately 90% of the NOx emissions and 80% of the PM10 emissions (based on 2013 modelled data). This supports the evidence from the dispersion modelling (Figures 1, 2 & 3) which indicates that the highest concentrations of both NO2 and PM10 are most closely associated with the main traffic routes and road junctions within the borough.

Figure 6: NOx Emissions by source and vehicle type (from the LAEI 2013)



2.3.6 AQMAs and Focus Areas

2.3.7 In Merton an Air Quality Management Area (AQMA) has been declared for the whole borough. The AQMA has been declared for the following pollutants:

2.3.8 Nitrogen Dioxide: we are failing to meet the EU annual average limit for this pollutant at some of our monitoring stations and modelling indicates it is being breached at a number of other locations. We may also be breaching the UK 1-hour Air Quality Objective based on measured concentration for NO2 being in excess of 60µg/m3 at some locations within the borough.

2.3.9 Particulate Matter (PM10) – whilst monitoring data from the automatic monitoring station at South Wimbledon indicates we are complying with the UK Objectives and EU Limits, the wider modelling data indicates that we are likely to be breaching the 24-hour and annual mean PM10 Objectives at a number of locations across the borough. We are also exceeding World Health Organisation air quality guideline for this pollutant, and we have a formal responsibility to work towards reductions of PM2.5.

2.3.10 An Air Quality Focus Area is a location that has been identified as having high levels of pollution and human exposure. There are four focus areas in the borough. These are in the main centres of Mitcham, Morden, Raynes Park and Wimbledon.

Figure 5: Map of London Borough of Merton Focus Areas (2013)

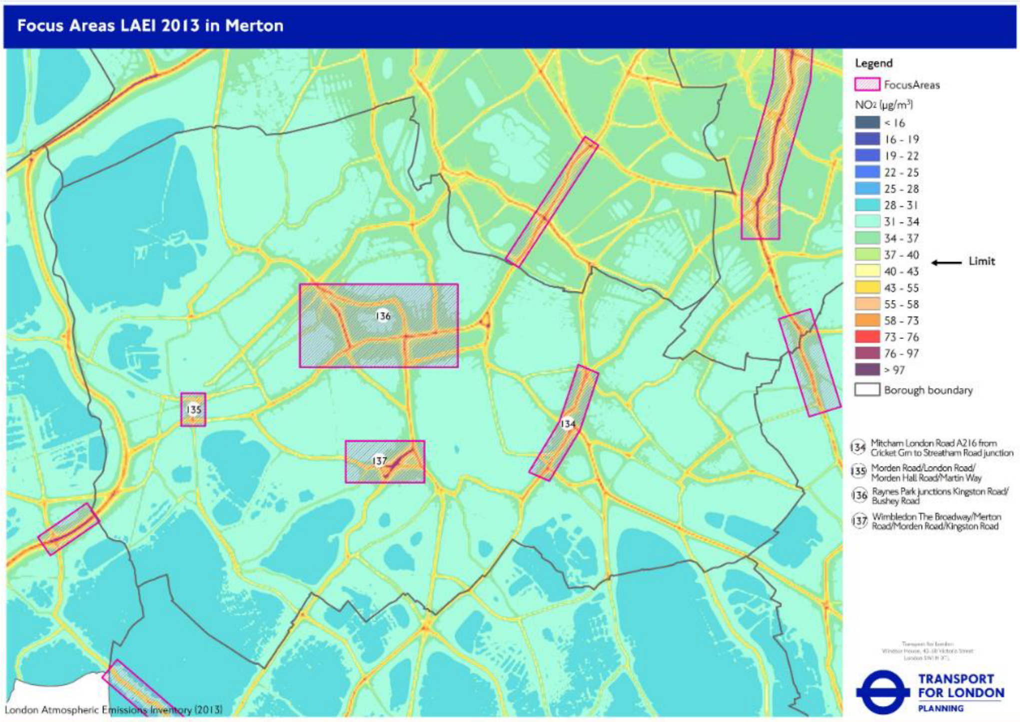
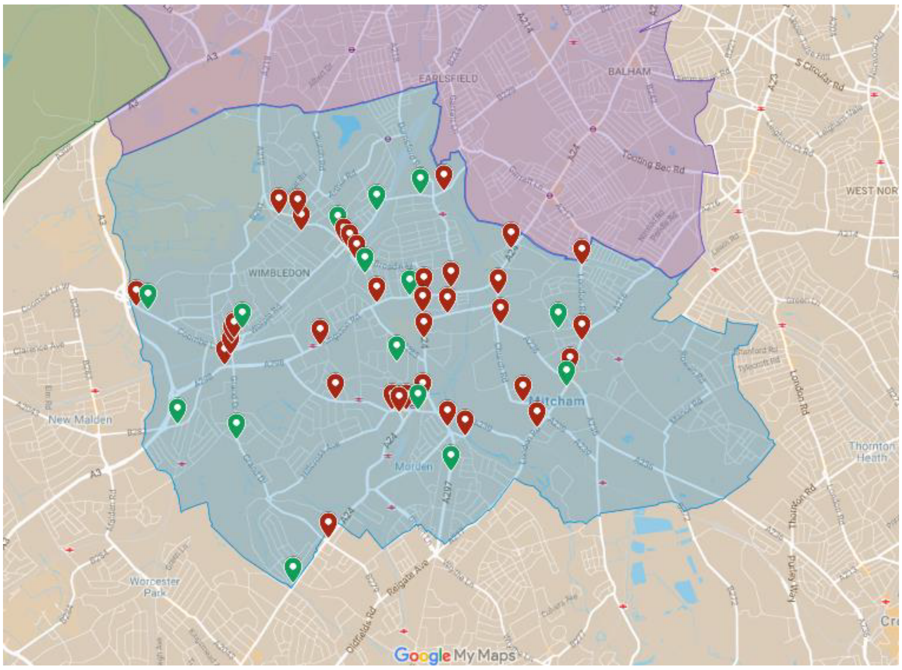


Figure 4: London Borough of Merton GLA Focus Areas (2013)

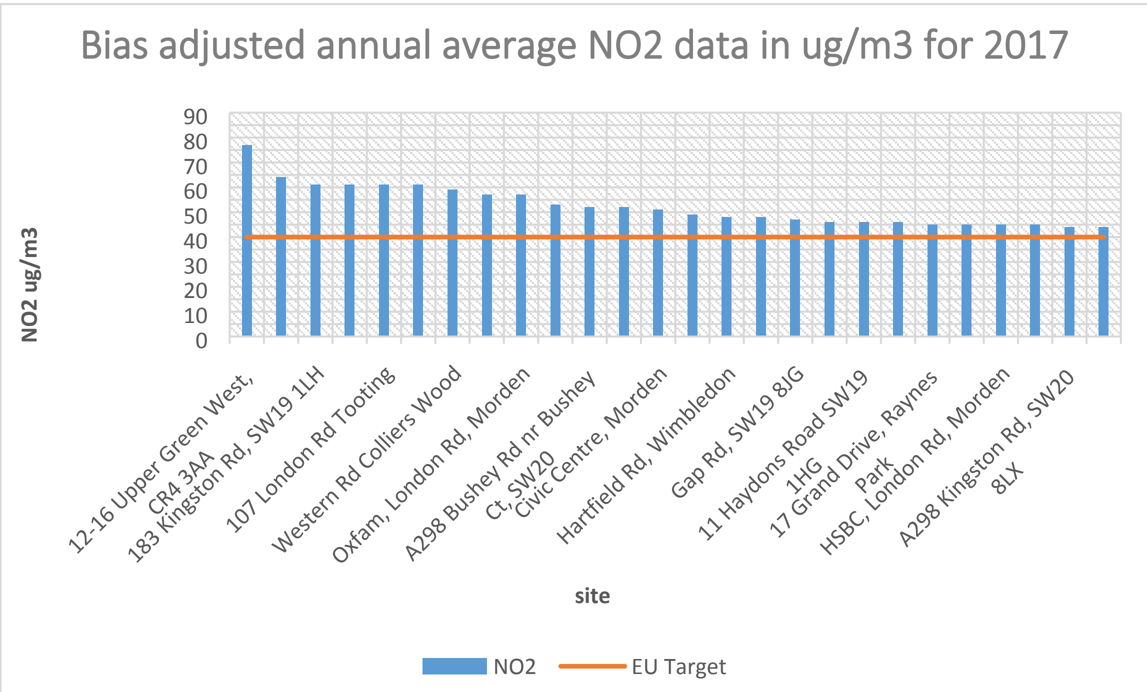
Focus Area Ref.	Location
Focus Area 134	**Mitcham** - London Road A216 from Cricket Green to Streatham Road junction
Focus Area 135	**Morden -** Morden Road/London Road/Morden Hall Road/Martin Way
Focus Area 136	**Raynes Park** - junction Kingston Road/Bushey Road
Focus Area 137	**Wimbledon** - The Broadway/Merton Road/Morden Road/Kingston Road

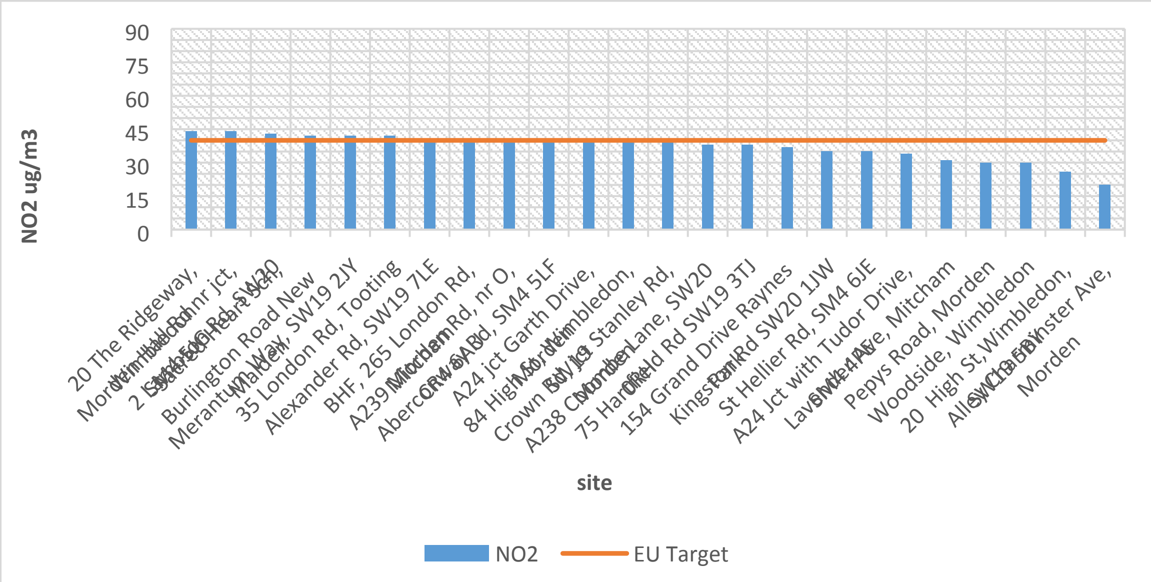
2.3.11 Merton Council also undertakes non-automatic monitoring of nitrogen dioxide using diffusion tubes. In January 2017 following a comprehensive review of the monitoring provision in Merton, the diffusion tube network was expanded from 20 to 50 sites. This provides a comprehensive coverage of all hotspots including most main roads and town centres throughout the borough. Diffusion tubes offer a relatively inexpensive means of gauging NO2 concentrations at a number of locations across the borough. The results provide monthly NO2 averages and can be used to compare measured concentrations with the annual mean NO2 objective. The accuracy of diffusion tube data is improved by comparing results with automatic monitoring data and a bias adjusted applied based on calculation of a national factor.

Monitoring locations in the borough



Nitrogen Dioxide Bias Adjusted Annual Average Concentrations for all sites for 2017 (split over 2 graphs)





2.3.12 There are a number of UK and London focused initiatives, both ongoing and planned, which will have an impact on air quality within Merton, but it is clear that local action is also required to ensure that the health and wellbeing of local communities is protected. The Councils New Air Quality Action Plan identifies a number of measures through which emissions can be reduced at a local level.

2.3.13 In order to achieve the necessary improvement in air quality, there needs to be a firm commitment and continued cooperation across the relevant departments and services within the Council to ensure that actions are implemented effectively. We will also continue to work collaboratively with neighbouring authorities, the Greater London Authority and Transport for London in pursuing shared air quality improvement initiatives and actions.

2.3.14 The London Borough of Merton is committed to reducing the exposure of people in Merton to poor air quality. The updated Air Quality Action Plan identifies Merton Council's priorities for tackling air quality over the next 5 years and is supported by the departmental Heads of Service for Environmental Health, Transport, and Planning; the Director of Public Health and Cabinet members.

2.3.15 Road transport accounts for approximately 60% of emissions of NO_2 in our borough. This contribution increases significantly when closer to busy main roads. Transport emissions contribute heavily to air pollution in the borough, as well as being a major contributor to London wide pollution.

2.3.16 Tackling pollution from road transport is predominantly carried out in two ways. The first and most effective way is to reduce our use of vehicles, and move towards more sustainable and active modes of transport, such as cycling, walking and public transport. This also has positive health and lifestyle benefits beyond just the reduction of air pollution. As a borough we can help to create an environment that is welcoming and promotes walking and cycling as a means of travel, as well as for leisure and to promote healthy lifestyles.

2.3.17 In addition, the second way is to tackle road transport itself by trying to move away from the most polluting vehicles by use of incentives and to build infrastructure that provides for the electric vehicle revolution which is starting to emerge.

2.3.18 There are some areas in the borough where we have little influence, such as Transport for London's road network, which consists of many of the busiest and more polluting roads in the borough. We also have no direct control over the movement of black cab taxis or buses through the borough, which again falls under the control of TfL. We strive to work with, and apply pressure on our colleagues, and lobby for the best outcomes for our borough. This is something that we will continue to do, at every opportunity.

2.3.19 We recognise that people own and choose to use private vehicles, whether this is for convenience, necessity or by choice. We need to consider what we as a borough can do to encourage our residents and visitors to move away from polluting vehicles.

2.3.20 The Mayor of London is taking similar action with the new and proposed Ultra Low Emissions Zones which have the ambition to push the change toward cleaner vehicles as quickly as possible.

2.3.21 We have a good history of promoting the move to cycling and walking in the borough, including the construction of new cycling routes, the provision of cycling facilities and the introduction of on-street cycle parking facilities. We have implemented the Safer Routes to School/Walking Bus scheme via School Travel Plans and the implementation of London Cycle Network.

2.3.22 In 2016 we created cycling and walking maps in the borough and supported London Walkit.com, a walking strategy to promote walking as a sustainable transport mode and to help guide walkers to use less polluted routes.

2.3.23 To date we have introduced 56 Controlled Parking Zones and we have an active waiting and loading programme. We also strongly support the use and managed expansion of Car Clubs as a method of reducing the number of vehicles in our borough.

2.3.24 We promote School Travel Plans and are members of TfL STARS school travel plan accreditation scheme. As part of a number of initiatives we support schools to operate Safer Routes to School, Walk on Wednesdays, walking bus, cycling, use scooters etc.

2.3.25 Merton's ambition (by 2021/22) is to facilitate 125 electric vehicle charge points across the borough, including fast, rapid and residential charge points.

2.3.26 Following an in-depth study in 2016/17, we took the difficult step of introducing a diesel levy linked to our parking permit system, this was one of the few actions we as a council could take to influence the move away from the most polluting vehicles in our borough. We are already seeing a national reduction of 30% less uptake in diesel vehicles, and it is specifically this type of brave action that is pushing this change.

2.3.27 We accept that there is much more to do to tackle road transport and combat the impact of increasing population and congestion on our roads. In conjunction with the Council's third Local Implementation Plan (LIP3) we will look to develop a wider plan to reduce traffic impacts across the borough.

2.3.28 Creating an environment which promotes sustainable travel as well as cycling and walking is vital, including a change to infrastructure and green planting.

2.3.29 Tackling road transport impacts and adopting best practice aimed at fleet and service vehicles will also play a role.

2.3.30 We will review our diesel levy in 2019 to ensure that this is pushing change and reducing emissions in the borough. We will review areas of law and any new emerging controls available to us that can have a bearing on what sort of vehicles are in the borough or pass through it. This includes exploring the possibility of Clean Air Zones and a Merton-specific Ultra Low Emission Zone, especially in our Air Quality Focus Areas.

2.3.31 We will carry out in-depth air quality audits in these areas, which will review traffic and building sources, traffic management, parking, obstructions and deliveries. We will also assess the contributions made by individual vehicle types and their impact upon air quality, which will then influence what actions can be taken in these areas over the coming years.

2.4. SUSTAINABLE TRANSPORT STRATEGY

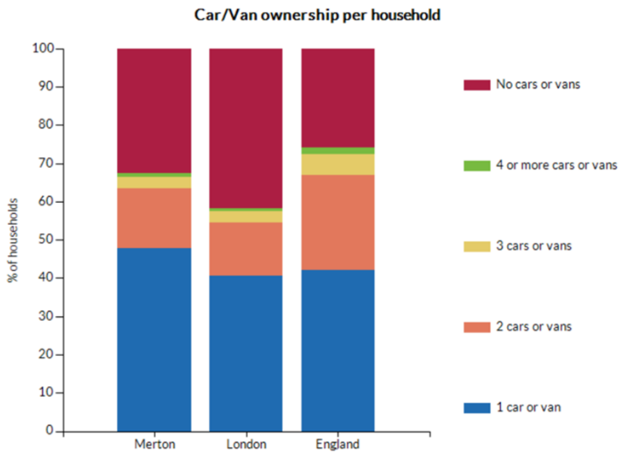
2.4.1 Making sure that we provide for the safe, efficient movement of people and vehicles provides for a high quality environment for residents, workers and visitors alike. The purpose of future parking policy seeks to balance people's need and desire to travel; and the impact on the environment that this creates.

2.4.2 Mobility comes at a cost and puts pressure on the environment, as well as the careful management of kerbside resource and space. Merton's unique landscape means that residents, workers and visitors make distinctive transport choices.

2.4.3 Merton has the 11th highest household rate of car ownership in London. It is one of the smallest London Boroughs with an area of 37 square kilometres and contains several distinct districts including Colliers Wood, Mitcham, Morden and Wimbledon.

2.4.4 The table below shows car ownership levels in Merton as at 2011 census.

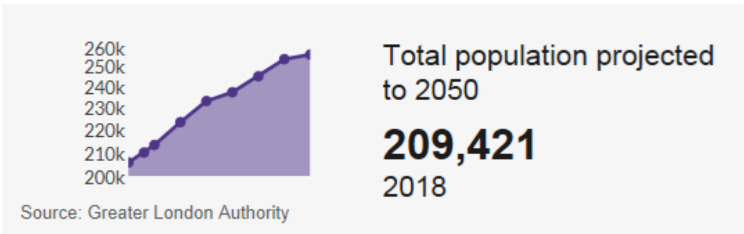
Source: ONS Census 2011



2.4.5 Source: ONS Census 2011

2.4.6 Over the next 10 to 20 years the number of residents, employees, businesses and visitors in London are projected to increase. In Merton it is predicted that:

- The number of new developments proposed in Merton's regeneration projects could lead to the creation of an additional 8000 new jobs by 2040.
- 1,328 new dwellings per annum for the period 2021/22 will be required under the Mayor's London Plan Housing Target; and
- Merton's resident population will increase to 232,473 by 2030 from the current (2018) 209,421.



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2.4.7 In terms of travel and transport, TfL predicts that by 2031 for London as a whole:

- Bus travel will increase by 30%
- Cycling will increase by 300%
- Freight traffic will increase by 22%; and
- Car club membership could grow from 135,000 members in 2015 to over 1 million by 2025

Merton is inextricably linked to the wider London transport network and has a number of complementary strategies, plans and policies that support its approach to parking and its impact within the Borough.

2.5. **MAYOR'S TRANSPORT STRATEGY (MTS)**

2.5.1 Under section 142 of the Greater London Authority Act 1999 the Mayor of London is required to publish a transport strategy, setting out plans and policies for 'the promotion and encouragement of safe, integrated, efficient and economic transport facilities and services to, from and within Greater London'.

2.5.2 The current version of the MTS was adopted in March 2018 and covers the period to 2041.

2.5.3 The MTS sets out three key themes for policies and proposals: Healthy streets and healthy people; a good public transport experience; and new homes and jobs.

2.5.4 Within these three themes there are nine core outcomes to which the strategy will contribute:

Table 1 – MTS outcomes

Theme	Outcomes	
Heathy Streets and healthy people	**1**	London's streets will be healthy and more Londoners will travel actively
	2	London's streets will be safer and more secure.
	3	London's streets will be used more efficiently and have less traffic on them.
	4	London's streets will be clean and green
A good public transport experience	**5**	The public transport network will meet the needs of a growing London
	6	Public transport will be safe, affordable and accessible to all
	7	Journeys by public transport will be pleasant, fast and reliable
Active, efficient and sustainable travel will be the best option	**8**	Active, efficient and sustainable travel will be the best option
	9	Transport investment will unlock the delivery of new homes and jobs

2.6. **MERTON'S TRANSPORT STRATEGY AND LOCAL IMPLEMENTATION PLAN (LIP)**

2.6.1 Section 145 of the 1999 Act requires local authorities in London to prepare Local Implementation Plans containing proposals for the implementation of the Mayor's Transport Strategy in their areas. On 30th July 2018 a report was put before cabinet which recommended to Members the LIP 3 process and the principles applied. Members also noted the approval process for LIP3 as outlined in the report, the overarching MTS outcomes, draft borough trajectories and overall approach for developing LIP3, and the delivery timescales set by TfL for delivering LIP3.

2.6.2 The current plan, the 'Sustainable Transport Strategy and Local Implementation Plan (LIP2)' was adopted on 20 April 2012 and covers the period 2011 to 2031.

2.6.3 Future Merton are currently in the process of consulting on a new LIP (LIP3) with a planned adoption date of April 2019. The new plan will cover the period from 2019 to 2041.

2.6.4 The Council's approach to the new LIP is to develop a programme that focuses on cycling and walking infrastructure whilst also exploring other measures to nudge people towards making more sustainable travel choices.

2.6.5 The effectiveness of the local plan will be measured against a series of outcome indicators which relate back to the Mayor's strategy. A draft version of those indicators is attached to this report at Appendix 1.

2.6.6 Key objectives of the LIP:

- Mitigate against the negative impact of transport on climate change and air pollution;
- Reduce road traffic casualties;
- Encourage active transport (walking and cycling);
- Reduce the impact of traffic congestion levels;
- Contribute to the improvement of all public transport and community transport services;
- Improve the general transport infrastructure, including arrangements for parking and loading;
- Improve accessibility and address the issue of social inclusion within the transport network; and
- Further develop Merton's relationship with strategic partners to support the regeneration and reinvigoration of the town centres in the borough

2.6.7 Key challenges:

- Conversion of town centre one-way systems to two-way working;
- Road traffic casualty reduction;
- Public transport provision;
- Balancing the road space requirements for all transport modes with the need to reduce traffic congestion;
- The condition of footways and carriageways, street clutter and confusing signage; and
- Parking for all road users and freight access to local business centres

2.6.8 Progress against the Mayor of London's mandatory indicators (set out in the table below) will be monitored on an annual basis and a triennial basis when Merton will produce a "Three- Year Impact Report" setting out what the LIP has achieved over the preceding three year period. The review will provide the opportunity to assess and refine the priorities if necessary.

Indicator	Description
Mode Share	Proportion of personal travel; made by each mode
Bus service reliability	Excess wait time for all high-frequency services running within the borough
Road traffic casualties	The total number of KSIs and total number of casualties
CO2 emissions	Tonnes of CO2 emanating from ground-based transport per year
Asset (highway) condition	The proportion of principal road carriageway where maintenance should be considered.

2.6.9 Merton will also monitor a series of other local indicators including:

- Ambient Air Pollution
- Electric Vehicle Charging Points;
- Street Trees; Cycle Parking;
- Cycle Training;
- Waiting and loading reviews;
- Shop mobility/Scoot ability schemes;
- Bus lane lengths;
- School Travel Plans;
- Car Clubs;
- Controlled parking zones;
- 20 MPH Zones / Limits;
- Cleaner fleets;
- Protected crossing facilities;
- Accessible bus stops; and
- Workplace Travel Plans.

2.6.10 In order to meet the overarching objectives and overcome key challenges, Merton will embark on a comprehensive programme of work across the following programme areas:

- **Road Traffic Casualty Reduction programme –** For the investigation of road traffic casualties trends including causality, location hotspots and mode to identify physical as well as education and training programmes.
- **Corridor Improvement programme –** For reviewing entire sections of the road network to deliver a broad range of highway and public realm improvements to reduce collisions, congestion and bring about a more sustainable Merton.

- **Local Neighbourhood Improvement programme –** To address local concerns impacting on the highway and public realm including access to local facilities like shopping parades, libraries, doctors surgeries; crime hotspots, perceptions of personal safety in the public realm, including access to local facilities such as places for children and young people to play and places that are family friend'

- **Active Transport programme -** Physical and Smarter initiatives to encourage walking and cycling.
- **Public Transport programme -** Partnership, Physical and Smarter initiatives to improve the quality of public transport.
- **Public Highway Improvement programme -** To carry out Merton's duty under the Highways Act 1980 to maintain the public highway and to meet EU lighting standards in the most efficient way.
- **Environment and Climate Change Challenge programme –**
- To address the need to mitigate for the impact of traffic and transport on the environmental pollution and climate change.
- **Town Centre and Business Access programme –** Major schemes and regeneration initiatives

2.6.11 The report sets out the primary objectives of the Mayor's Transport Strategy (MTS) that the council is legally required to deliver as part of its next Local Implementation Plan (LIP3), together with a broad outline of key milestones and approval process. It is also the principal funding mechanism for transport and public realm related interventions across the borough in order to support Healthy Streets (TfL's new concept). It is anticipated that borough priorities will continue to place cycling and pedestrian movement at the centre of Merton's next delivery plan.

2.6.12 Merton's Air Quality Action Plan 2018 – 2023 strongly supported by Members is a key policy document which clearly sets out the links between vehicle use and air pollution in the borough. The Action Plan outlines the steps we as a local authority will be taking to do our bit to tackle this serious public health issue and comply with our legal objectives.

2.6.13 Within the Action Plan there is a specific point number 32 which states, Review the impact of our diesel levy* and consider a review of parking and charges to help reduce combustion engine vehicle use and the consequent emissions **Note: The Sustainable Communities and Transport Overview and Scrutiny Panel to conduct pre-decision scrutiny on the scope of any reviews on parking levies.*

2.6.14 It is clear in this context the vital role Parking Services must play in moving motorists towards more sustainable modes of transport and less polluting vehicles. Parking charges have been frozen for a number of years and there is now a need to assess them in order to change behaviour and reduce car usage. The new charges, which will be increased or amended, will alter in order to reflect the key policies and objectives as set out in this report.

2.7. THE ROLE OF PARKING CHARGES TO DELIVER SUSTAINABLE TRANSPORT, PUBLIC HEALTH AND AIR QUALITY OBJECTIVES

2.7.1 The council has set parking restrictions and charges to restrain demand and enable more effective management of the kerbside for residents, businesses and visitors alike. This is necessary to balance the finite supply of available spaces for an ever increasing range of pedestrians, cyclists, bus users, motorcyclists, delivery drivers, taxis and other users. Parking controls are an integral part of the council's overall transport strategy and the success of other transport policies depends on them.

2.7.2 Parking management serves a vital strategic and local function in regulating the amount of traffic attracted to an area. This is intended to discourage car use in congested areas where journeys are equally well served by public transport or other sustainable forms of transport, such as walking and cycling. They also serve to restrict the parking of vehicles in locations where parking may adversely affect road safety or cause an obstruction, interfere with access or be environmentally unacceptable.

2.7.3 Notwithstanding the above the Council acknowledges that convenient parking should be provided for residents to enable them to park near their homes, where practicable, and parking provision is also necessary to meet the needs of people who have no other alternative other than to use their vehicle e.g. disabled users. There are also areas where public transport is either not available or very inconvenient.

2.7.4 Parking provision also has to take into account the overall use of the highway network and space which could otherwise be used for alternative social, environmental or economic uses e.g. improved facilities for pedestrians or cyclists.

2.7.5 Local authorities are not permitted to use parking charges solely to raise income. When setting charges we must instead focus on how the charges will contribute to delivering the Council's traffic management and key sustainability objectives.

2.7.6 The Road Traffic Regulation Act 1984 specifies that the overall objective of parking management measures should be 'to secure the expeditious, convenient and safe movement of vehicular and other traffic (including pedestrians) and the provision of suitable and adequate parking facilities on and off the highway'. In exercising the functions set out in the 1984 Act we must have regard to the following matters:

a) The desirability of securing and maintaining reasonable access to premises;

b) The effect on the amenities of any locality affected and (without prejudice to the generality of this paragraph) the importance of regulating and restricting the use of roads by heavy commercial vehicles, so as to preserve or improve the amenities of the areas through which the roads run;

c) The strategy prepared under Section 80 of the Environment Act 1995 [National Air Quality Strategy]

d) The importance of facilitating the passage of public service vehicles and of securing the safety and convenience of persons using or desiring to use such vehicles.

2.7.7 Under Section 45 of the Road Traffic Regulation Act 1984 (RTRA 1984) local authorities may designate parking places and may make charges for vehicles left in a parking place so designated. In exercising its functions under the RTRA 1984, including the setting of charges for parking places, the Council must do so in accordance with Section 122 of the RTRA 1984.

2.7.8 In accordance with the council's statutory responsibility under Section 122, the Council must have regard to traffic management considerations in the setting of charges. Setting pricing levels to restrain demand and enable more effective management of the kerbside for wider transport and environmental benefits is consistent with the requirements of the Act.

2.7.9 Pay and display parking charges have not been fundamentally reviewed since 2009, however minor adjustments were made in 2015, when linear charging was introduced on street.

2.7.10 On-street spaces have become less expensive in real terms over time and this has affected demand. This will have had an impact on the turnover of spaces needed to ensure that shoppers can access local retail centres, GP surgeries, and other amenities. A revised charging structure will encourage motorists to consider other forms of active or more sustainable transport

2.7.11 Some justified variations in pricing levels will be retained to reflect local economic factors and traffic management priorities, but an attempt will be made to eliminate unwarranted anomalies. Changing prices can affect demand overall and it is difficult to gauge the impact that this will have on the availability of parking spaces, as well as the level of change in customer behaviour. The review will aim to ensure that where space is put under pressure tariffs will reflect this to rebalance occupancy levels. Likewise the review will vary the local characteristics and parking requirements that are unique to Merton. It is recommended that the new charges should come into effect on 1st April 2019. Once the revised charging system is in place, a review to measure its overall impact on parking demand and behaviour would be undertaken 6 months after implementation. This would help to inform future strategy, and provide an early opportunity to take corrective action if demand has fallen significantly at any particular locations, or if the LIP and Air Quality Strategy objectives are not being met

2.8. Car Park management and standards to achieve policy aims

2.8.1 In order to reduce kerbside congestion and reduce emissions the review will look at ways in which we can encourage further use of the council's car parks. Any offer that the council is providing to our customers must be of the highest standard, to include enhanced and easy to use communication channels where customers must be clearly and obviously informed where the car parks are located.

2.8.2 In addition a significant number of residents, businesses and visitors are now tech savvy and we will seek to promote the use of APPs on the internet, such as Parkeopedia and APPyParking. This integration will allow customers to be able to be directed from 'start of journey' to 'point of parking'.

2.8.3 Many other authorities and private sector parking companies also offer 'guaranteed parking at a premium'. These technologies will provide customers reassurance about their whole customer journey within or to the borough. Again this type of management of parking stock will enable the removal of increased congestion by 'trying to find a parking space', either on street our in our car parks. Consideration will be given on how best to use these technologies along with any premium or concessionary charge for using them. Consideration on how future payments might be taken/received will be given which could be through the cars computer as 'it' will know it has arrived at its parking place.

2.8.4 In addition to emerging and new technologies, the council must provide a quality product, which customer 'chooses' to use over alternative options, such as on street bays particularly on the high street. Consideration will be given to the cleanliness and general maintenance of all our car parks. Unfortunate deposits of rubbish, maybe through fly tipping, or infrequent cleaning, graffiti management, use as a toilet and lingering smells, must in all cases be eliminated and well managed.

2.8.5 The lighting must also be of an excellent standard to make users feel safe. Consideration will be given to obtaining the 'Park Mark' standard, in each of our car parks. This is a nationally recognised standard led by the British Parking Association, who work with the police to consider a number of key requirements including, lighting, cleanliness and an assessment of crime and anti-social behaviour figures. The standard also takes into consideration actions taken by the council to reduce crime including, CCTV, lighting and layout.

2.8.6 Our Car Parks must also cater for each user group and change to meet emerging trends. The provision of disabled bays for example, and where they are located in our car parks. The proposed introduction of charging blue badge holders to park in pay and display bays in our car parks is currently undergoing an Equalities Impact Assessment, the results of which will be taken into account during the review.

2.8.7 Electric vehicle charging points (EVCP's) - Car parks lend themselves as logical places to locate EVCP's, as they are designed for, and traditionally used by 'longer stay' customers. Charging times required for electric vehicles are often 2 hours plus (in most cases) for a reasonable charge, albeit quicker charging technologies are being developed. Although an on street presence of electric bays raises an awareness of the council's provision, car parks need to be considered as a longer term solution. Certainly high turnover locations where parking space is at a greater premium should not be considered as first choice.

2.8.8 Cycling - as part of an integrated transport solution and to contribute to modal shift, consideration will be given to the use of space in our car parks for bicycles. Future provision may provide for 500 cycle bays as opposed to 50 cars in any given Car Park. Provision for the 500 cycles to be securely locked and monitored, as well as cycle charging points for electric cycles, and the provision of a shower block will assist in further encouragement for motorists to move away from their reliance on cars. This type of forward thinking should be underpinning our medium term sustainable transport planning. Provision of motorbike parking in the borough is adequate, but consideration will be given to improving the councils offer. Motorbike security is a serious concern for motorcyclists. The council needs to consider the use and location of bays in our car park. Locating these bays in the corner on the dark side of a car park will not increase usage, resulting in drivers continuing to use their cars. The council does not offer 'ground anchors' either on street or off street, which offer greater reassurance to riders. Increased use of CCTV may be considered in this regard.

2.8.9 The benefits of offering clean, well lit facilities, which meet all of the needs of our customer groups must be paramount. A revised charging mechanism will need to reflect a provision which increases usage of the existing assets and moves drivers away from congested high street locations. This will deliver clear benefits in relation to the council's aspirations around air quality and the public health agenda. Consideration will be given to the revenue and capital cost of funding any improved delivery standards, now and in the future and will be detailed in future reports.

2.9. RECOMMENDED APPROACH TO SETTING PARKING CHARGES

2.9.1 There are a number of key principles that the review will seek to reflect upon including:

- The system should be less complex and easy to use
- It is, based on consistent hourly charges in areas of comparable parking demand, and with maximum stays tailored closely to the demand management pressures in particular locations. Together, these mechanisms should give a clear indication to motorists that town centre parking locations, particularly on-street, are designed for short stay retail visits.
- Tariffs in off-street facilities would be set at a level to attract both short stay and longer-term parking, and help to reduce traffic congestion and improve journey times around core congested town centre roads.
- In general, motorists tend to prefer on-street to off-street parking. This is largely due to perceptions of convenience and security. Because of the perceived convenience of on-street parking, it is generally more suitable for shorter stays and pricing should provide an incentive for more rapid turnover to maximise the availability of convenient on-street spaces.
- A charging level which is too low will result in bays remaining occupied with little turnover. Vehicles will circulate looking for spaces, causing congestion and contribute to poor air quality.

2.9.2 A number of anomalies have developed over the years. The review of charges will seek to allow for a simplification of tariffs and location discrepancies to be resolved.

2.9.3 Current on street charges are set at £3.60, £3, 00, £2.40, and £1.20 per hour, and one location at £0.90ph.

Free 20 minutes bays

2.9.4 There are a number of bays which offer free parking for a period of 20 minutes. They are located across the borough, and help support small businesses at neighbourhood shopping locations, including the primary shopping zone on Wimbledon Bridge.

2.9.5 Consideration will be given to the cost benefit of the provision of these bays, in the areas where there are high levels of parking activity and over demand for parking. But the principle of subsidised parking to support local shopping parades is supported. The current cost to the council for the provision of these bays is circa £300k per year.

2.9.6 A key concern is the level of congestion caused by large numbers of motorists attempting to use a small number of bays on our high streets. Many often circling to attempt to utilise the benefit of free parking.

2.9.7 Often users of local shopping parades are local residents who live within a 5 minute walk, or short cycle ride, without the need for a car. In a number of other locations where free bays are situated, there are underutilised bays in car parks which can accommodate the over demand on street. The review will reflect on how best to address these issues moving forward.

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2.10. **CONSIDERATION OF PARKING PROVISION**

2.10.1 As referred to above, on-street charges must be set for traffic management reasons and to contribute to the objectives set out in the LIP and Air Quality Action Plan.

2.10.2 Traffic management purposes may include reducing congestion, rationing available spaces, or ensuring a suitable turnover of parking space users.

2.10.3 Wimbledon Town Centre has the highest potential demand for on-street parking in the borough, and greater stimulus will be necessary to manage this compared to on-street locations elsewhere within the Borough. A key issue has been identified at peak times where vehicles wait for on-street spaces to be freed up, adding to congestion problems. Existing periods of maximum stay would be retained to further help manage turnover of spaces and reduce congestion.

There are no car parks in Wimbledon Village and therefore no obvious alternatives for customer to park anywhere other than at the kerbside. However to encourage parking in the vicinity, but off the High Street itself, consideration will be given to the bays in The Causeway and South Side Common to provide an obvious alternative to parking on the congested High Street.

2.11. Car Park Charging

2.11.1 Existing hourly charge rates in Merton car parks vary from 30p to £1.50 per hour across the borough. The review will consider these charges with a view to rationalising them, but maintaining links to the geographic area of the borough and customer usage type at each location.

2.11.2 Of the three car parks in Morden town centre that offer an all-day flat fee, two charge £5 and one charges £3.50. In light of the parking pressures in Morden this discrepancy will be reviewed.

2.11.3 To ensure the usage of the car parks are maximised, charges will always be cheaper off street than on street by geographical area. This incentive will help prevent congestion on High Streets and busy town centres, resulting in reduced emissions and address air quality in the borough.

Car park season tickets

2.11.4 The cost of a car park season ticket has been frozen for 14 years. Season tickets are currently sold for 3 months, 6 months and 12 month durations. Currently there is no link between the season ticket price and the hourly rate in a particular car park.

2.11.5 Consideration will be given to establishing a charging structure which reflects the hourly rate. The full period of charging times is sold, i.e., Monday to Saturday if that is the period the car park charges.

2.11.6 Members may wish to consider a greater percentage discount for a longer period over which the season ticket is purchased for. As an example a 10% discount could apply for 3 months, 20% for 6 months and 30% for 12 months. Parking usage in Merton also has a percentage of users that park simply for rail heading (travelling by car to reach a rail service for commuting purposes.) Whilst Merton has a role as a commuter location, there is a need to ensure that this type of usage also meets with the requirements of our LIP and Air Quality agenda. The review will need to balance the need for long stay commuter parking, alongside short stay ‘shoppers’ parking to derive maximum benefit to the local economy.

2.11.7 In the interim consideration will be given to offering free parking in our car parks for fully electric vehicles as a direct incentive to change the nature of vehicle ownership. This can more easily be done through the sale of season tickets as a vehicle check can take place at the time of sale. In in time can be developed for occasional parking as well.

2.11.8 The diesel surcharge on parking permits is not currently applied to car park season tickets. As part of the review consideration will be given to applying a diesel surcharge to customers applying for a season ticket in the same way as a resident purchasing a permit for a CPZ zone.

It is accepted that in some cases a car may still be the only reasonable mode of transport to complete a journey or part thereof. We will continue to work through the MTS and LIP to deliver modal shift.

Car park season tickets for residents and local workers

2.11.9 In any review of tariffs, it is important to consider the needs of motorists who drive to their place of work and park within the borough. Their contribution to the local economy, needs to be set against the objectives of the LIP and Air Quality agenda. Consideration could therefore be given to offering a higher percentage discount to Merton residents who use our car parks to drive to their place of work.

Bay suspensions and special permissions to park

2.11.10 Consideration will be given to the current charges applied to bay suspensions and special permissions to park. There is currently no difference between a national company undertaking major street works and a local business or individual consideration will be given to ensure costs reflect the work required to manage this service and moderate applicants' behaviour, possibly with a premium charge for late applications and a subsidy for local residents and traders to support the local economy.

2.12. **PAYMENT METHODS AND CASHLESS PARKING**

2.12.1 Cashless parking has been operation in Merton for 4 years. Its introduction and subsequent update has been very successful and well received by customers. Cashless payments now account for 49% of all paid for transactions and this continues to grow. The service is provided by RingGo and the same service is available in 22 of the 32 London boroughs.

2.12.2 There has been a natural conversion by customers towards the use of cashless both locally and nationally. Some boroughs have used a number of initiatives to further increase the use of cashless. This includes removal of machines from location where there are multiple machines, signs at P&D locations, and advertising on the back of P&D machines and tickets to raise awareness. The Parking Service will continue to facilitate the transfer of customers from cash to cashless and will form part of the review to explore a series of options, ensuring that all customers are catered for.

2.12.3 Savings could be achieved by increasing the proportion of parking payments made through RingGo rather than through the cash-only ticket machines. Removing lesser-used ticket machines will reduce maintenance, repair, cash collection and banking charges while also reducing opportunities for theft or criminal damage. Analysis of usage patterns has established that many machines take a trivial amount of cash; some less than £10 per calendar month.

2.12.4 A Critically, data demonstrates that motorists who use RingGo purchase on average 19% more parking time than those using cash. In basic terms for every £1 (paid for parking) in cash, a customer using RingGo buys £1.19p of equivalent parking time.

2.12.5 When motorists pay via RingGo they often top up their time (due to ease of use) or choose to stay longer periods. Staying longer in town centres or shopping/leisure locations has a positive and direct effect on the vibrancy of the town centres and contributes to the regeneration of our high streets and the local economy more widely.

2.13. **PARKING PERMITS**

2.13.1 The sale and cost of permits is another way the council can influence car use within the borough and directly contribute to the MTP, LIP and AQAP objectives. However, resident permit charges have been frozen since 2009 and will be reviewed.

2.13.2 Since the diesel levy was introduced in April 2017 the proportion of permits issued to diesel vehicles has fallen and the full effect of the levy will be reviewed in early 2019.

2.13.3 Consideration will also be given to a full emission based charging scheme for permits as referred to in the AQAP. Emissions have a direct relationship to air quality and emissions based charging conforms to the 'polluter pays' principle. Consideration would be given to charge a higher premium for vehicles that have high emissions, and a lower charge for cars that have lower emissions.

Resident parking permits

2.13.4 Residents' parking permits are priced at £65 in all CPZs (Controlled Parking Zones), irrespective of the size and hours of control. This charge is for the first permit issued to a household – the second permit is charged at £110, and the third (or subsequent) permit at £140. The purpose of this charging scheme is to discourage the keeping of multiple cars at one address.

2.13.5 Consideration will be given to aligning charges with the hours of operation of the permit bays. For example, permits for a CPZ that is controlled for a shorter period of time could cost less than permits for zones that are controlled for a longer period.

2.13.6 Further there is a significant difference in transport infrastructure and accessibility dependent on where a resident lives within the Borough. For example Wimbledon and Morden are considered to be better served by TfL than, Colliers Wood and South Wimbledon, which in turn is better served than for example in Mitcham

2.13.7 One of the key drivers will be to encourage and drive changes that impact on driver behaviour and car ownership. It is easier for a person living in Wimbledon Town Centre to use alternative sustainable modes of transport, compared to residents of Cricket Green CPZ, where the 'need' to own a car could be argued as being higher. Consideration of 'Public Transport Accessibility Levels' as set out by TfL will form part of the review.

Business and other permits

2.13.8 Business and other permits consideration have evolved over a number of years but have not been formally reviewed since 2011.

2.13.9 The charge for a 6 month business parking permit is currently £376 for zones W1-W5 and £331 in all other zones. This equates to a charge of approximately £2 per day in primary town centre locations with pay and display charges of up to £3.60 per hour.

Virtual permits and visitor vouchers

2.13.10 The council is committed to the introduction of virtual visitor permits and vouchers. This is where a physical permit is not required to be displayed in a vehicle, but instead the Civil Enforcement Officer will know though his or her handheld device that the vehicle has a valid virtual permit that is stored on the parking system. Although this is not possible at the present time, the council will shortly be going out to procurement to purchase a new permit system will be in place in 2019. Consideration will also be given to the appropriate period for which visitor vouchers are valid. The current scratch card permits are sold in half-day and full-day denominations but the half day periods are set to specific times (e.g. 0830 – 1300hrs) which means that motorists parking shortly before the cut-off time may need to use two half day permits to cover their whole stay. Selling visitor vouchers on an hourly basis, as other London authorities do, may be more appropriate.

2.13.11 We will continue to sell paper visitor vouchers for those who are unable to purchase over the internet, but consideration will be given to phasing physical permits out over time.

3 ALTERNATIVE OPTIONS

3.1. The purpose of this report is to inform Members of the key existing strategic drivers that will affect parking policy for the future. The public health agenda, the shift to more active and sustainable transport modes (such as walking, cycling and public transport) the impact of vehicle emissions and congestion on air quality and demand for kerbside space form the backdrop of the policy direction set out in this report.

3.2. Key strategic Council plans such as the Health and Wellbeing Strategy, Merton's Air Quality Action Plan, Merton's Local Implementation Plan include visions and interventions which will help to achieve key Council goals of improving population health, reducing inequalities between east and west Merton, improving air quality and shifting to more sustainable modes of transport. However, they will have limited impact without concurrent changes to parking provision for the future.

3.3. The review will look at a wide range of options to support the above strategic drivers as well as a series of charging options for the future. The review will contain a number of alternatives for Members to give due consideration to.

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4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. Members have the opportunity to comment on the principles as set out in this report. A further report will be presented to Cabinet in December, before a final report will go to Sustainable Communities and Healthier Communities Scrutiny Panels and back to Cabinet in January.

4.2. Statutory Consultation. 28 days before the changes are due to come into force the Council must publish a 'notice of variation' in a local newspaper, and must display copies of the notice at off-street parking places.

4.3. Any person may object to proposed variations and the Council is required to consider any objections made within the 21 day period.

4.4. There is currently no statutory requirement for more extensive consultation. The Parking Places (Variation of Charges) Act 2017 contains provisions relating to statutory consultation, but the Secretary of State has not yet made the necessary regulations to bring the 2017 Act into force.

4.5. Members should note that various consultations have been undertaken by different Council departments during the process of approving a number of strategy and policy documents that are relevant to Parking Services. What matters to Merton residents, including:

4.6. **Healthy Places Survey**: Top priorities identified by Merton residents for creating healthy places in Merton included air quality, green infrastructure and open spaces including parks, and good cycling and walking routes, paths and lanes. Results available here: https://www.merton.gov.uk/assets/Documents/Healthy%20Places%20survey%20responses%20Jan18.pdf

4.7. **Travel and Movement Survey**: Responses from Merton residents reveal that around 70% agree that we should actively pursue measures to reduce overall traffic levels. In this survey, residents said that traffic discourages them from walking more and that too many fast vehicles, fumes, noise and air pollution make it less attractive to walk. Results available here: https://www.merton.gov.uk/assets/Documents/Healthy%20Places%20survey%20responses%20Jan18.pdf

4.8. **The Great Weight Debate (2017):** 74% of Great Weight Debate Merton respondents (over 2,100 people) felt that tackling Childhood Obesity should be given top or high priority. Respondents felt that children in Merton could be better supported to lead healthier lives through: cheaper healthier food and drink (51%); making parks safer & more accessible for people to be active in (35%); less marketing and advertising of high fat and sugary food and drink (33%); more places for children to be active in (31%).

5 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

5.1. There are currently no financial implications associated with this report.

6 LEGAL AND STATUTORY IMPLICATIONS

6.1. The Council introduces and maintains charges for on and off-street parking under the provisions of the Road Traffic Regulation Act 1984, as amended, and the Road Traffic Act 1991. All schemes are subject to statutory consultation processes, which are duly followed by the Council. Road Traffic Regulation Orders will be required in order to implement the decisions recommended.

6.2. The Council is required to issue a Notice of Variation. Under Section 35C and 46A of the Road Traffic Regulation Act 1984, a Local Authority has powers to vary off and on-street parking charges respectively. In both cases a Notice is published in a newspaper circulating in the local area giving at least 21 days' notice of the variation. The Notice does not invite representation, and its effects become operational at the end of the Notice period.

6.3. The Traffic Management Act 2004 amends section 55 (4) of the Road Traffic Regulation Act 1984 and directs that income should be used:

(a) to make good any payment used for parking places,
(b) for the provision of or maintenance of off street parking (whether in the open or not) and
(c) where off street parking provision is unnecessary or undesirable:

(i) to meet the costs of provision of or operation of public passenger transport services, or
(ii) for highway or road improvement projects within the borough, or
(iii) for meeting costs incurred by the authority in respect of the maintenance of roads maintained at the public expense by them, or
(iv) for the purposes of environmental improvement in the local authority's area, or
(v) any other purposes for which the authority may lawfully incur expenditure.

The Council is mindful of the guidance of Mrs Justice Lang in the case of *R (otao David Attfield) v the London Borough of Barnet 2013*. Surplus funds may only be used in accordance with section 55 of the Road Traffic Regulation Act 1984, and there can be no wider use of the funds under section 122. The purpose of section 122 is to impose a duty on local authorities to exercise their functions under the 1984 Act in accordance with the objects set out therein. The 1984 Act is not a revenue-raising statute. The decision follows *R v Camden LBC ex p.Cran 1996*.

7 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

7.1. An equalities impact assessment process is currently being undertaken.

8 CRIME AND DISORDER IMPLICATIONS

8.1. Removing cash-only pay and display ticket machines will reduce the frequency of thefts and damage.

9 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

9.1. There are no health and safety implications associated with this report at present. Any future detailed risks will be identified as part of the forthcoming review.

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

10.1. Appendix 1 – Draft indicators

11 BACKGROUND PAPERS

11.1. None

12 LINKED DOCUMENTS

- **London Borough of Merton's Air Quality Action Plan 2018-2023**, available here: https://www2.merton.gov.uk/Merton%20AQAP%2020182023.pdf
- **Annual Public Health Report 2017-18**, available here: https://www2.merton.gov.uk/health-social-care/publichealth/annualpublichealthreport.htm
- **Merton's Health and Wellbeing Strategy 2015-2018** (please note this is currently being refreshed), available here: https://www2.merton.gov.uk/merton-health-and-wellbeing-strategy-web.pdf

- **Mayor's Transport Strategy 2018,** available here: https://www.london.gov.uk/sites/default/files/mayors-transport-strategy-2018.pdf
- **Mayor's Health Inequalities Strategy 2018,** available here: https://www.london.gov.uk/sites/default/files/health_strategy_2018_low_res_fa1.pdf

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Merton Council Sustainable Transport Strategy and Local Implementation Plan (LIP2) 2011 – 2031

Table 1.1: MTS Goals, Challenges and Outcomes

Goals	Challenges	Outcomes
Support economic development and population growth	Supporting population and employment growth	1. Balancing capacity and demand for travel through increasing public transport capacity and / or reducing the need to travel
	Improving transport connectivity	2. Improving employees' access to jobs 3. Improving access to commercial markets for freight movements and business travel, 4. supporting the needs of business to grow
	Delivering an efficient and effective transport system for people and goods	5. Smoothing traffic flow (managing road congestion and improving journey time reliability) 6. Improving public transport reliability 7. Reducing operating costs 8. Bringing and maintaining all assets to a state of good repair 9. Enhancing the use of the Thames for people and goods
Enhance the of life for all Londoners	Improving journey experience	10. Improving public transport customer satisfaction 11. Improving road user satisfaction 12. Reducing public transport crowding
	Enhancing the built and natural environment	13. Enhancing streetscapes, improving the perception of the urban realm and developing better streets initiatives 14. Protecting and enhancing the natural environment
	Improving air quality	15. Reducing air pollutant emissions from ground based transport, contributing to EU air quality targets
	Improving noise impacts	16. Improving perceptions and reducing impacts of noise
	Improving health impacts	17. Facilitating an increase in walking and cycling
Improve the safety and security of all Londoners	Reducing crime, fear of crime and anti-social behaviour	18. Reducing crime rates (and improved perceptions of personal safety and security)
	Improving road safety	19. Reducing the numbers of road traffic casualties
	Improving public transport safety	20. Reducing casualties on public transport networks
Improve transport opportunities for all Londoners	Improving accessibility	21. Improving the physical accessibility of the transport system 22. Improving access to jobs and services
	Supporting regeneration and tackling deprivation	23. Supporting wider regeneration outcomes
Reduce transport's contribution to climate change, and improve its resilience	Reducing CO2 emissions	24. Reducing CO2 emissions from ground based transport, contributing to a London wide 60% reduction by 2025
	Adapting for climate change	25. Maintaining the reliability of transport networks
Support the delivery of the London 2012 Olympic and Paralympic Games and its legacy	Contributing to a successful Games and its legacy	26. Transport infrastructure and services 27. Physical and behavioural transport legacy

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Cabinet

Date: 12 November 2018

Subject: Financial Report 2018/19 – September 2018

Lead officer: Roger Kershaw

Lead member: Mark Allison

Urgent report:
Reason for urgency: The chair has approved the submission of this report as a matter of urgency as it provides the latest available monitoring information for 2018/19. This requires consideration as it has implications for current and future years' budget monitoring and management.

Recommendations:

A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £1.92 million, 0.36% of gross budget.

B. That Cabinet approve the virement of £100k between Environment & Regeneration & Corporate Services in relation to the funding of RingGo card processing charges.

C. That Cabinet approve the virement of £302k between Community Care Placement Contingency and Housing Related Support (both in Adult Social Care placements). Savings were allocated to an incorrect cost centre at the start of the financial year.

D. That Cabinet note the position in respect of the Capital Programme contained in Appendix 5b and approve the items in the Table below:

Scheme		2018/19 Budget	2019/20 Budget	Narrative
Corproate Service				
Planning and Public Protection	(1)	(199,730)	199,730	Reflects Projected Spending Pattern
Housing Company	(1)	(200,000)	200,000	Reflects Current Projected Spending Pattern
Children, Schools and Families				
Cricket Green expansion	(1)	(150,000)	150,000	Reflects the estimated programme post contract award
Healthy Schools	(1)	188,630	0	Funded by CSF Grant
Environment and Regeneration				
Highway Bridges and Structures	(1)	200,000	(200,000)	Re-profiled in accordance with projected spend
Polka Theatre	(1)	0	150,000	To achieve ongoing revnue savings
Bus Priority Scheme	(1)	(150,000)	0	Correction to TfL Schemes
Mitcham Town Centre	(1)	(435,680)	425,000	CIL scheme re-profiled
School Part Time Road Closure	(1)	74,000	0	TfL funded scheme
Total		**(672,780)**	**924,730**	

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the financial monitoring report for period 6, 30th September 2018 presented in line with the financial reporting timetable.

This financial monitoring report provides:-

- The income and expenditure at period 6 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2018/19;
- Progress on the delivery of the 2018/19 revenue savings

2. THE FINANCIAL REPORTING PROCESS

2.1 The budget monitoring process in 2018/19 will continue to focus on adult social care and children's social care as these areas overspent in 2017/18 and continue to have budget pressures.

2.2 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within budgets which are overspending is being actively and vigorously controlled and where budgets are underspent, these underspends are retained until year end. Any final overall overspend on the General Fund will result in a call on balances; however this action is not sustainable longer term.

2.3 2018/19 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 6 to 30th September 2018, the year-end forecast is a net £1.92m overspend compared to the current budget, 0.36% of the gross revenue budget (£2.78m forecast overspend at period 5). This is a decrease of £0.86m (0.16%) compared to last month.

Summary Position as at 30th September 2018

	Current Budget 2018/19 £000s	Full Year Forecast (Sept) £000s	Forecast Variance at year end (Sept) £000s	Forecast Variance at year end (Aug) £000s	Outturn variance 2017/18 £000s
Department					
3A.Corporate Services	10,585	9,295	(1,290)	(1,257)	(812)
3B.Children, Schools and Families	56,495	59,742	3,247	3,630	2,249
3C.Community and Housing	64,093	64,317	224	426	922
3D.Public Health	0	86	86	86	0
3E.Environment & Regeneration	18,550	18,168	(381)	(633)	(1,211)
Overheads	0	0	0	0	0
NET SERVICE EXPENDITURE	**149,723**	**151,609**	**1,886**	**2,253**	**1,148**
3E.Corporate Items					
Impact of Capital on revenue budget	8,404	8,930	526	527	(103)
Other Central budgets	(14,732)	(15,223)	(491)	0	(823)
Levies	938	938	0	0	0
TOTAL CORPORATE PROVISIONS	**(5,390)**	**(5,355)**	**35**	**527**	**(926)**
TOTAL GENERAL FUND	**144,333**	**146,254**	**1,921**	**2,780**	**222**
FUNDING					
Revenue Support Grant	0	0	0	0	1
Business Rates	(45,636)	(45,636)	0	0	182
Other Grants	(11,258)	(11,258)	0	0	(670)
Council Tax and Collection Fund	(87,439)	(87,439)	0	0	0
FUNDING	**(144,333)**	**(144,333)**	**0**	**0**	**(487)**
NET	**(0)**	**1,921**	**1,921**	**2,780**	**(265)**

The current level of GF balances is £12.778m and the minimum level reported to Council for this is £12.09m. This means that another reserve or further savings will need to be found to offset the remaining £1.233m overspend.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2018/19 Current Budget £000	2018/19 Full year Forecast (September) £000	2018/19 Full Year Forecast Variance (September) £000	2018/19 Full Year Forecast Variance (August) £000	2017/18 Outturn Variance £000
Customers, Policy & Improvement	3,567	3,592	25	61	46
Infrastructure & Technology	11,173	10,939	-234	-314	71
Corporate Governance	2,431	2,431	0	18	-229
Resources	5,997	5,703	-294	-253	-515
Human Resources	1,811	1,819	8	-2	-207
Corporate Other	796	1	-795	-767	22
Total (Controllable)	**25,775**	**24,485**	**-1,290**	**-1,257**	**-812**

Overview

At the end of period 6 (September) the Corporate Services (CS) department is forecasting an underspend of £1,290k at year end. The table above reflects the new structure within Corporate Services in 2018/19. This is an increase in the forecast underspend of £33k compared to the period 5 (August) position.

Customers, Policy and Improvement - £25k over

The principal reason for the forecast overspend is lower than budgeted advertising income within the Communications Service. This is partly offset by additional income within the registrars and translations service reflecting an increased level of demand and a lower than budgeted cost of the cash collection service. There has been a favourable movement of £36k from the position reported in August, mainly due to an increase in the level of income forecast for the registrars and translation services based on the current level of demand for these services.

Infrastructure & Technology - £234k under

There is a forecast underspend of £147k against the corporate print strategy budget that reflects the recharge to clients for the services provided within the division. There is an underspend of £86k against the Business Systems budget principally due to vacant posts and recharge income from CHAS. There is also additional rental income compared to the budget for the Civic Centre. These underspends are partly offset by a lower than expected income from the professional development centre (Chaucer Centre) where the number of bookings is expected to be below the budgeted level. There has been an adverse movement of £80k from the position reported in August, mainly due to an increase in the salary forecast within the Business Systems budget reflecting the latest position regarding the current recruitment process.

Corporate Governance - no variation from budget

Whilst the overall forecast position is on budget, the budget for the South London Legal partnership (SLLp) is forecast to overspend by £23k. The latest income projections, based on chargeable hours at the end of September, alongside the latest expenditure projections, would suggest that a significant deficit on the SLLp trading position could be incurred in 2018/19 unless action is taken. At the moment, the deficit is projected to be in the region of £123k and Merton’s share of that deficit would be £23k. The income levels will continue to be assessed in the coming months and adjustments to the forecast will be made if necessary.

Resources - £294k under

The Merton Bailiff Service is forecasting to underspend by £283k mainly due to income in excess of the budget. This is in line with the 2017/18 position. There is a forecast underspend of £169k within Benefits Administration principally due to additional one-off unbudgeted income from DWP for a number of schemes. There is a forecast overspend with Local Taxation Services of £50k principally due to additional IT licence and postage costs. There is a forecast underspend within the Assistant Director’s budget of £57k mainly within consultancy that will be used to part fund a forecast overspend of £223k on the Financial Information System budget where some additional temporary staffing resource is required pending a request to increase the permanent establishment by one full-time equivalent post to meet additional demand. There is also a forecast overspend within the budget for external audit fees to reflect the latest agreement with Ernst & Young. The forecast for bank charges reflects an agreement from E&R to fund £100k of additional credit card charges relating to the increased volume of transactions on the RingGo contract. Cabinet will be requested to approve a virement in November. There has been a favourable movement of £41k from the position reported in August mainly due to a reduction in the forecast for agency and salary costs

Human Resources – £8k over

There are a number of vacant posts within the division that are offset by a number of budget pressures including lower than budgeted income from schools as part of the buyback scheme and higher than budgeted costs of the shared payroll system and iTrent client team that are charged by the London Borough of Kingston. There has been an adverse movement of £10k from the position reported in August mainly due to an increase in the forecast cost of the payroll partly offset by a reduction in the forecast for training costs.

Corporate Items - £795k under

The Housing Benefit budget shows a forecast surplus of £1.5m on the account against a budgeted surplus of £1m. The £0.5m unbudgeted surplus relates to an underspend against the budget to top-up the bad debt provision. It has been assessed that no increase to the provision will be required in 2018/19 given that the existing level of provision is prudent, subject to final audit. The remaining underspend relates to the budget held for corporately funded items which is not forecast to be required at this stage. This is partly offset by a forecast overspend on Merton's share of the coroners' court due to unbudgeted costs of the Westminster Bridge inquiry. There has been a favourable movement of £28k from the position reported in July mainly due to an increase in the forecast charge to clients for use of the Commensura agency staff service.

Environment & Regeneration

Environment & Regeneration	2018/19 Current Budget £000	Full year Forecast (Sept) £000	Forecast Variance at year end (Sept) £000	Forecast Variance at year end (Aug) £000	2017/18 Outturn Variance £000
Public Protection	(10,987)	(11,681)	(694)	(904)	(1,602)
Public Space	15,126	14,826	(300)	(311)	632
Senior Management	953	953	0	73	3
Sustainable Communities	8,104	8,717	613	509	(244)
Total (Controllable)	**13,196**	**12,815**	**(381)**	**(633)**	**(1,211)**

Description	2018/19 Current Budget £000	Forecast Variance at year end (Sept) £000	Forecast Variance at year end (Aug) £000	2017/18 Variance at year end £000
Overspend within Regulatory Services	578	169	116	78
Underspend within Parking Services	(12,451)	(851)	(999)	(1,663)
Underspend within Safer Merton & CCTV	886	(12)	(21)	(47)
Total for Public Protection	**(10,987)**	**(694)**	**(904)**	**(1,602)**
Underspend within Waste Services	13,850	(660)	(682)	97
Underspend within Leisure & Culture	736	(66)	(6)	(166)
Overspend within Greenspaces	1,400	309	309	754
Overspend within Transport Services	(860)	117	68	(53)
Total for Public Space	**15,126**	**(300)**	**(311)**	**632**
Overspend within Senior Management & Support	953	0	73	3
Total for Senior Management	**953**	**0**	**73**	**3**
Overspend within Property Management	(2,901)	372	156	(422)
Overspend within Building & Development Control	(32)	225	147	397
Overspend within Future Merton	11,038	16	206	(219)
Total for Sustainable Communities	**8,104**	**613**	**505**	**(244)**
Total Excluding Overheads	**13,196**	**(381)**	**(633)**	**(1,211)**

Overview

The department is currently forecasting an underspend of £381k at year end. The main areas of variance are Parking Services, Waste Services, Greenspaces, Property Management, and Development & Building Control.

Public Protection

Parking Services underspend of £851k

The underspend is mainly as a result of additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£1,110k). The positive effects of this fully functional system are beginning to be realised e.g. a reduction in congestion and improved traffic flow.

Included within this forecast is employee related overspend of c£182k due to a combination of savings not yet implemented and increased demand.

There have been delays in implementing all of the parking savings to date. In terms of ANPR, there was an initial assumption that there would be a peak in the processing work and, balanced with on-going compliance, the processing volume would drop. However, although the section still expects compliance to further increase, it has not yet occurred to the level expected as processing volumes remain above estimated levels, leading to the need to continue to employ additional agency staff.

Staffing restructures have been further delayed by the recent retirement of the Parking Services Manager, but these are now being revisited by the new Manager.

During December, free parking will be provided every Sunday within all town centre car parks in the run up to Christmas, as well as on Saturday 23rd and Christmas Eve. This will result in an estimated loss of income of c£25k.

Regulatory Services overspend of £169k
On the 1st November 2017, Wandsworth became the third member of the Regulatory Services Partnership, joining Merton and Richmond. A management restructure is currently out for staff consultation, with an estimated go live date of 1st November. Work is also well under way with updating and agreeing a revised cost allocation methodology for the three partners, which will have an impact of the section's forecast. Therefore, a revised forecast will need to be provided as soon as this has been agreed.

Public Space

Waste Services underspend of £660k
The forecast underspend is largely as a result of an in-year underspend on disposal costs of £1,064k, which can be attributed to two main factors. Firstly, the section has experienced a c11% reduction in waste being landfilled this financial year – this is fairly consistent with the c8% reduction in total waste tonnages being generated across all of the authority's waste streams. Secondly, Viridor our disposal contractor, has now begun testing the new ERF facility. During this commissioning phase, currently three months, the authority will benefit from reduced disposal costs leading to an estimated cost reduction of c£500k this financial year only.

This forecast underspend on disposal costs is being partially offset by the mobilisation costs relating to the October 2018 service change (£350k), although the section is seeking alternative funding arrangements for part of the mobilisation costs.

Greenspaces overspend of £309k
Although significant savings have been realised, the section is forecasting to overspend on the idverde parks and ground maintenance service by around £158k. Work is underway to reduce this and to resolve the overspend.
The section is also currently forecasting to underachieve on its income expectations in the following areas. Firstly, on events related income (£98k), whereby related savings of £170k have been implemented over the last few years, and whilst one event boosted the income, work continues to identify how income from events in parks, including developing working partnerships with external event production companies, can be generated.

Secondly, it is now recognised that saving E&R26 (£60k) i.e. P&D within certain parks, will only achieve c£9k. In part, this is as a consequence of the proposal to include charging on Saturdays being dropped following consultation alongside a significant reduction in commuter (paid for) parking. Mitigating actions are being considered and will be reported accordingly.

Sustainable Communities

Property Management overspend of £372k
The principal reason for the forecast overspend relates to costs involved with the management of Battle Close, which is now the responsibility of the Authority following the recent departure of the leaseholder (£538k). Consideration is being given to reducing the security and holding costs for Battle Close by demolition.

The section is also forecasting to incur some significant, but essential, costs this year on several of the buildings the Authority manages, resulting in a forecast premises related overspend of £264k.

These pressures are being partially mitigated by exceeding their commercial rental income expectations by £544k mainly due to conducting the back log of rent reviews in line with the tenancy agreements. Approximately £154k relates to ongoing rental income but £390k is one-off due this year only.

Development & Building Control overspend by £225k
The section is forecasting to underachieve on income by £273k, in particular within building control, which reflects the continued reduction in the Authority's market share against target.

Virement

Corporate Services incur the additional card charges relating to the increased volume of transactions on the RingGo contract, and so E&R have agreed to fund these additional charges, currently estimated to be £100k. Cabinet are requested to approve this virement.

Children Schools and Families

Children, Schools and Families	2018/19 Current Budget £000	Full year Forecast (Sep) £000	Forecast Variance at year end (Sep) £000	Forecast Variance at year end (Aug) £000	2017/18 Variance at year end £000
Education	19,301	19,843	542	621	(703)
Social Care and Youth Inclusion	21,499	24,804	3,305	3,541	3,596
Cross Department budgets	480	461	(19)	(25)	(95)
PFI	8,075	7,764	(311)	(236)	(342)
Redundancy costs	2,124	1,854	(270)	(270)	(207)
Total (controllable)	**51,479**	**54,726**	**3,247**	**3,631**	**2,249**

Overview

At the end of September Children Schools and Families had a forecast overspend of £3.247m on local authority funded services; a reduction in overspend from August's forecast. The overspend is mainly due to the volatile nature of placement and SEN transport budgets, and the current volume of CSC activity and Education, Health and Care Plan (EHCP) requests. Despite an increasing population, Merton is managing to keep our number of looked after children in care stable through a combination of actions, which is detailed in the management action section below.

The CSF department received £500k growth for the current financial year that has mainly been used to fund the additional eight social workers that were previously funded through contingency for three years and were last year part of the departmental overspend. Last year's overspend also included planned underspends and non-recurring management action which, together with additional demographic growth for this year, is currently forecast to result in a higher overspend for the current financial year.

Local Authority Funded Services

Significant cost pressures and underspends identified to date are detailed in the table below:

Description	Budget £000	Sep £000	Aug £000	2017/18 £000
Procurement & School organisation	643	(267)	(157)	(319)
SEN transport	4,133	966	962	566
Other small over and underspends	14,525	(157)	(184)	(738)
Subtotal Education	**19,301**	**542**	**621**	**(703)**
Fostering and residential placements (ART)	7,094	639	630	813
Un-accompanied asylum seeking children (UASC)	901	830	1,126	693
Community Placement	0	956	956	750
No Recourse to Public Funds (NRPF)	21	290	261	353
MASH & First Response staffing	1,587	234	228	403
Other small over and underspends	11,896	356	340	288
Subtotal Children's Social Care and Youth Inclusion	**21,499**	**3,305**	**3,541**	**3,596**

Education Division

Procurement and school organisation budgets are forecast to underspend by £267k because of lower spend on revenuisation budgets, which has slipped to next year. This budget relates to the revenue cost of construction projects. The majority of this is required for temporary classrooms due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecasting to overspend by £966k at the end of the financial year, which includes £858k taxi cost and £165k direct payments. The forecast outturn for taxis is £3.214m, circa £442k more than last year, but a slight reduction in the reported forecast last month. The forecast overspend reflects increased demand over a number of years including the 51 extra children transported by taxi (21% increase in routes) compared to this time last year. The forecast is a slight reduction this month as over the summer substantial work was undertaken to re-tender and improve the efficiency of routes that meant that although 39 extra children are being transported compared to the spring term there are only 9 extra taxi routes. The number of children needing transport has increased significantly due to the increase in EHCPs requiring a specialist placement, and there continue to be pressures. Strategies are in place to alleviate this further, including continuing to maximising any further opportunities for placing more children on the buses, re-tendering routes, considering any consolidation possible and encouraging parents to agree personal budgets to directly arrange transport. The expansion of Cricket Green School will enable extra local places from September 2019 and officers are further reviewing the range of in-borough provision to reduce the reliance on transporting significant distances to out of borough schools.

There are various other small over and underspends forecast across the division netting to a £157k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £542k.

Children's Social Care and Youth Inclusion Division

The numbers of Looked after Children (LAC) in Merton remains relatively stable and we continue to maintain relatively low levels of children in care as detailed in the table below.

Overview	2016	2017	2018
Number of children in care as at 31st March	163	152	154
Of which UASC	22	20	28
Rate per 10,000	35	33	33
London Rate	51	50	n/a
England Rate	60	62	n/a

While the numbers remain relatively stable, the complexity of a significant proportion of cases is causing cost pressures as detailed below. Placement costs are reviewed on a monthly basis to ensure that projections of spend are as accurate as possible. Between August and September the forecast placement overspend has increased slightly by £9k, as detailed in the table below.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Sep £000	Aug £000	Sep Nr	Aug Nr
Residential Placements	2,271	2,420	149	110	17	19
Independent Agency Fostering	1,816	1,958	142	150	40	41
In-house Fostering	978	1,395	417	410	61	60
Secure accommodation	136	122	(14)	(14)	2	2
Mother and baby	101	0	(101)	(101)	0	0
Supported lodgings/housing	1,792	1,838	46	76	54	54
Total	**7,094**	**7,733**	**639**	**630**	**174**	**176**

The ART service seeks to make placements with in-house foster carers wherever possible and in line with presenting needs, however, the capacity within our in-house provision and the needs of some looked after children mean that placements with residential care providers or independent fostering agencies are required. Some specific provision is mandated by the courts.

- The residential placement expenditure is forecast to overspend by £149k. The increase in cost is due to a new respite package, the overall numbers of young people in residential care has reduced but was included in the previous month's forecast.
- The agency fostering placement overspend has reduced by a further £8k from last month. This is due to two children leaving and one new child being placed.
- The in-house foster carer expenditure is forecast to overspend by £417k for the year. The increase of £7k from last month is due to the net increase of one child in placement.
- There has been no movement in the number of young people in secure accommodation. The forecast remains the same at £122k.
- We still have had no mother and baby assessment placements for this year and are therefore forecasting no expected spend at this stage.
- We are forecasting that the budget for semi-independent accommodation and supported lodgings/housing placements will overspend by £46k. There were 54 semi-independent placements for young people at the end of September 2018. Although numbers have stayed the same, the overall costs reduced by £30k due to a revised estimate of one placement.

At the end of September, UASC placements and previously UASC that are now care leavers are expected to overspend by £830k this year.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Sep £000	Aug £000	Sep Nr	Aug Nr
Independent Agency Fostering	372	392	20	120	9	12
In-house Fostering	362	527	165	325	21	20
Supported lodgings/housing	167	812	645	681	31	31
Total	**901**	**1,731**	**830**	**1,126**	**61**	**63**

- At the end of September, we had 30 placements for UASC young people under 18. We receive a proportion of the UASC grant received by the Council towards these placements, the rest being allocated to 14+. The overall cost for Fostering has reduced from £445k in August to £185k in September. £237k of this reduction relates to additional grant expected from the 2017/18 final settlement.
- We have budgeted for 31 young people aged 18+ with no recourse to public funds in semi-independent accommodation who were formerly UASC young people. Once UASC young people reach 18, we retain financial responsibility for them until their immigration status is agreed. We have included those young people currently in placement who are under 18 and who will become 18 during this financial year in the forecast.
- For 2017/18 Merton received additional UASC capacity support funding of £94k. We are expecting a higher allocation for the current financial year as we have now reached our target of UASC numbers equivalent to 0.07% of our child population on the Pan London Rota, but have not had the allocation confirmed. Once our allocation has been confirmed, we will adjust the forecast.

We are forecasting a £956k overspend on a community placement. This provision relates to a complex case currently under discussion between the CCG and the local authority. The figure is our best estimate at this stage but is subject to change. A review has been underway to change the current provision with the intention that this should reduce the cost to Merton, but unfortunately the intended provider has withdrawn from the review and as a result it will not be possible to quantify any likely reduction in costs until fresh proposals are agreed. The current position of the CCG is that this is accepted as a continuing care case and that the council should be responsible for the education cost only. Once settled it is likely to mean that the reduced cost apportioned to the council will transfer from the general fund to the DSG.

The NRPF budget is £21k this year, which is the same as last year. It is forecast to overspend by £290k in the current financial year. This is about £63k less than last year's overspend. The NRPF worker is working closely with housing colleagues to manage cases as they arise and also reviews historic cases to identify ones where claimant circumstances have changed and can therefore be stepped down from services. We continue to use the Connect system to progress cases and continue to review open cases with the aim to limit the cost pressure on the council. Strong gate keeping has resulted in a reduction of overall numbers from a peak of about 30 in 2016/17 to a current caseload of 15.

We are expecting to overspend by £234k on the MASH and First Response teams' staffing costs. This is because the team is covering 13 vacancies out of an establishment of 30 (excluding Common and Shared Assessments and management also included in this service area on iTrent) with agency staff due to difficulty in recruiting permanent members of staff. This is again a reduction from last month's overspend.

There are various other small over and underspends forecast across the division netting to a £340k overspend. These combine with the items described above to arrive at the total reported divisional overspend of £3,541k.

Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £5.034m. Of this overspend £340k can be funded from the DSG reserve, but at the current estimate, the DSG will be going into a deficit position during this financial year. This will be carried forward as a negative reserve, similar to other boroughs. Variances between individual nominals have been shown in the overall departmental analyses.

The main reasons for the forecast relates to an estimated overspend of £3.755m on Independent Day School provision. It is likely that these numbers will increase slightly towards year-end. There will be a review of contributions from the CCG for placement costs.

Other pressures include £584k on EHCP allocations to Merton primary and secondary schools, £771k on EHCP allocations to out of borough maintained primary, secondary and special schools, and £750k on one-to-one support, OT/SLT and other therapies as well as alternative education. We are also forecasting a £722k underspend on independent residential placements. The table below shows the increase in number of EHCPs over the past 4 years.

+Type of Provision	Jan 2015 (Statements and EHCPs)		Jan 2016 (Statements and EHCPs)		Jan 2017 (Statements and EHCPs)		Jan 2018 (Statements and EHCPs)	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Mainstream School (inc. Academies)	456	44%	423	39%	432	34%	526	35%
State Funded Special School	338	32%	354	33%	386	31%	415	28%
Independent/Non-Maintained Provision (including Other Independent Special Schools)	119	11%	145	13%	178	14%	217	15%
ARP (Additional Resourced Provision)	113	11%	108	10%	137	11%	116	8%
Further Education	0	0%	20	2%	97	8%	164	11%
Early Years (inc. Private & Voluntary Settings)	4	0%	5	0%	2	0%	7	0%
Other (including children Educated at Home, Pupil Referral Units and Secure Units)	15	1%	23	2%	32	3%	41	3%
Total	**1045**	**100%**	**1078**	**100%**	**1264**	**100%**	**1486**	**100%**

There are various other smaller over and underspends forecast across the DSG netting to a £104k underspend which, combined with the items above, equates to the net overspend of £5.034m.

We continue to keep abreast of proposed changes to the National Funding Formula, especially in relation to risks associated with services currently funded by de-delegated elements of the DSG. We are also working with other authorities on the deficit DSG issue.

Although the pressures on the high needs block are clear from the budget monitoring figures highlighted above, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula. The number of schools setting deficit budgets has increased from five in 2017/18 to eleven in 2018/19. The main reasons for setting deficit budgets relate to a combination of factors. These include unfunded pay increases, increased cost relating to children that require additional support but do not meet statutory thresholds, reduction in pupil numbers and reduced levels of reserves that schools would previously have used to balance their budgets.

Management action

Staffing

The number of employed Social Workers dipped slightly during quarter two to 122 (115.31WTE) from 125 (117.3 WTE) in Q10, despite ongoing strong recruitment over the last 6 months. There have been 16 new starters in Q1 & Q2. Additionally, 1 Team Manager (MASH), 2 SW's and 4 NQSW's from Front line are due to start in October/November, plus offers have been made to 2 Team Manager (S&CP1 & 14+) and 3 SW's (FR). Vacancy rates increased slightly in Q2 to 22.30% (from 20.44% in Q1), which reflects the increase in leavers in the last 2 quarters (15 SW's). Turnover reduced this quarter to 17.28% (from 18.45% in Q1).

Agency social workers make up 17% of the Social Worker workforce. Agency expenditure is on a downward trend (£436,854 in Q2) and the lowest spend in many years. 38% of all agency workers are working in MASH or First Response, although strong recruitment to the vacant posts in FR is steadily reducing this figure. 36% are in Safeguarding & Care Planning. Most agency workers are covering vacant posts (81%). 19% are covering long term vacancies (mainly maternity leave cover and secondments). We are further reducing the use of agency by imposing a three month recruitment drag where appropriate.

Placements

We have good management oversight of children coming into care and our numbers remain stable. This stability disguises a reduction in the number of local children coming into care which is offset by the number of UASC entering our care. This pattern suggests that our early help arrangements continue to be effective in reducing the need for higher level interventions in those populations where early help can have an impact. We are aiming to strengthen this demand management further by the use of panel processes going forward. We are introducing a new panel process to overview the use of IFAs as well as continuing our scrutiny on residential children's home placements.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements with a campaign targeted at attracting foster carers for teenagers and UAS young people. We have recruited four new sets of foster carers (one who has come from an IFA with three of our UAS young people in placement) and there are fifteen new sets of mainstream carers in assessment, eight of whom are interested in fostering either teenagers or UASC young people, which is our area of greatest need. Whilst there may be a drop out in these applications, we are currently confident that we will be able to approve a significant number of carers this year. These figures compare favourably with last year when at the same point, only six carers were in assessment. Our aim is to slow down the increase in more expensive agency foster placements and our use of IFA placements has decreased slightly again this month, but there will be a time lag whilst assessments are completed. In addition, we are implementing actions to retain our experienced existing foster carers such as increasing the support offer to them through the Domiciliary Care Framework to enable them to take and retain children with more challenging behaviours in placement.

We are also targeting our recruitment to increase our number of in-house mother and child foster placements. Although there is no use of parenting assessment units at present this year, we placed 8 families for parental assessments during the course of last year. We have continued to support four of those families in IFA foster placements during on-going court processes, significantly affecting our IFA costs for the past 4 months.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. However, despite a reduction in numbers this month, we still have 54 young people in Semi-independent Accommodation (SIA) placements. We have reintroduced the SIA panel and will be recording cost reductions as a result of this going forward. In addition, we will be recruiting a specific BS post to chase Housing Benefit owed to the Council.

We have contracted with a provider to block purchase five independent units for care leavers aged 18+. This will act as a step down into permanent independent living. For the total five placements in the provision, this cost is £1,800 per week including support costs. This is a better financial deal than using the semi-independent market for our care leavers where the average cost for five placements averages at £2,500 per week for a similar service. We have five young people living there, fully utilising these cost-effective placements. We expect to be able to procure further placements of this type over the next quarter.

Our average placements costs against each budget code are reported each month. Our biggest increase is in the unit cost for secure accommodation. We have little choice over which accommodation our young people may be remanded to and costs are set by the YJB.

	May	June	July	Aug	Sep	Movement from last month	Sep
Description	£	£	£	£	£	£	No
ART Independent Agency Fostering	925	907	905	892	887	-5	40
ART In-house Fostering	449	444	428	443	428	-14	61
UASC Independent Agency (Grant)	782	783	791	791	791	0	9
UASC In house Fostering (Grant)	504	498	498	505	505	0	15
UASC Independent Agency (Non-Grant)	766	770	761	764	764	0	0
UASC In house Fostering (Non-Grant)	485	482	437	448	455	7	6
ART Residential Placements	3,878	4,174	4,022	4,021	4,021	0	17
ART Secure Accommodation	0	0	3,752	3,918	3,918	0	2
Supported Housing & Lodgings (Art 16+ Accommodation)	605	614	627	645	634	-11	54
Supported Housing & Lodgings - UASC (Grant)	834	835	841	839	838	-1	5
Supported Housing & Lodgings - UASC (Non Grant)	480	486	520	507	505	-2	26

We have updated our Staying Put policy for young people aged 18+ to enable them to remain with their foster carers in line with statutory requirements and as recommended by Ofsted in our inspection. We currently have nine young people remaining with in house foster carers and a further four with IFAs. However, the increased use of Staying Put for young people aged 18+ impacts on available placements for younger teenagers, therefore highlighting again the need for targeted recruitment for foster carers for teenager and UAS young people. As already stated, we continue to focus our foster carer recruitment on carers for teenagers to mitigate these potential additional costs.

Children with additional needs

We are working with colleagues in CCGs through the tripartite process in order to secure appropriate health contribution to children with complex needs, particularly through continuing healthcare funding. This is an area we need to improve and closer working with the CCG is a focus going forward. This will mainly affect the CWD budget as many of the children discussed will be placed at home with shared packages of care. Details of any arrangements made will be recorded and reflected in budget returns.

We have tried to reduce costs associated with SEND transport through a number of strategies but this is a continuing challenge with the increasing numbers of children eligible for this service. Strategies introduced include: the introduction of a dynamic taxi purchasing system; the re-provisioning of taxi routes to ensure best value for money; the introduction of bus pick up points where appropriate; promotion of independent travel training and personal travel assistance budgets where this is option is cheaper.

We have a multi-agency SEND panel providing strategic oversight of the statutory assessment process to ensure that at both a request for assessment stage and the agreement of a final EHCP, criteria and thresholds are met and the best use of resources is agreed.

To limit the increased costs, to the DSG High Needs block, of the increased number of children with EHCPs we have expanded existing specialist provision and have recently approved a contract to expand Cricket Green special school. We have increased Additionally Resourced Provision (ARP) in Merton mainstream schools and have further plans for new ARP provision and expansion of existing bases. Additional local provision should also assist with minimising increases to transport costs.

We are also part of a South West London consortium, which uses a dynamic purchasing system for the commissioning of specialist independent places, this enables LAs together to challenge any increases in cost and ensure best value for money in the costs of these placements.

New burdens

There are a number of duties placed on the Local Authority that have not been fully funded or not funded at all through additional burdens funding from Central Government. Excluding the cost of these duties would leave a net departmental overspend of £2.081m, however that figure masks substantial once off windfalls and non-recurrent and recurrent management action. The table below highlights the continued estimated overspends relating to these unfunded duties:

Description	**Budget £000**	**Sep overspend forecast £000**	**Aug overspend forecast £000**	**2017/18 over £000**
Supported lodgings/housing- care leavers	1,792	46	76	156
Supported lodgings/housing- UASC	167	645	681	520
Un-accompanied asylum seeking children (UASC)	734	185	445	173
No Recourse to Public Funds (NRPF)	21	290	261	353
Total	**2,478**	**1,166**	**1,463**	**1,202**

Following changes introduced through the Children & Social Work Act, local authorities took on new responsibilities in relation to children in care and care leavers. Local authorities are required to offer support from a Personal Adviser to all care leavers to age 25. New burdens funding of £21k was provided to support implementation of this change. There has been no on-going funding for the additional work required.

Other unfunded burdens include:

- the increase in the age range of EHCPs, particularly for those young people aged 18-25, due to legislation changes, which are causing cost pressures in both the general fund (in education psychology and SEN transport) and the DSG (High Needs Block costs relating to most EHCP services);
- new statutory duties in relation to children missing from education has increased the cases dealt with by the Education Welfare Service by 79% (from 290 in the 6 months from September to March 2016 to 519 in the same 6 months the following year and the level of referrals has remained at this level)

Further new burdens are expected for 2018/19 including:

- Social Care Act requirement for new assessment process for all social workers
- SEND tribunals will cover elements of children care packages and therefore cost
- New requirement of social work visits to children in residential schools and other provision.

Community and Housing Current Summary Position

Community and Housing is currently forecasting an overspend of £310k as at period 6 September 2018.

The department is currently forecasting an overspend of £310k as at September 2018 which is a decrease of £203k since August. Underspends are in Adult Social Care. Public Health and Merton Adult Learning remains unchanged, however the Library Service overspend has reduced. The Housing Service is currently forecasting £286k overspend which equates to 92% of Community & Housing forecasted overspend to date.

The judicial review process continues and resolution unknown at this time.

Community and Housing	2018/19 Current Budget £000	Forecast (Sept'18) £'000	Forecast Variance (Sept'18) £000	Forecast Variance (Aug'18) £000	2017/18 Outturn Variance £000
Access and Assessment	45,986	45,768	(218)	(84)	455
Commissioning	4,579	4,586	7	6	211
Direct Provision	4,451	4,405	(46)	(45)	(195)
Directorate	973	1,156	183	190	181
Adult Social Care	**55,989**	**55,915**	**(74)**	**67**	**652**
Libraries and Heritage	1,996	2,008	12	19	20
Merton Adult Learning	(11)	(11)	0	0	(6)
Housing General Fund	1,848	2,134	286	341	256
Sub-total	**59,822**	**4,131**	**298**	**427**	**922**
Public Health	**(143)**	**(57)**	**86**	**86**	**0**
Grand Total	**59,679**	**59,989**	**310**	**513**	**922**

Access & Assessment - £218k underspend

Access and Assessment underspend has increased since the last budget monitoring process. This is due to a continued improved placements management. On the whole placements has remained stable for a number of months but it is important to note that this is a volatile budget and demand could increase due to a number of reasons, particularly as we enter the winter period. Additionally numbers of Deprivation of Liberty (Dols) has increased since April 2018 from 21 to 60 assessment per month as at September 2018.

The table below shows areas of significant expenditure

Access & Assessment	Forecast Variances Sept'18 £'000	Forecast Variances Aug'18 £000	Outturn Variances March 18 £000
Underspend on Concessionary Fares-(Postage)	**(15)**	**(14)**	**(100)**
Overspend on Better Care Fund Risk Share	**0**	**0**	**425**
Other-e.g. Deprivation of Liberty (Dols)	**82**	**36**	**(307)**
Placements	**352**	**501**	**1,671**
Income	**(637)**	**(607)**	**(1,234)**
Total	**(218)**	**(84)**	**455**

The actions set out in previous reports have continued to have a positive impact with budget now showing a small underspend. That position is before winter, which traditionally sees a spike in activity. The Government has announced additional one-off winter pressures money for local authorities, but we do not yet know the terms and conditions that will be placed on the use of those monies. With joint working with health, we are as well set to manage winter demands as we can be at this stage.

ASC savings for 2018.19 are on track to be delivered. Where savings have not been able to be delivered due to changes in circumstances, alternative efficiencies and savings will be put forward to achieve a balanced budget.

The table below sets on the movement in the number of service users in each care group between months. It shows a net increase of 13 packages since April 2018.

Total Number of Clients with an external care package

Placements	Nos. of Clients Sept'18	Nos. of Clients Aug'18	Nos. of Client Jul'18	Nos. of Client Apr'18
Older People	1140	1142	1150	1167
Physical/Sensory	214	213	214	219
Learning Disabilities	360	350	353	356
LD Housing Support	3	3	2	2
Mental Health	135	134	130	125
MH Housing Support	13	12	11	11
Substances Misuse	3	3	2	1
Grand Total	**1868**	**1857**	**1862**	**1881**

Commissioning - £7k overspend
The commissioning service is currently forecasting a small overspend of £7k as at September'18. Increased staff costs is offset by increased income and efficiencies.

Direct Provision - £46k underspend
Direct Provision service is forecasting an under spend of £46k as at September 2018. This service continues to improve with underspends in the daycentres supporting overspend on employee cost at Riverside Drive residential home.
Management action in reviewing shifts and staff deployment on a weekly basis has led to a reduction in the level of projected underspend at Riverside. However a pay claim following on from Single Status by care staff at the home which is close to resolution will add between £10k and £15k to the annual salaries budget.
We will continue to control spending in Day Services and Supported Living to mitigate this.

Virement
At the start of the year, savings of £302K were allocated to an incorrect cost centre. The savings should have come from the Community Care Placement Contingency, but were instead taken from Housing Related Support. Both costs centres come under Adult Social Care Placements. Cabinet are requested to approve this virement.

C&H - Other Services

Libraries - £12k overspend

The Library & Heritage Service forecasted overspend has reduced by £7k. This forecast includes an over spend on business rates but is mitigated by underspends on rental cost, postage, equipment and increase in rental income at Mitcham and Pollards Hill libraries.

Merton Adult Education – Breakeven

The Merton Adult Learning service continues to forecast a breakeven position for 2018/19.

Housing - £286k overspend

The housing service is forecasting an over spend as at September 2018 of £286k which is a reduction of £55k. It is expected that forecast in this service will continue to vary each month due to unpredictability surrounding the shortfall on subsidy, Housing Benefit and client contributions.

The market for temporary housing is distorted by its reliance on housing benefit and the introduction of a subsidy cap on housing benefit. It bears resemblance to the wider housing market in London e.g. inexpensive accommodation is rare and in high demand, it has a key distortion which is driven by the Welfare Benefits system it supports.

Generally speaking the supply of temporary accommodation is owned by a number of private landlords with properties. The pricing of this accommodation is reliant on Welfare Benefit subsidy arrangements, rather than the more natural market pricing.

Demand arrangement

This revolves around increasing homeless prevention activities and providing housing solutions

This service continues to maintain the lowest numbers of homeless households in temporary accommodation (TA) in London, as at the end of September 2018 there were 174, which is an increase of two household in TA accommodation.

This service is also engaged in homelessness preventative measures on a daily basis as legally required. The diagram below shows number of homelessness prevented to date.

Period	Homelessness Prevention Targets
Full Year	**450**
Target YTD	**225**
Achieved- Sept'18	**243**

Homeless prevention includes, legal advocacy on behalf of private tenants' rights, prevention advice against unlawful eviction and harassment, money management, housing options, relationship breakdowns, rights to homes, access to social housing, seeking accommodation in homeless hostel and/or private rented sector, and mediation with family members to prevent exclusion and homelessness.

Analysis of Housing Temporary Accommodation Expenditure

Housing	Budget 2018/19 £000	Forecast Variance (Sept'18) £'000	Forecast Variances (Aug'18) £000	Outturn Variances (Mar'18) £000
Temporary Accommodation-Expenditure	2,330	713	752	909
Temporary Accommodation-Client Contribution	(140)	(616)	(612)	(595)
Temporary Accommodation-Housing Benefit Income	(2,000)	100	(92)	(160)
Temporary Accommodation-Subsidy Shortfall	322	375	489	517
Temporary Accommodation- Grant	-	(466)	(466)	(406)
Sub-total Temporary Accommodation	**512**	**106**	**71**	**259**
Housing Other Budgets- Over(under)spend	1,336	180	270	(3)
Total	**1,848**	**286**	**341**	**256**

Temporary Accommodation (TA) Movements to date

The data below shows the number of households i.e. families and single (placements) in TA.

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month
March 2018	**16**	**16**	**165**
April 2018	**22**	**17**	**170**
May 2018	**21**	**16**	**175**
June 2018	**14**	**17**	**172**
July 2018	**15**	**12**	**175**
August 2018	**16**	**15**	**176**
September 2018	**11**	**13**	**174**

<u>Public Health - £86k overspend</u>

This service continues to forecast an overspend of £86k. It is anticipated that the outcome of the identified mitigating actions will be reported in period 7 (October).

Corporate Items

The details comparing actual expenditure up to 30 September 2018 against budget are contained in Appendix 2. The main areas of variance as at 30 September 2018 are:-

	Current Budget 2018/19 £000s	Full Year Forecast (Sep.) £000s	Forecast Variance at year end (Sep.) £000s	Forecast Variance at year end (Aug.) £000s	2016/17 Year end Variance £000s
Impact of Capital on revenue budget	**8,403**	**8,930**	**527**	**527**	**(103)**
Investment Income	(759)	(900)	(141)	0	408
Pension Fund	3,346	3,346	0	0	(389)
Pay and Price Inflation	1,122	1,122	0	0	(736)
Contingencies and provisions	4,291	3,941	(350)	0	(2,447)
Income Items	(1,367)	(1,367)	0	0	(104)
Appropriations/Transfers	(2,357)	(2,357)	0	0	2,445
Central Items	**4,276**	**3,785**	**(491)**	**0**	**(823)**
Levies	938	938	0	0	0
Depreciation and Impairment	(19,008)	(19,008)	0	0	0
TOTAL CORPORATE PROVISIONS	**(5,391)**	**(5,355)**	**36**	**527**	**(926)**

Since the August update there has been a half-yearly review of the forecast income from investments and it is estimated that there will be additional income of £141,000 above the original budget. This is due to increased interest rates and amounts invested than budgeted for.

In addition, a review of contingencies and provisions indicates that based on current expenditure there will be an underspend of £100k on the Apprenticeship Levy budget and, at this half-year stage of the year, the corporate contingency budget will be underutilised by £250k.

4 Capital Programme 2018-22

4.1 The Table below shows the movement in the 2018/22 corporate capital programme since the last meeting of Cabinet:

Depts	Current Budget 18/19	Variance	Revised Budget 18/19	Current Budget 19/20	Variance	Revised Budget 19/20	Current Budget 20/21	Variance	Revised Budget 20/21	Revised Budget 21/22	Variance	Revised Budget 21/22
CS	9,878	(400)	9,478	26,252	400	26,652	3,945	0	3,945	12,083	0	12,083
C&H	932	0	932	480		480	630	0	630	280	0	280
CSF	9,088	39	9,127	16,045	150	16,195	3,202	0	3,202	650	0	650
E&R	20,001	(268)	19,733	8,060	375	8,435	7,517	0	7,517	7,264	0	7,264
TOTAL	**39,899**	**(630)**	**39,270**	**50,837**	**925**	**51,761**	**15,294**	**0**	**15,294**	**20,277**	**0**	**20,277**

4.2 The table below summarises the position in respect of the 2018/19 Capital Programme as at September 2018. The detail is shown in Appendix 5a

<u>Capital Budget Monitoring September 2018</u>

Department	2018/19 Actuals £	Profiled Budget To September £	Variance £	Revised Annual Budget £	September Year End Forecast £	Forecast Full Year Variance £
Corporate Services	2,561,460	3,846,597	(1,285,137)	9,478,310	9,071,380	(406,930)
Community and Housing	411,306	508,090	(96,784)	931,990	976,482	44,492
Children Schools & Families	2,849,858	1,906,160	943,698	9,126,350	9,126,350	(0)
Environment and Regeneration	6,380,417	6,043,483	336,935	19,732,830	19,732,830	(1)
Total	**12,203,041**	**12,304,330**	**(101,289)**	**39,269,480**	**38,907,041**	**(362,439)**

a) <u>Corporate Services</u> – There is currently one projected in year underspend Customer Contact (£416k). Business Systems and the Housing Company have both re-profiled £200k from 2018/19 to 2019/20.

b) <u>Community and Housing</u> – Officers are projecting spend to budget on all schemes apart from Libraries ICT and Library Enhancement works which are projected to overspend by a total of £44k, this outturn projection is currently being finalised and will be addressed as part of the October Monitoring Report. These schemes were progressed a number of years ago at which time internal support costs were subsumed within the existing budgets. The development of a number of corporate systems at any one time requires the back filling of internal staff. The impact of these costs are two fold additional budget is required to complete the current project (estimated at £44k) and future bids to replace this system need to be adjusted to reflect the additional support required to complete the project

c) Children, Schools and Families – One scheme has been added for Healthy Schools of £189k this will be funded by an unringfenced DofE grant. Budget virements to offset the variations shown within the budgets for primary schools will be progressed once final costs for individual schemes are established. Officers are currently projecting no underspends on other budgets. £150k of Cricket Green's budget being re-profiled to 2019-20 from 2018-19 in accordance with anticipated spending patterns.

d) Environment and Regeneration – Officers are currently projecting no underspends against budget. The following adjustments are being made to the budget:

I. £200k is being re-profiled from 2019-20 to 2018-19 to undertake a large highway bridges and structure scheme
II. £150k is being added to Polka Theatre for capital works that will provide ongoing revenue grant savings in future years – If for any reason this scheme will not generate a continuing revenue saving it will be removed. Please note the revenue saving (including equalities impact) are being progressed as part of the budget setting process to a later Cabinet.
III. A TfL Bus Priority Scheme is being removed from the programme (£150k)
IV. £425k CIL Neighbourhood funding is being re-profiled from 2018-19 to 2019-20 and £10k TfL budget is being moved from capital to revenue.
V. £460 S106 funding is being added to the Wandle Project in 2018/19
VI. £25k Crowded Places scheme funded by Network Rail is being added to the 2018/19 programme
VII. £7k S106 funding is being added to Parks Investment for 2018/19
VIII. £26k S106 funding is being added for a new scheme for Raynes Park Station Improvements
IX. £15k TfL funding is being moved to revenue for the Beddington Lane Cycle Route
X. £74k TfL funding is being added for a new scheme for School Part Time Road Closures

4.3 Appendix 5b details the adjustments being made to the Capital Programme this month, these are summarised below.

Scheme		2018/19 Budget	2019/20 Budget	Narrative
Corproate Service				
Planning and Public Protection	(1)	(199,730)	**199,730**	Reflects Projected Spending Pattern
Housing Company	(1)	**(200,000)**	**200,000**	Reflects Current Projected Spending Pattern
Children, Schools and Families				
Cricket Green expansion	(1)	(150,000)	150,000	Reflects the estimated programme post contract award
Healthy Schools	(1)	188,630	0	Funded by CSF Grant
Environment and Regeneration				
Highway Bridges and Structures	(1)	200,000	(200,000)	Re-profiled in accordance with projected spend
Polka Theatre	(1)	0	150,000	To achieve ongoing revnue savings
Bus Priority Scheme	(1)	(150,000)	0	Correction to TfL Schemes
Mitcham Town Centre	(1)	(435,680)	425,000	CIL scheme re-profiled
Crowded Places/Hostile Vehicle Mitigation		25,000	0	Funded by Network Rail Contribution
Wandle Project		460	0	Additional S106 Funding
Parks Investment		6,700	0	Additional S106 Funding
Raynes Park Stn Public Realm Imp		26,110	0	New Scheme funded by S106
Beddington Lane Cycle Route		(15,000)	0	TfL funding classified as revenue rather than capital
School Part Time Road Closure	(1)	74,000	0	TfL funded scheme
Total		**(629,510)**	**924,730**	

(1) Requires Cabinet Approval

4.4 Appendix 5c details the impact all the adjustments to the Capital Programme have on the funding of the programme in 2018-22. The table below summarises the movement in 2018/19 funding since its approval in February 2018:

Depts.	Original Budget 18/19	Net Slippage 2018/19	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 18/19
Corporate Services	23,482	5,051				(19,056)	**9,478**
Community & Housing	773	165	(5)			0	**932**
Children Schools & Families	15,158	924		1,117	15	(8,087)	**9,127**
Environment and Regeneration	21,853	919		1,899		(4,938)	**19,733**
Total	**61,266**	**7,059**	**(5)**	**3,016**	**15**	**(32,081)**	**39,270**

4.5 The table below compares capital expenditure (£000s) to September 2018 to that achieved over the last few years:

Depts.	Spend To September 2015	Spend To September 2016	Spend To September 2017	Spend to September 2018	Variance 2015 to 2018	Variance 2016 to 2018	Variance 2017 to 2018
CS	267	215	1,182	2,561	2,294	2,346	1,379
C&H	610	916	340	411	(199)	(505)	71
CSF	7,944	2,811	2,673	2,850	(5,094)	38	177
E&R	3,006	5,930	4,598	6,380	3,374	450	1,782
Total Capital	**11,827**	**9,873**	**8,793**	**12,203**	**376**	**2,330**	**3,410**

Outturn £000s	29,327	30,626	32,230	
Budget £000s				39,270
Projected Spend September 2018 £000s				38,907
Percentage Spend to Budget				31.08%
% Spend to Outturn/Projection	40.33%	32.24%	27.28%	31.36%
Monthly Spend to Achieve Projected Outturn £000s				4,451

4.6 September is half way into the financial year and departments have spent just over 30% of the budget. Spend to date is higher than each of the previous financial years shown.

Department	Spend To Aug 2018 £000s	Spend To Sept 2018 £000s	Increase £000s
CS	2,039	2,561	523
C&H	408	411	3
CSF	2,066	2,850	784
E&R	5,042	6,380	1,339
Total Capital	**9,555**	**12,203**	**2,648**

4.7 During September 2018 officers spent £2.488 million. If spend can be maintained throughout the rest of the financial year then this will result in a higher outturn than the last three financial years, but not as high as the projected outturn. Finance officers will continue to work with budget managers to re-profile budgets across the approved programme.

5. DELIVERY OF SAVINGS FOR 2018/19

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 6 Forecast Shortfall	Period 5 Forecast Shortfall	Period Forecast Shortfall (P6)	2019/20 Expected Shortfall
	£000	£000	£000	£000	%	£000
Corporate Services	2,024	1,549	475	475	23.5%	375
Children Schools and Families	489	489	0	0	0.0%	0
Community and Housing	2,198	1,968	230	302	10.5%	18
Environment and Regeneration	1,874	1,373	501	686	26.7%	80
Total	**6,585**	**5,379**	**1,206**	**1,463**	**18.3%**	**473**

Appendix 6 details the progress on savings for 2018/19 by department, with the position improving by £257k since last month.

Progress on savings 2017/18

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 6 Projected shortfall	2019/20 Period 6 Projected shortfall	2018/19 Period 5 Projected shortfall	2019/20 Period 5 Projected shortfall
	£000	£000	£000	£000	£000	£000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	7	0	0	0	0
Community and Housing	2,673	201	0	0	149	49
Environment and Regeneration	3,218	2,258	791	90	1,163	45
Total	**10,398**	**2,662**	**791**	**90**	**1,312**	**94**

Appendix 7 details the progress on savings for 2017/18 by department and the impact on the current year and next year.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1 The emphasis placed on the delivery of revenue savings within the financial monitoring report will be enhanced during 2016/17; the risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

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

Appendix 1-	Detailed position table
Appendix 2 –	Detailed Corporate Items table
Appendix 3 –	Pay and Price Inflation
Appendix 4 –	Treasury Management: Outlook
Appendix 5a –	Current Capital Programme 2018/19
Appendix 5b -	Detail of Virements
Appendix 5c -	Summary of Capital Programme Funding
Appendix 6 –	Progress on savings 2018/19
Appendix 7 –	Progress on savings 2017/18
Appendix 8 - `	Debt report

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

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APPENDIX 1

Summary Position as at 30th September 2018

	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Full Year Forecast (Sept) £000s	Forecast Variance at year end (Sept) £000s	Forecast Variance at year end (Aug) £000s	Outturn variance 2017/18 £000
Department	-	-	-	-	-	-
3A.Corporate Services	9,495	10,585	9,295	(1,290)	(1,257)	(812)
3B.Children, Schools and Families	56,145	56,495	59,742	3,247	3,630	2,249
3C.Community and Housing	-	-	-			-
Adult Social Care	58,778	59,258	59,185	(73)	68	646
Libraries & Adult Education	2,771	2,694	2,706	12	19	20
Housing General Fund	2,207	2,141	2,427	286	340	256
3D.Public Health	(0)	0	86	86	86	0
3E.Environment & Regeneration	17,951	18,550	18,168	(381)	(633)	-1,211
NET SERVICE EXPENDITURE	**147,345**	**149,723**	**151,609**	**1,886**	**2,253**	**1,148**
3E.Corporate Items	-	-	-	-		-
Impact of Capital on revenue budget	8,403	8,404	8,930	526	527	(103)
Other Central items	(12,353)	(14,732)	(15,223)	(491)	0	(823)
Levies	938	938	938	0	0	0
TOTAL CORPORATE PROVISIONS	**(3,012)**	**(5,390)**	**(5,355)**	**35**	**527**	**(926)**
TOTAL GENERAL FUND	**144,333**	**144,333**	**146,254**	**1,921**	**2,780**	**222**
-	-	-	-	-		-
Funding						
- Business Rates	(45,636)	(45,636)	(45,636)	0	0	182
- RSG	0	0	0	0	0	1
- Section 31 Grant	(1,975)	(1,975)	(1,975)	0	0	(672)
- New Homes Bonus	(2,371)	(2,371)	(2,371)	0	0	2
- PFI Grant	(4,797)	(4,797)	(4,797)	0	0	0
- Adult Social Care Grant 2017/18	(2,115)	(2,115)	(2,115)	0	0	0
Grants	**(56,894)**	**(56,894)**	**(56,894)**	**0**	**0**	**(487)**
Collection Fund - Council Tax Surplus(-)/Deficit	(1,653)	(1,653)	(1,653)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	1,223	1,223	1,223	0	0	0
Council Tax						
- General	(86,678)	(86,678)	(86,678)	0	0	0
- WPCC	(331)	(331)	(331)	0	0	0
Council Tax and Collection Fund	**(87,439)**	**(87,439)**	**(87,439)**	**0**	**0**	**0**
FUNDING	**(144,333)**	**(144,333)**	**(144,333)**	**0**	**0**	**(487)**
NET	**(0)**	**(0)**	**1,921**	**1,921**	**2,780**	**(265)**

Appendix 2

3E.Corporate Items	Council 2018/19 £000s	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Year to Date Budget (Sep.) £000s	Year to Date Actual (Sep.) £000s	Full Year Forecast (Sep.) £000s	Forecast Variance at year end (Sep.) £000s	Forecast Variance at year end (Aug.) £000s	Outturn Variance 2017/18 £000s
Cost of Borrowing	8,403	8,403	8,403	3,158	2,336	8,930	527	527	(103)
Impact of Capital on revenue budget	**8,403**	**8,403**	**8,403**	**3,158**	**2,336**	**8,930**	**527**	**527**	**(103)**
Investment Income	**(759)**	**(759)**	**(759)**	**(380)**	**(404)**	**(900)**	**(141)**	**0**	**408**
Pension Fund	**3,346**	**3,346**	**3,346**	**0**	**0**	**3,346**	**0**	**0**	**(389)**
Corporate Provision for Pay Award	2,108	2,108	744		0	744	0	0	0
Provision for excess inflation	378	378	378		0	378	0	0	(436)
Utilities Inflation Provision	0	0	0		0	0	0	0	(300)
Pay and Price Inflation	**2,486**	**2,486**	**1,122**	**0**	**0**	**1,122**	**0**	**0**	**(736)**
Contingency	1,500	1,500	1,500		0	1,250	(250)	0	(1,500)
Single Status/Equal Pay	100	100	100		10	100	0	0	(96)
Bad Debt Provision	500	500	500		0	500	0	0	395
Loss of income arising from P3/P4	200	200	200		0	200	0	0	(400)
Loss of HB Admin grant	179	179	179		0	179	0	0	(179)
Apprenticeship Levy	450	450	450	150	96	350	(100)	0	(235)
Revenuisation and miscellaneous	1,361	1,361	1,361		351	1,361	0	0	(432)
Contingencies and provisions	**4,291**	**4,291**	**4,291**	**150**	**457**	**3,941**	**(350)**	**0**	**(2,447)**
Other income	0	0	0	0	(6)	0	0	0	(56)
CHAS IP/Dividend	(1,367)	(1,367)	(1,367)		0	(1,367)	0	0	(48)
Income items	**(1,367)**	**(1,367)**	**(1,367)**	**0**	**(6)**	**(1,367)**	**0**	**0**	**(104)**
Appropriations: CS Reserves	0	0	(648)	(648)	(648)	(648)	0	0	0
Appropriations: E&R Reserves	4	4	(361)	(361)	43	(361)	0	0	2
Appropriations: CSF Reserves	49	49	47	47	(2)	47	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0	(600)
Appropriations:Public Health Reserves	(1,200)	(1,200)	(1,200)	(1,200)	0	(1,200)			600
Appropriations:Corporate Reserves	(91)	(91)	(91)	(91)	0	(91)	0	0	2,443
Appropriations/Transfers	**(1,342)**	**(1,342)**	**(2,357)**	**(2,357)**	**(607)**	**(2,357)**	**0**	**0**	**2,445**
Depreciation / Impairment	**(19,008)**	**(19,008)**	**(19,008)**	**0**	**0**	**(19,008)**	**0**	**0**	**0**
Central Items	**(3,950)**	**(3,950)**	**(6,329)**	**571**	**1,776**	**(6,293)**	**36**	**527**	**(926)**
Levies	**938**	**938**	**938**	**511**	**511**	**938**	**0**	**0**	**0**
TOTAL CORPORATE PROVISIONS	**(3,012)**	**(3,012)**	**(5,391)**	**1,082**	**2,287**	**(5,355)**	**36**	**527**	**(926)**

Appendix 3

Pay and Price Inflation as at September 2018

In 2018/19, the budget includes 2.7% for increases in pay and 1.5% for increases in general prices, with an additional amount, currently £0.378m which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 2.4% and RPI at 3.3% this budget will only be released when it is certain that it will not be required.

Pay:

The local government pay award for 2018/19 was agreed in April 2018 covering 2018/19 and 2019/20. For the lowest paid (those on spinal points 6-19) this agreed a pay rise of between 2.9% and 9.2%. Those on spinal points 20-52 received 2%. The Chief Officers pay award is 2% for 2018/19.

Prices:

The Consumer Prices Index (CPI) 12-month rate was 2.4% in September 2018, down from 2.7% in August 2018. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.2% in September 2018, down from 2.4% in August 2018. The largest downward contribution came from food and non-alcoholic beverages where prices fell between August and September 2018 but rose between the same two months a year ago. Other large downward contributions came from transport, recreation and culture, and clothing. The fall was partially offset by increases to electricity and gas prices.

The RPI 12-month rate for September 2018 stood at 3.3%, down from 3.5% in August 2018.

Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting ending on 31 October 2018, the MPC voted unanimously to maintain the Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

The MPC's updated projections for inflation and activity are set out in the November Inflation Report published on 1 November 2018.

In the November Inflation Report, the MPC considers what the prospects for inflation are for the period under review. It states that "CPI inflation was 2.4% in September, in line with the MPC's expectation at the time of the August Report. Inflation has been boosted by the effects of higher energy and import prices. The contributions from these factors are projected to fade over the forecast period. UK GDP growth in 2018 Q3 is expected to be somewhat stronger than projected in August, but the outlook for growth over the forecast period is little changed. The MPC judges that supply and demand in the economy are currently broadly in balance. Conditioned on a path for Bank Rate that rises gradually over the next three years, and the assumption of a smooth adjustment to new trading arrangements with the EU, the MPC judges that a margin of excess demand is likely to build. That raises domestic inflationary pressures, which partially offset diminishing contributions from energy and import prices. CPI inflation is projected to be above the target for most of the forecast period, before reaching 2% by the end. The economic outlook will depend significantly on the nature of EU withdrawal. The MPC judges that the monetary policy response to Brexit, whatever form it takes, will not be automatic, and could be in either direction."

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

Table 11: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (October 2018)			
2018 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.8	2.7	2.4
RPI	2.9	3.8	3.3
LFS Unemployment Rate	3.8	4.3	4.1
2019 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.5	3.5	2.0
RPI	2.6	4.2	3.0
LFS Unemployment Rate	3.6	4.8	4.2

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

Independent medium-term projections for the calendar years 2018 to 2022 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (August 2018)					
	2018	2019	2020	2021	2022
	%	%	%	%	%
CPI	2.4	2.1	2.0	2.0	2.1
RPI	3.4	3.1	3.0	3.1	3.2
LFS Unemployment Rate	4.2	4.2	4.2	4.3	4.4

Office for Budget Responsibility– Fiscal and economic outlook (October 2018)
The Office for Budget Responsibility (OBR) published its 2018 “Economic and fiscal outlook” at the same time as the Budget 2018 on 29 October 2018. Some of the key forecasts for the economy and public finances are included in the following table:-

	Outturn 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Gross Domestic Product (GDP) Growth (%)	1.7	1.3	1.6	1.4	1.4	1.5	1.6
Public Sector Net Borrowing (£bn)	39.8	25.5	31.8	26.7	23.8	20.8	19.8
Public Sector Net Borrowing (% of GDP)	1.9	1.2	1.4	1.2	1.0	0.9	0.8
Public Sector Net Debt (%)	85.0	83.7	82.8	79.7	75.7	75.0	
CPI (%)	2.7	2.6	2.0	2.0	2.1	2.1	2.0
RPI (%)	3.6	3.5	3.1	3.1	3.2	3.1	3.1
LFS Unemployment Rate (%)	4.4	4.0	3.7	3.8	3.9	3.9	4.0

Appendix 4

Treasury Management: Outlook

At its meeting ending on 31 October 2018, the MPC voted unanimously to maintain the Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

The November Inflation Report was published on 1 November 2018 and in it the MPC note that “In August, the MPC raised Bank Rate to 0.75%. That had been anticipated well ahead of the announcement with most short-term interest rates rising earlier in 2018. The MPC voted to make no changes to monetary policy at its September meeting. In the run-up to the November Report, stronger-than-expected activity and inflation outturns, as well as increases in short-term interest rates internationally, have pushed up the market-implied path for Bank Rate. It is now expected to reach around 1.4% in three years’ time, up from 1.1% in August. Long-term UK interest rates have also risen since August, despite falling back in the run-up to the November Report. Those rates have been affected in part by the increase in long-term interest rates in other countries.”

In the minutes to its October meeting the MPC concluded that “the economic outlook will depend significantly on the nature of EU withdrawal, in particular the form of new trading arrangements, the smoothness of the transition to them and the responses of households, businesses and financial markets. The implications for the appropriate path of monetary policy will depend on the balance of the effects on demand, supply and the exchange rate. The MPC judges that the monetary policy response to Brexit, whatever form it takes, will not be automatic and could be in either direction. At this meeting the MPC judged that the current stance of monetary policy remained appropriate. The Committee also judges that, were the economy to continue to develop broadly in line with the November Inflation Report projections, an ongoing tightening of monetary policy over the forecast period would be appropriate to return inflation sustainably to the 2% target at a conventional horizon. Any future increases in Bank Rate are likely to be at a gradual pace and to a limited extent....”

The MPC’s forecasts of Bank Base Rate in recent Quarterly Inflation Reports which were made pre-Brexit up to May 2016 are summarised in the following table:-

	End Q.4 2018	End Q.1 2019	End Q.2 2019	End Q.3 2019	End Q.4 2019	End Q.1 2020	End Q.2 2020	End Q,3 2020	End Q.4 2020	End Q.1 2021	End Q.2 2021	End Q.3 2021	End Q.4 2021
Nov.'18	0.7	0.8	0.9	0.9	1.0	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.4
Aug.'18	0.7	0.7	0.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1	
May '18	0.7	0.8	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2		
Feb.'18	0.7	0.8	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.2			
Nov.'17	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0				
Aug.'17	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.8					
May '17	0.3	0.4	0.4	0.4	0.5	0.5	0.5						
Feb'17	0.4	0.5	0.5	0.6	0.6	0.7							
Nov.'16	0.3	0.3	0.3	0.4	0.4								
Aug.'16	0.2	0.2	0.2	0.2									
May '16	0.7	0.7	0.8										
Feb. '16	1.0	1.1											
Nov '15	1.3												
Aug.'15													

Source: Bank of England Inflation Reports

In order to maintain price stability, the Government has set the Bank's Monetary Policy Committee (MPC) a target for the annual inflation rate of the Consumer Prices Index of 2%. Subject to that, the MPC is also required to support the Government's economic policy, including its objectives for growth and employment.

The MPC's projections are underpinned by four key judgements :-

1. global demand grows at above-potential rates
2. net trade and business investment continue to support UK activity, while consumption growth remains modest

3. demand growth outstrips subdued potential supply growth, and a margin of excess demand emerges, pushing up domestic cost growth

4. domestic inflationary pressures continue to build over the forecast period, while external cost pressures ease

Capital Budget Monitoring September 2018

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
Capital	12,203,041	12,304,330	(261,289)	39,269,480	38,907,041	(362,439)
Corporate Services	2,561,460	3,846,597	(1,445,137)	9,478,310	9,071,380	(406,930)
Customers, Policy and Improvements	4,305	250,000	(245,695)	1,899,010	1,482,747	(416,263)
Customer Contact Programme	4,305	250,000	(245,695)	1,899,010	1,482,747	(416,263)
Facilities Management Total	1,534,821	1,801,077	(266,256)	3,301,220	3,301,220	0
Works to other buildings	49,375	325,040	(275,665)	695,040	695,040	0
Civic Centre	146,007	311,287	(165,280)	568,430	568,430	0
Invest to Save schemes	1,339,439	1,164,750	174,689	2,037,750	2,037,750	0
Infrastructure & Transactions	797,334	1,596,970	(799,636)	2,319,530	2,328,863	9,333
Business Systems	58,544	208,970	(150,426)	164,240	173,573	9,333
Social Care IT System	48,000	50,000	(2,000)	150,000	150,000	0
Disaster recovery site	393,638	210,000	183,638	394,290	394,290	0
Planned Replacement Programme	297,152	1,128,000	(830,848)	1,611,000	1,611,000	0
Resources	0	132,050	(132,050)	132,050	132,050	0
ePayments System	0	91,050	(91,050)	32,050	32,050	0
Invoice Scanning SCIS/FIS	0	41,000	(41,000)	100,000	100,000	0
Corporate Items	65,000	66,500	(1,500)	526,500	526,500	0
Centrally Held Budgets	65,000	66,500	(1,500)	526,500	526,500	0
Acquisitions Budget	65,000	66,500	(1,500)	66,500	66,500	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Investments	160,000	0	0	1,300,000	1,300,000	0
Housing Company	160,000	0	0	1,300,000	1,300,000	0
Community and Housing	411,306	508,090	(96,784)	931,990	976,482	44,492
Adult Social Care	0	43,750	(43,750)	43,750	43,750	0
Telehealth	0	43,750	(43,750)	43,750	43,750	0
Housing	396,193	427,600	(31,407)	771,500	771,500	0
Disabled Facilities Grant	396,193	427,600	(31,407)	771,500	771,500	0
Libraries	15,113	36,740	(21,627)	116,740	161,232	44,492
Library Enhancement Works	7,113	16,740	(9,627)	16,740	21,232	4,492
Libraries IT	8,000	20,000	(12,000)	100,000	140,000	40,000

Capital Budget Monitoring September 2018

Appendix 5a

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
Children Schools & Families	2,849,858	1,906,160	943,698	9,126,350	9,126,350	(0)
Primary Schools	320,507	791,330	(470,823)	836,050	836,050	0
Hollymount	55,166	0	55,166	59,850	59,850	0
Hatfeild	20,014	50,000	(29,986)	50,000	41,000	(9,000)
Joseph Hood	2,836	2,900	(64)	2,900	2,900	0
Dundonald	(20,395)	50,980	(71,375)	50,980	50,980	0
Poplar	(8,371)	40,000	(48,371)	40,000	47,600	7,600
Wimbledon Park	20,730	23,500	(2,770)	23,500	22,700	(800)
Abbotsbury	(628)	0	(628)	0	0	0
Morden	8,622	74,380	(65,758)	74,380	76,380	2,000
Cranmer	49,912	72,000	(22,088)	66,000	55,000	(11,000)
Gorringe Park	28,051	60,000	(31,950)	40,000	40,000	0
Haslemere	3,023	50,000	(46,977)	50,000	52,300	2,300
Liberty	55,577	70,000	(14,423)	70,000	73,530	3,530
Links	(690)	0	(690)	0	0	0
Singlegate	0	11,000	(11,000)	11,000	11,000	0
St Marks	8,396	99,240	(90,844)	99,240	121,240	22,000
Lonesome	264	55,000	(54,736)	55,000	58,000	3,000
Stanford	98,000	132,330	(34,330)	132,330	112,700	(19,630)
Unlocated Primary School Proj	0	0	0	10,870	10,870	0
Secondary School	1,359,477	428,210	931,267	5,193,090	5,193,090	(0)
Harris Academy Morden	0	0	0	104,000	104,000	0
Harris Academy Merton	307,970	173,130	134,840	444,090	444,090	0
St Mark's Academy	0	50,000	(50,000)	0	0	0
Raynes Park	0	0	0	574,000	574,000	0
Ricards Lodge	0	0	0	15,000	15,000	0
Rutlish	0	0	0	21,500	21,500	0
Harris Academy Wimbledon	1,051,507	205,080	846,427	4,034,500	4,034,500	(0)
SEN	989,438	837,660	151,778	2,387,980	2,387,980	0
Perseid	926,715	475,960	450,755	1,087,960	1,087,960	0
Cricket Green	60,351	223,770	(163,419)	1,200,000	1,200,000	0
Secondary School Autism Unit	0	30,000	(30,000)	0	0	0
Unlocated SEN	2,372	77,930	(75,558)	100,020	100,020	0
Melbury College - Smart Centre	0	30,000	(30,000)	0	0	0
CSF Schemes	180,435	(151,040)	331,475	709,230	709,230	0
Children's Social Care	3,735	58,310	(54,575)	58,310	58,310	0
Healthy Schools	0	0	0	188,630	188,630	0
School Equipment Loans	0	(209,350)	209,350	108,900	108,900	0
Devolved Formula Capital	176,700	0	176,700	353,390	353,390	0

Capital Budget Monitoring September 2018

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
Environment and Regeneration	6,380,417	6,043,483	336,935	19,732,830	19,732,830	(1)
Public Protection and Developm	219	0	219	229,970	229,970	0
CCTV Investment	219	0	219	229,970	229,970	0
Street Scene & Waste	7,861	368,130	(360,269)	5,947,120	5,947,120	0
Fleet Vehicles	0	291,900	(291,900)	502,900	502,900	0
Alley Gating Scheme	7,861	20,000	(12,139)	38,490	38,490	0
Smart Bin Leases - Street Scen	0	0	0	5,500	5,500	0
Waste SLWP	0	56,230	(56,230)	5,400,230	5,400,230	0
Sustainable Communities	6,372,337	5,675,353	696,984	13,555,740	13,555,740	(1)
Street Trees	0	0	0	57,690	57,690	0
Raynes Park Area Roads	0	0	0	26,110	26,110	0
Highways & Footways	1,096,799	1,624,790	(527,991)	4,594,150	4,594,150	0
Cycle Route Improvements	204,720	280,200	(75,480)	539,830	539,830	0
Mitcham Transport Improvements	24,759	266,680	(241,921)	278,000	278,000	0
Mitcham Area Regeneration	8,210	554,360	(546,150)	186,360	186,360	0
Wimbledon Area Regeneration	0	0	0	25,000	25,000	0
Borough Regeneration	219,505	208,820	10,685	560,050	560,050	0
Morden Leisure Centre	4,502,146	2,000,000	2,502,146	6,203,360	6,203,360	0
Sports Facilities	73,643	0	73,643	446,960	446,960	0
Parks	242,554	686,613	(444,058)	584,340	584,340	0
Mortuary Provision	0	53,890	(53,890)	53,890	53,890	0

Virement, Re-profiling and New Funding - September 2018

		2018/19 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2018/19 Budget	2019/20 Budget	Reprofiling	Revised 2019/20 Budget	Narrative
-	-	£	£		£	£	£		£	
Corporate Service	-									
Planning and Public Protection	(1)	**337,730**			(199,730)	**138,000**	**130,000**	**199,730**	**329,730**	Reflects Projected Spending Pattern
Housing Company	(1)	**1,500,000**			(200,000)	**1,300,000**	**22,125,020**	**200,000**	**22,325,020**	Reflects Current Projected Spending Pattern
Children, Schools and Families	-									
Cricket Green expansion	(1)	**1,350,000**			(150,000)	**1,200,000**	**4,001,730**	150,000	**4,151,730**	Reflects the estimated programme post contract award
Healthy Schools	(1)	**0**		188,630		**(188,630)**	**0**		**0**	Funded by CSF Grant
Environment and Regeneration										
Highway Bridges and Structures	(1)	**260,000**			200,000	**460,000**	**260,000**	**(200,000)**	**60,000**	Re-profiled in accordance with projected spend
Polka Theatre	(1)	**149,950**				**149,950**	**0**	**150,000**	**150,000**	To achieve ongoing revenue savings
Bus Priority Scheme	(1)	**150,000**			(150,000)	**0**	**0**		**0**	Correction only £15k available rather than £300k on two separate schemes
Mitcham Town Centre	(1)	**499,680**		(10,680)	(425,000)	**64,000**	**0**	425,000	**425,000**	CIL scheme re-profiled
Crowded Places/Hostile Vehicle Mitigation		**0**		25,000		**25,000**	**0**		**0**	Funded by Network Rail Contribution
Wandle Project		**216,590**		460		**217,050**	**0**		**0**	Additional S106 Funding
Parks Investment		**297,390**		6,700		**304,090**	**0**		**0**	Additional S106 Funding
Raynes Park Stn Public Realm Imp		**0**		26,110		**26,110**	**0**		**0**	New Scheme funded by S106
Beddington Lane Cycle Route		**366,000**		(15,000)		**351,000**	**0**		**0**	TfL funding classified as revenue rather than capital
School Part Time Road Closure	(1)	**0**		74,000		**74,000**				TfL funded scheme
Total		**5,127,340**	**0**	**295,220**	**(924,730)**	**4,120,570**	**26,516,750**	**924,730**	**27,441,480**	

(1) Requires Cabinet Approval

Appendix 5c

Capital Programme Funding Summary 2018/19

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme	**27,244**	**12,655**	**39,899**
Corporate Services			
Planning and Public Protection System	**(200)**	**0**	**(200)**
Housing Company	**(200)**	**0**	**(200)**
Children, Schools and Families			
Cricket Green expansion	**(150)**	**0**	**(150)**
Cricket Green expansion	**0**	**189**	**189**
Environment and Regeneration			
Highway Bridges and Structures	**200**	**0**	**200**
Bus Priority Scheme	**0**	**(150)**	**(150)**
Mitcham Town Centre	**(425)**	**(11)**	**(436)**
Crowded Places/Hostile Vehicle Mitigation	**0**	**25**	**25**
Wandle Project	**0**	**0**	**0**
Parks Investment	**7**	**0**	**7**
Raynes Park Stn Public Realm Imp	**26**	**0**	**26**
Beddington Lane Cycle Route	**0**	**(15)**	**(15)**
School Part Time Road Closure	**0**	**74**	**74**
Proposed Capital Programme	**26,503**	**12,767**	**39,269**

Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme	**46,517**	**4,319**	**50,837**
Corporate Services			
Business Systems - Planning and Public Protection System	**200**	**0**	**200**
Housing Company	**200**	**0**	**200**
Children, Schools and Families			
Cricket Green expansion	**150**	**0**	**150**
Environment and Regeneration			
Highway Bridges and Structures	**(200)**	**0**	**(200)**
Polka Theatre	**150**	**0**	**150**
Mitcham Town Centre	**425**	**0**	**425**
Proposed Capital Programme	**47,442**	**4,319**	**51,761**

Sep-18 APPENDIX 6

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Expected Savings £000	Shortfall £000	RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Adult Social Care										
CH55	**Less 3rd party payments** through "Promoting Independence" throughout the assessment, support planning and review process and across all client groups. Aim to reduce Res Care by £650k and Dom Care by £337k.	987	987	0	G	987	0	G	**John Morgan**	Achieved as at period 6	Y
CH73	A review of management and staffing levels of the AMH team in line with the reductions carried out in the rest of ASC.	100	38	62	R	100	0	R	**Richard Ellis**	Defer balance of £62k to 2019.20	Y
CH36	Single homeless contracts (YMCA, Spear, Grenfell) - Reduce funding for contracts within the Supporting People area which support single homeless people - Reduced support available for single homeless people - both in terms of the numbers we could support and the range of support we could provide. In turn this would reduce their housing options. (CH36)	38	38	0	R	38	0	G	**Steve Langley**	Defer balance of £38k to 2019.20	Y
CH71	Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council.	50	0	50	R	50	0	G	**Phil Howell**	Work In progress.	Y
CH72	Reviewing transport arrangements for in-house units, linking transport more directly to the provision and removing from the transport pool.	100	0	100	R	100	0	A	**Richard Ellis**	Defer as requires Corporate approach	Y
CH74	The implementation of the MOSAIC social care system has identified the scope to improve the identification of service users who should contribute to the costs of their care and assess them sooner, thus increasing client income. Assessed as a 3% improvement less cost of additional staffing	231	231	0	G	231	0	G	**Richard Ellis**	Additional income from more efficient processes. £115k achieved to date	Y
	Subtotal Adult Social Care	**1,506**	**1,294**	**212**		**1,506**	**0**				
	Library & Heritage Service										
CH56	Introduce a coffee shop franchise across 6 libraries	30	30	0	G	30	0	G	**Anthony Hopkins**		Y
	Housing Needs & Enabling										
CH42	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	62	62	0	G	62	0	G	**Steve Langley**	Work on demand and capacity is in progress. May be achieved through new income streams.	Y
	Public Health										
CH75	Public Health: health related services in other budgets	600	582	18	A	582	(18)	A	**Dagmar Zeuner**	Further savings in non-statutory spend achieved	Y

APPENDIX 6

Sep-18

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Expected Savings £000	Shortfall £000	RAG		2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Total C & H Savings for 2018/19	2,198	1,968	230			2,180	(18)			Alternative savings of £200k have been identified and will be presented to Cabinet in due course.	

APPENDIX 6

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall	18/19 RAG		2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Schools									
CSF2015-03	Increased income from schools and/or reduced LA service offer to schools	**200**	**0**	G		**0**	G	Jane McSherry		**N**
	Commissioning, Strategy and Performance									
CSF2015-04	Commissioning rationalisation	**60**	**0**	G		**0**	G	Leanne Wallder		**N**
	Cross cutting									
CSF2017-01	Review of non-staffing budgets across the department	**106**	**0**	G		**0**	G	Jane McSherry		**N**
CSF2017-02	Reduction in business support unit staff	**33**	**0**	G		**0**	G	Jane McSherry		**N**
	Children Social Care									
CSF2017-03	Delivery of preventative services through the Social Impact Bond	**45**	**0**	G		**0**	G	Jane McSherry		**N**
CSF2017-04	South London Family Drug and Alcohol Court commissioning	**45**	**0**	G		**0**	G	Jane McSherry		**N**
	Total Children, Schools and Families Department Savings for 2017/18	**489**	**0**			**0**				

APPENDIX 6

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG		2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	SUSTAINABLE COMMUNITIES											
E&R6	Property Management: Reduced costs incurred as a result of sub-leasing Stouthall until 2024.	18	18	0	G		18	0	G	James McGinlay		N
ENV14	Property Management: Increase in income from rent reviews of c60 properties.	100	100	0	G		100	0	A	James McGinlay	Performance dependent on full implementation of commercial property review.	N
ENV16	Traffic & Highways: Further reductions in the highways maintenance contract costs following reprocurement	65								James McGinlay	For both 2018-19 and 2019-20 these savings are covered by Growth (ERG1)	N
ENV17	Traffic & Highways: Reduction in reactive works budget	35								James McGinlay	For both 2018-19 and 2019-20 these savings are covered by Growth (ERG1)	N
ENV20	D&BC: Increased income from building control services.	35	0	35	R		35	0	A	James McGinlay	This has not been possible due to staff shortages and difficulty with filling posts	Y
ENV34	Property Management: Increased income from the non-operational portfolio.	40	40	0	G		40	0	G	James McGinlay		N
ENR8	Property Management: Increased income from rent reviews	150	150	0	G		150	0	A	James McGinlay	Performance dependent on full implementation of commercial property review.	N
	PUBLIC PROTECTION											
E&R7	Parking: Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	163	163	0	G		163	0	G	Cathryn James		N
ENV07	Parking: Reduction in supplies & services/third party payment budgets.	60	13	47	R		60	0	A	Cathryn James		Y
ENV08	Regulatory Services: Funding of EH FTE by public health subsidy. As agreed between DPH and Head of PP .	40	0	40	R		0	40	R	Cathryn James	Alternative saving required	Y
ENV09	Regulatory Services: Investigate potential commercial opportunities to generate income	50	0	50	R		50	0	A	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team is proposed as part of the 2018/19 restructure of the Regulatory Services Partnership.	Y
ENR2	Parking & CCTV: Pay & Display Bays (On and off street)	44	22	22	R		44	0	G	Cathryn James	Implementation of saving delayed. Proposal now needs to urgently be put to new Cabinet member for approval. As a result, it is unlikely that any revenue effect be will be seen before Oct 18. The shortfall will be mitigated by over-achievement in other revenue streams.	Y
ENR3	Parking & CCTV: Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	17	0	17	R		17	0	G	Cathryn James	Any increase in season tickets will form part of the extensive work currently underway, reviewing permit prices for all parking activities. Once complete, it is unlikely that any price increases will be implemented before April 2019. Shortfall will be mitigated by over-achievement in other revenue streams	Y
ALT1	Parking: The further development of the emissions based charging policy by way of increased charges applicable to resident/business permits as a means of continuing to tackle the significant and ongoing issue of poor air quality in the borough.	440	440	0	G		440	0	G	Cathryn James		N

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG		2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	PUBLIC SPACE											
E&R1	Leisure Services: Arts Development - further reduce Polka Theatre core grant	4	4	0	G		4	0	G	Anita Cacchioli		N
E&R2	Leisure Services: Water sports Centre - Additional income from new business - Marine College & educational activities.	5	5	0	G		5	0	G	Anita Cacchioli		N
E&R4	Leisure Services: Morden Leisure Centre	100	100	0	G		100	0	G	Anita Cacchioli		N
E&R20	Waste: To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	-2	-2	0	G		-2	0	G	Anita Cacchioli	The level of income from the successful issuing and processing of FPN has remained constant. High payment rates are being achieved supported by the prosecution of non payment with full cost being award	N
ENV18	Greenspaces: Increased income from events in parks	100	50	50	R		100	0	A	Anita Cacchioli	Works on going to secure additional income from events.	Y
ENV31	Waste: Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	9	9	0	G		9	0	G	Anita Cacchioli	garanteed income being achieved. Risk is now manged by our collections contractor.	N
ENV32	Transport: Review of Business Support requirements	30	0	30	R		0	30	R	Anita Cacchioli	Alternative saving required	Y
ENV35	Waste: Efficiency measures to reduce domestic residual waste rounds by 1 crew following analysis of waste volumes and spread across week	150	150	0	G		150	0	A	Anita Cacchioli	Saving forms part of Phase C.	Y
ENV37	Transport workshop: develop business opportunities to market Tacho Centre to external third parties	35	35	0	G		35	0	A	Anita Cacchioli	Saving forms part of Phase C.	Y
ENR5	Transport Services: Delete 1 Senior Management post	76	76	0	G		76	0	G	Anita Cacchioli	Completed - establishment and budget has been amended to reflect the reduction of post.	Y
ENR6	Waste: Wider Department restructure in Waste Services	200	0	200	R		200	0	A	Anita Cacchioli	This will not be delivered in 2018. Review and restructure still outstanding	Y
ENR7	Transport Services: Shared Fleet services function with LB Sutton	10	0	10	R		0	10	R	Anita Cacchioli	Alternative saving required	Y
	Total Environment and Regeneration Savings 2018/19	**1,874**	**1,373**	**501**			**1,794**	**80**				

APPENDIX 6

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend?
	Customers, Policy & Improvement								
CSD19	Staff reductions - Delete 1 FTE	49	0	G	0	G	James Flynn		Y
CS2015-11	Reduction in corporate grants budget	19	0	G	0	G	John Dimmer		Y
CSREP 2018-19 (7)	Translation - increase in income	10	0	A	0	A	Sean Cunniffe	The decision of existing customers to refer work elsewhere, within other organisations i.e. LB Sutton using RBK translation Services.	N
CSREP 2018-19 (16)	Operating cost reduction	11	0	G	0	G	Sophie Ellis		Y
	Infrastructure & Technology								
CS71	Delete two in house trainers posts	43	0	G	0	G	Richard Warren		Y
CSD2	Energy Savings (Subject to agreed investment of £1.5m)	150	0	G	0	G	Richard Neal		Y
CS2015-09	Restructure of Safety Services & Emergency Planning team	30	0	G	0	G	Adam Vicarri		Y
CS2015-10	FM - Energy invest to save	465	465	R	365	A	Richard Neal	The capital spend to achieve this was slipped and hence the saving will be delayed with £100k expected in 19/20 and the balance in 20/21. Shortfall to be funded by Corporate Services reserve	Y
CSREP 2018-19 (1)	Renegotiation of income generated through the corporate catering contract	20	0	G	0	G	Edwin O Donnell		Y
CSREP 2018-19 (2)	Review the specification on the corporate cleaning contract and reduce frequency of visits	15	0	G	0	G	Edwin O Donnell		Y
CS2015-01	Reduction in IT support / maintenance contracts	3	0	G	0	G	Clive Cooke		Y
CS2015-02	Expiration of salary protection	16	0	G	0	G	Clive Cooke		Y
CSREP 2018-19 (13)	Business Improvement - Business Systems maintenance and supp	10	0	A	0	G	Clive Cooke	At risk due to APR increases by some suppliers.	Y
CSREP 2018-19 (14)	M3 support to Richmond/Wandsworth	20	0	A	0	G	Clive Cooke	This is dependent on agreement with RSSP, may be at risk if they don't migrate to M3 system	Y
CSREP 2018-19 (15)	Street Naming and Numbering Fees/Charges Review	15	0	G	0	G	Clive Cooke		Y
	Corporate Governance								
CSD43	Share FOI and information governance policy with another Council	10	10	R	10	R	Karin lane	This saving will be met in the year from other underspends in the team.	Y
CS2015-06	Delete auditor post and fees	50	0	G	0	G	Margaret Culleton		Y

APPENDIX 6

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend?
CS2015-12	Savings in running expenses due to further expansion of SLLP	41	0	G	0	G	Fiona Thomsen		Y
CSREP 2018-19 (9)	Corp Gov -Reduction in running costs budgets	11	0	G	0	G	Julia Regan		Y
CSREP 2018-19 (10)	SLLp - Increase in legal income	25	0	G	0	G	Fiona Thomsen		Y
CSREP 2018-19 (11)	Audit and investigations	50	0	G	0	G	Margaret Culleton		Y
	Resources								
CSD20	Increased income	16	0	G	0	G	Nemashe Sivayogan		Y
CSD27	Further restructuring (2 to 4 posts)	100	0	G	0	G	Roger Kershaw		Y
CS2015-05	Staffing costs and income budgets	75	0	G	0	G	Roger Kershaw		Y
CSREP 2018-19 (6)	Reduction in running costs budgets	9	0	G	0	G	David Keppler		Y
CSREP 2018-19 (3)	Miscellaneous budgets within Resources	13	0	G	0	G	Roger Kershaw		Y
CSREP 2018-19 (4)	Recharges to pension fund	128	0	G	0	G	Nemashe Sivayogan		Y
	Human Resources								
CSREP 2018-19 (12)	Reduction in posts across the department	185	0	G	0	G	Kim Brown		Y
	Corporate								
CSREP 2018-19 (5)	Council tax and business rates credits	220	0	G	0	G	Roger Kershaw		Y
CSREP 2018-19 (8)	Dividend from CHAS 2013 Limited	215	0	G	0	G	Ian McKinnon		Y
	Total Corporate Services Department Savings for 2018/19	2,024	475		375				

APPENDIX 7

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Shortfall £000	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Children Social Care										
CSF2012-07	Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE). 2016/17 savings will be achieved by the closure of Insight and deletion of YJ management post.	**100**	**7**	**R**	**0**	**G**	**0**	**G**	Paul Angeli	The ETE saving was delivered from July 2017 and the short for the first quarter covered through reduced grant-funding for targeted intervention services.	**N**
	Total Children, Schools and Families Department Savings for 2017/18		**7**		**0**		**0**				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Shortfall	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments
	Business improvement									
CSD42	Restructure functions, delete 1 AD and other elements of management	**170**	**70**	R					Sophie Ellis	Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16)
CS2015-	Staffing support savings	**13**	**13**	R					Sophie Ellis	Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16)
	Infrastructure & transactions									
CS70	Apply a £3 administration charge to customers requesting a hard copy paper invoice for services administered by Transactional Services team	**35**	**35**	R					Pam Lamb	Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16)
	Resources									
CSD26	Delete 1 Business Partner	**78**	**78**	R	**0**	G		G	Caroline Holland	Due to delays in projects this saving was not achieved until 18/19
	Total Corporate Services Department Savings for 2017/18		**196**		**0**		**0**			

Sep-18

APPENDIX 7

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18

Ref	Description of Saving	2017/18 Savings Required £000	Shortfall £000	17/18 RAG		2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
	Adult Social Care											
CH57	**Staff savings:** transfer of savings from housing	50	19	R		0	G	0	G	**Richard Ellis**	To be met from staffing underspends	Y
CH35, CH36, CH52	**Supporting People**: re-commissioning of former Supporting People contracts. Savings can be achieved by removing funding from community alarms and reducing the capacity for housing support (including single homeless, mental health and young people at risk)	100	100	R		0	G	0	G	**Richard Ellis**	Work on re-commissioning in progress.	Y
	Library & Heritage Service											
CH7	Introduce self-serve libraries at off peak times: Smaller libraries to be self-service and supported only by a security guard during off peak times (nb. Saving would be reduced to £45k if Donald Hope and West Barnes libraries are closed). 3.5FTE at risk	90	33	R		0	G	0	G	**Anthony Hopkins**	The new operating model went live in May 2018 and savings will continue to be achieved ongoing. The first year's underachievement was due to the savings only being realised over 11 months and increased one off spend for agency staff.	Y
	Housing Needs & Enabling											
CH43	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	100	49	G		0	G	0	G	**Steve Langley**	Staffing plan agreed for implementation	Y
	Total C & H Savings for 2017/18		**201**			**0**		**0**			**The department has looked at ways to mitigate unachieved savings in 18/19 by securing further under spends across C&H**	

APPENDIX 7

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Achieved £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	SUSTAINABLE COMMUNITIES													
ER23a	Staff savings from 6th month review following the merger of the traffic and highways and the FutureMerton team in to one team and further budget savings/adjustments within the controllable expenditure budgets	214										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
ER23b	Restructure of team to provide more focus on property management and resilience within the team.	18	0	18	R	0	18	R	18	0	A	James McGinlay	Business Case for restructure in progress, but due to the delay it's unlikely to be fully achieved this financial year. Saving being achieved through rents (reported through monthly budget return).	Y
E&R5	Team transformation and asset review	82	82	0	G	82	0	G	82	0	G	James McGinlay		N
E&R32	Income from wifi concessionary contract to be let from 2015/16	5										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
E&R34	Alternative delivery model of highway safety inspection service	30										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
E&R35	Reduce street lighting contract costs	25	25	0	G	25	0	G	25	0	G	James McGinlay	Contract renegotiated	N
E&R37	Introduction of Lane rental approach to Highways works to assist in reducing congestion.	50										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
E&R41	Staff restructure	80										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
D&BC1	Fast track of householder planning applications	55	0	55	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC2	Growth in PPA and Pre-app income	50	0	50	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC3	Commercialisation of building control	50	0	50	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC4	Deletion of 1 FTE (manager or deputy) within D&BC	45	0	45	R	0	45	R	0	45	R	James McGinlay	Alternative saving required	Y
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	0	35	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC6	Stop sending consultation letters on applications and erect site notices only	10	0	10	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV15	Reduction in street lighting energy and maintenance costs. Would require Capital investment of c£400k, which forms part of the current capital programme - Investment in LED lights in lamp Colum stock most capable of delivering savings	148	100	48	R	148	0	G	148	0	G	James McGinlay		N
ENV16	Further reductions in the highways maintenance contract costs following reprocurement. Part year effect in 17/18 due to contract start date mid year.	65										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
ENV17	Reduction in reactive works budget	30										James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
ENV20	Increased income from building control services.	35	0	35	R							James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV24	Cease subscription to Urban London and Future London Leaders	10	10	0	G	10	0	G	10	0	G	James McGinlay		N
ENV34	Increased income from the non-operational portfolio.	8	8	0	G	8	0	G	8	0	G	James McGinlay		N
	SENIOR MANAGEMENT													
ENV01	Reduce the level of PA support to Heads of Service by 0.6fte.	19	19	0	G	19	0	G	19	0	G	Chris Lee		N
	PUBLIC PROTECTION													
EV11	Increase all pay and display charges for on and off street parking by 10%. it should be noted that no allowance has been made for elasticity of demand this figure could reduce by 25%	125	125	0	G	125	0	G	125	0	G	Cathryn James		N
E&R7	Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	163	163	0	G	163	0	G	163	0	G	Cathryn James		N
E&R8	In response to residents concerns about traffic congestion, enforcement of moving traffic contraventions, following the Implementation of ANPR.	-1,540	-1,540	0	G	-1540	0	G	-1540	0	G	Cathryn James		N
E&R14	Further expansion of the Regulatory shared service.	100	0	100	R	15	85	R	100	0	A	Cathryn James	Wandsworth staff joined the RSP on 1st November 2017. This saving is linked to efficiencies associated with the current management restructure of the RSP.	Y
E&R43	Reprofiling how Safer Merton will achieve savings of £70,000 in 2017-18. The reprofiling will see staff levels maintained and budget reductions met through cutting back on non statutory budgetary spend.	70	70	0	G	70	0	G	70	0	G	Cathryn James		N

APPENDIX 7

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Achieved £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
ENV02	Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off.	190	0	190	R	0	190	R	190	0	A	Cathryn James	This saving is not currently being achieved as the there has been slippage in the timetable for the restructure. Mitigation could come from increased revenue.	Y
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	0	45	R	0	45	R	0	45	R	Cathryn James	Alternative saving required	Y
ENV04	Improved management of traffic flows/congestion and availability of parking space through Increase compliance	250	250	0	G	250	0	G	250	0	G	Cathryn James		N
ENV05	Review the back office structure based upon the anticipated tailing off of ANPR activity and the movement of CCTV into parking services.	70	0	70	G	70	0	G	70	0	G	Cathryn James	Review of back office staffing complement has achieved saving required	Y
ENV06	Reduction in transport related budgets	46	0	46	R							Cathryn James	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV09	Investigate potential commercial opportunities to generate income	50	7	43	R	0	50	R	50	0	A	Cathryn James		Y
ENV10	Reduction in Transport/Supplies and Services budget through greater efficiency	10	10	0	G	10	0	G	10	0	G	Cathryn James		N
ENV33	Development of emissions based charging policy for resident/business permits recognising the damage particulary from diesel engined motor vehicles	250	250	0	G	250	0	G	250	0	G	Cathryn James		N
ENR3	Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	16	16	0	G	16	0	G	16	0	G	Cathryn James		N
	PUBLIC SPACE													
E&R1	Arts Development - further reduce Polka Theatre core grant	5	5	0	G	5	0	G	5	0	G	Anita Cacchioli		N
E&R2	Water sports Centre - Additional income from new business - Marine College & educational activities.	10	10	0	G	10	0	G	10	0	G	Anita Cacchioli		N
E&R3	Various Budgets - Reduction in supplies & services &/or increased income over expenditure	16	16	0	G	16	0	G	16	0	G	Anita Cacchioli		N
E&R16	Joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	795	705	R	1,382	118	R	1500	0	A	Anita Cacchioli	Actual savings delivered are being monitored closely	N
E&R20	To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	-3	-3	0	G	-3	0	G	-3	0	G	Anita Cacchioli	The level of FPN issued and paid continue sto increase . Revenue income exceeds budget	N
E&R25	Joint procurement of greenspace services as part 2 of the Phase C SLWP procurement contract with LB Sutton	160	44	116	R	160	0	G	160	0	G	Anita Cacchioli		N
ENV11	Outsource leisure and sports activities	59	59	0	G	59	0	G	59	0	G	Anita Cacchioli		Y
ENV12	Loss of head of section/amalgamated with head of Greenspaces	70	0	70	R	0	70	R	70	0	A	Anita Cacchioli	Saving has been delayed but expected to be implemented in 2019/20	N
ENV13	Staff savings through the reorganisation of the back office through channel shift from phone and face to face contact.	70	0	70	R	70	0	G	70	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	N
ENV18	Increased income from events in parks	100	0	100	R							Anita Cacchioli	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV19	Planned re-distribution of North East Surrey Crematorium funds	90	90	0	G	90	0	G	90	0	G	Anita Cacchioli		N
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	0	6	R	6	0	G	6	0	G	Anita Cacchioli		N
ENV22	Reduction in grant to Mitcham Common Conservators.	24	24	0	G	24	0	G	24	0	G	Anita Cacchioli		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	0	160	R	0	160	R	160	0	A	Anita Cacchioli	Saving forms part of Phase C, but will not be achieved this financial year.	N
ENV25	Department restructure of the waste section	191	0	191	R	191	0	G	191	0	A	Anita Cacchioli		Y
ENV26	Re-balancing of rounds	20	20	0	G	20	0	G	20	0	G	Anita Cacchioli	Saving achieved as part of Phase C procurement and outsourcing of service. Budget reduced in line with savings target	N
ENV27	Remove free provision of food waste liners	66	66	0	G	66	0	G	66	0	G	Anita Cacchioli	Saving achieved as part of Phase C procurement and outsourcing of service. Budget reduced in line with savings target	N
ENV28	Divert gully waste and mechanical Street sweepings from landfill through pre-treatment and recycling	37	37	0	G	37	0	G	37	0	G	Anita Cacchioli	On going street sweeping are being diverted from landfill and disposal savings achieved. More work to be done in relation to gully waste to generate additional disposal savings .	N
ENV29	Realign budget to reflect actual income achieved through sale of textiles	20	20	0	G	10	10	R	20	0	A	Anita Cacchioli	This budget income is under pressure due to the fall in textile prices. This is currently mitigated by increased savings on disposal costs.	N
ENV30	Increase annual Garden Waste subscription fees by £5 p.a.	30	30	0	G	30	0	G	30	0	G	Anita Cacchioli	Completed - Income guaranteed by waste contractor	N
ENV31	Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	102	102	0	G	102	0	G	102	0	G	Anita Cacchioli	Completed - Income guaranteed by waste contractor	N
ENV36	Review and removal of NRCs	50	50	0	G	50	0	G	50	0	G	Anita Cacchioli	Savings being delivered through the disposal cost to landfill.	N
	Total Environment and Regeneration Savings 2016/17	**3,218**	**960**	**2,258**		**2,046**	**791**		**2,747**	**90**				

Appendix 8

Subject: Miscellaneous Debt Update September 2018

1. LATEST ARREARS POSITION – MERTON'S AGED DEBTORS REPORT

1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 September 2018, is shown in column F of the table below.

1.2 Please note that on the 6 February 2017 the new financial computer system E5 went live and this included the raising and collection of invoices and the debt recovery system.

Sundry Debtors aged balance – 30 September 2018 – not including debt that is less than 30 days old (Please note the new system reports debt up to 30 days whereas previously we reported up to 39 days)

Department a	30 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	Sept 18 arrears f	June 18 Arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	**666,086**	**895,846**	**306,455**	**228,720**	**2,097,108**	**2,501,863**	↓
Corporate Services	**485,642**	**141,011**	**107,479**	**70,741**	**804,874**	**653,437**	↑
Housing Benefits	**547,074**	**809,015**	**952,096**	**2,400,197**	**4,708,381**	**4,754,665**	↓
Children, Schools & Families	**411,486**	**144,185**	**331,816**	**269,293**	**1,156,780**	**1,169,909**	↓
Community & Housing	**1,113,154**	**1,116,146**	**1,006,016**	**1,793,830**	**5,029,146**	**5,672,488**	↓
Chief Executive's	**0**	**0**	**0**	**0**	**-**	**0**	↓
CHAS 2013	**15,179**	**1,845**	**16,158**	**36,293**	**69,475**	**101,572**	↓
Total	**3,238,620**	**3,108,048**	**2,720,021**	**4,799,073**	**13,865,763**	**14,853,934**	↓
Sep-17	**5,450,519**	**2,100,528**	**2,533,659**	**3,612,689**	**13,697,395**		
Variance Sept 17 to Sept 18	***-2,211,899***	***1,007,520***	***186,362***	***1,186,384***	***168,368***		↑

1.3 Since the position was last reported on 30 September 2018, the net level of arrears, i.e. invoices over 30 days old, has decreased by £988,171.

1.4 The new financial system (E5) was implemented on 6 February 2017 and there was an initial delay in raising new invoices. There was also a backlog of issuing invoices for Adult Social Care debt which was linked with the implementation of the new Social Care computer system (Mosaic). However, this backlog has now been addressed and invoicing was back on track in February 2018 as initially planned.

1.5 All departments debts have reduced since last reported in June except Corporate Services where the Legal Partnership debt had increased by £180,000 to £265,000. However, since the report was run and data extracted over £150,000 of this debt has been collected.

1.6 Actions being taken to collect housing benefit overpayments and Adult Social Care debt are detailed below in the report.

2 THE PROCESS FOR COLLECTION OF MISCELLANEOUS DEBT

2.1 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.

<u>The process for collecting debt</u>

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 notice is issued and the case passed to the Debt Recovery team.	The debt and debtor is evaluated to ensure the most effective recovery action is taken. This will include 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.	If the debt remains unpaid then County Court action is taken by the Debt Recovery team's solicitor who administers this process.	The final stage is consideration of the debt for write-off if all other attempts to collect the debt have failed.

3. ACTION BEING TAKEN TO COLLECT OUTSTANDING DEBT

3.1 <u>Adult Social Care Debt</u>

3.2 One of the two largest debts owed to the council is for Adult Social Care debt and the current level of this debt is £4.912 million, a reduction of £60,000 since last reported in June 2018.

3.3 Over the past few year's council staff have been working closely and following new processes to manage this debt. This work involves regular joint meetings between the financial assessments, social services, client financial affairs and debt recovery teams to review the debts of individual clients and establish action plans for each one.

3.4 These actions include, but are not limited to: early intervention from social workers to prevent debts from getting out of control and to ensure that clients are supported earlier to get their finances in order; as part of their induction all new Social Workers spend time with the Financial Assessment Team, to understand how financial assessments are carried out; social workers also check to see if there any safeguarding issues around non-payment of bills and work very closely with the Welfare Benefits Officer; there is more use of credit checks and land registry checks when assessing/investigating debt issues; increased involvement from the client financial affairs team to take appointeeship for those without capacity or appropriate deputyship; Increased identification of cases where we will consider legal action to secure the debt and generally to share information and support each other in the collection and prevention of this debt. New deferred payment arrangements are excluded from the debt position as the cases are managed separately within Community and Housing. Although the debt has grown the actions being taken are mitigating the impact.

3.5 A new working group chaired by the Director of Community and Housing has been set up to monitor Community Care debt and to work across departments to improve processes and ensure best practice is in place to maximise collection of debts at all stages.

3.6 The table below shows the breakdown of Community Care debt by recovery action

Total Community Care Debt by recovery action as at September 2018 compared to December 2016, June 2017, March 2018 and June 2018

Please note that debt at invoice stage is where the invoice is less than 30 days old so not included in table 1 above under Community and Housing.

Adult Social Care Debt	Dec 2016	% at stage	Jun 2017	% at stage	Mar-18	% at stage	Jun-18	% at stage	Sep-18	% at stage
Invoice stage	646,210	13%	1,129,190	11%	959,618	17%	360,575	7%	385,921	8%
Charge & Deferred Payment	635,671	13%	311,604	7%	258,470	5%	255,870	5%	47,673	1%

Payment arrangement	**235,667**	**5%**	**273,316**	**6%**	**232,088**	**4%**	**178,224**	**4%**	**180,288**	**4%**
Probate, DWP & Deputyship	**771,456**	**15%**	**553,437**	**13%**	**491,306**	**9%**	**476,696**	**10%**	**468,353**	**9%**
Court action	**188,264**	**4%**	**184,781**	**3%**	**84,958**	**1%**	**84,598**	**2%**	**84,598**	**2%**
Dept or service query	**286,782**	**6%**	**90,530**	**2%**	**71,185**	**1%**	**25,097**	**1%**	**22,615**	**1%**
No action secured	**2,186,747**	**44%**	**1,380,647**	**58%**	**2,420,165**	**46%**	**2,271,872**	**45%**	**2,296,871**	**46%**
J&P					**920,885**	**17%**	**1,323,327**	**26%**	**1,426,309**	**29%**
Total Debt	**4,950,797**		**3,923,505**		**5,438,675**		**4,976,259**		**4,912,628**	

3.7 There has been a reduction in the debt at Charge and deferred Payment Arrangement. This is mainly due to receiving payments of £93,000, £55,000 and £37,000 on cases where in the last quarter we have secured full payments. One of these was recovered by the specialist Adult Social Care debt collection company detailed below in 3.10.

3.8 Every four weeks the council raises approximately £490,000 in Adult Social Care invoices and of this collect £120,000 by direct debit.

3.9 This results in approximately £370,000 of debt needing to be collected each month (£1.1 million a quarter) for the level of outstanding debt to remain static.

3.10 In February 2018 agreement was reached with a specialist Adult Social Care debt collection company to collect some of our larger debts and debts for deceased debtors for a one year trial. In the first seven months they have received full payments on four cases totalling £128,000.

3.11 Housing Benefit Overpayments

3.12 The largest area of debt owed to the council is for housing benefit overpayments with the total level of debt being £8.19 million, which is a reduction of £200,000 since last reported at the end of June 2018.

3.13 The Department of Work and Pensions commenced a “Real Time” Information initiative at the end of September 2014 which was aimed at ensuring that earnings and pensions data within the housing benefit system matched that held by HMRC. At the same time they also commenced another initiative to identify fraud and error.

3.14 The DWP have provided additional funding to the council to undertake this work and up until March 2017 granted additional income based on targets met.

3.15 The Real Time information initiative continued throughout 2017/18 and will again run in 2018/19 under Verification of Earnings and Pension (VEP) initiative. The council receives notifications every week for cases where the DWP suggests we check earnings details using the real time information.

3.16 Since the start or the Real Time information initiative over £5.4 million of overpayments have been identified. Where possible these overpayments are being recovered from on-going benefit payments. We are entitled to deduct between £10.95 and £23.35 per week from on-going housing benefit dependant on circumstances. Where the change has resulted in housing benefit being cancelled or nil entitlement we can contact the claimants employer and are paid a percentage deduction of their salary each month.

3.17 Although the overall housing benefit debt has increased over the years there has also been an increase in the amount of debt either being recovered from on-going benefit or on arrangements, with £2.6 million being recovered from on going benefit by reducing current housing benefit payments. Just over £5.6 million is on a payment arrangement or recovery from on going benefit

3.18 The table below shows breakdown of all housing benefit overpayments by recovery action.

Total Housing Benefit Debt by recovery action from September 2016 to September 2018 by quarter

Recovery Stage	**Sep-16**	**Dec-16**	**Mar-17**	**Jun-17**	**Sep-17**	**Mar-18**	**Jun-18**	**Sep-18**
Invoice and Reminder stage	624,877	874,548	723,613	284,713	379,477	340,008	312,186	347,861
On-going recovery	3,048,093	3,032,558	2,928,992	3,363,611	3,354,237	3,032,656	2,775,552	2,618,115
Payment Arrangements	2,134,893	2,220,007	2,314,257	2,353,352	2,511,028	2,647,525	2,826,435	3,012,437
No Arrangements secured	2,544,392	2,162,070	2,113,587	2,665,410	2,387,794	2,427,693	2,384,329	2,216,787
Total HB Debt	**8,352,255**	**8,289,183**	**8,080,449**	**8,667,086**	**8,632,536**	**8,447,882**	**8,298,502**	**8,195,200**

3.19 We have continued to review and target all housing benefit debt. We have tried to improve the procedures at the beginning of the process when a debt is first identified by ensuring that invoices are raised as soon as possible to give the best chance of recovery, we are targeting debtors who are now in work and we will be applying to recover the overpayments from their employers and we are looking at the oldest debts to consider if they are still collectable. However, it should be noted that a lot of the housing benefit debt is very difficult to recover as the Council's powers of recovery are very limited unless the debtor works or owns their own property.

3.20 We commenced another new DWP initiative to assist with the collection of unpaid overpayments. On a monthly basis we provide a list of debts to the DWP who will compare it to HMRC data and highlight where customers are now working so that we can apply for an attachment to their earnings. This commenced in May 2018 and since then we have applied for an additional 290 attachment to earnings. We have also been provided with up to date contact details of debtors which has enabled us to make contact and secure further payment arrangements and payments.

3.21 Debt Written Off

3.22 The table below shows the amount of debt written off in accordance with financial regulations and scheme of management in 2014/15, 2015/16, 2016/17 and 2017/18.

Debt written off since 2014/15 to date by debt type

	2014/15	2015/16	2016/17	2017/18	2018/19				2018/19
	Total	Total	Total	Total	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Debt type									
Sundry Debt	£347,726	£581,419	£129,338	£443,317	£0	£124,754			£124,754
Housing benefit overpayments	£1,050,105	£510,352	£517,467	£512,379	£110,922	£173,825			£284,747
Council Tax	£526,881	£951,280	£623,486	£804,987	£0	£226,884			£226,884
Business Rates	£790,373	£659,514	£567,908	£378,155	£0	£0			£0
Total	**£2,715,085**	**£2,702,565**	**£1,838,199**	**£2,138,838**	**£110,922**	**£525,463**	**£0**	**£0**	**£636,385**

3.23 Of the business rates debt written off a large proportion relates to debts owed by businesses that went into liquidation. From 2014/15 to 2016/17 £2.017 million of business rates debt was written off and £1.071 million related to businesses that went into liquidation. In 2017/18 £378,155 was written off of which £205,000 related to businesses that went into liquidation.

3.24 Although the debt written off within any of the years does not relate to one specific year it should be noted that in 2017/18 the council was collecting a net debt of £107.1 million in council tax (this includes the

GLA potion), a net debt of £93.1 million in business rates (this includes Business Rates Supplement) and approximately £44 million raised through sundry debts.

3.25 Every effort is made to collect all outstanding debts and debts are only written off as a last resort. The council is still collecting some council tax debts that are greater than 6 years old or will have secured the debts against properties where possible.

4. SUNDRY DEBT COLLECTED

4.1 Based on previous years performance (2013/14 to 2015/16) an average of £56 million invoices were raised each year and 97.9% collected. This data is based at 31 December 2016 prior to the implementation of E5.

4.2 Active recovery action continues to be undertaken on all outstanding debts. Some of the debt owed for previous years would be secured against a charge on the property or deferred payment arrangement.

5. PROVISION FOR BAD AND DOUBTFUL DEBTS

5.1 Provision has been made in the draft 2017/18 account for writing off bad and doubtful debts held within the ASH, E5 and Housing benefits systems. These provisions are £3.441m for Accounts Receivable (including former ASH) miscellaneous debt and £6.504m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £9.945m. Clearly, every attempt is made to collect debts before write-off is considered. The current level of General Fund provision is analysed in the table below.

5.2 The Council adheres to the principles of the SORP when calculating its provisions. Merton's methodology is to provide on the basis of expected non collection using estimated collection rates for individual departmental debt which take account of the age of the debt.

Provision for Bad and Doubtful Debts

Department	Total Provision	
	At 31/03/2017	At 31/03/2018
	£000's	£000's
Env & Regeneration	294	607
Corporate Services	221	171
Housing Benefits	6,947	6,504
Children, Schools & Families	296	413
Community & Housing	2,148	2,250
Total	**9,906**	**9,945**

6. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 September 2018 is detailed in the table below.

Total debt outstanding as at 30 September 2018 and compared with previous periods over the past 18 months

	Mar-17	Jun-17	Sep-17	Mar 18	Jun-18	Sep-18
	£	£	£	£	£	£
Miscellanous sundry debt Note 1	7,067,219	12,454,666	17,256,834	15,778,776	14,758,378	13,492,395
Housing Benefit debt	8,080,449	8,667,087	8,632,539	8,447,884	8,298,503	8,195,200
Parking Services	3,526,192	4,451,650	4,692,186	4,876,618	4,398,706	4,352,661
Council Tax Note 2	3,866,556	6,940,774	6,262,466	7,601,390	7,340,722	6,587,840
Business Rates Note 3	654,794	2,558,946	2,160,057	2,857,363	2,806,594	2,099,948
Total	**23,195,210**	**35,073,123**	**39,004,082**	**39,562,031**	**37,602,903**	**34,728,044**

Note 1 The amount shown against miscellaneous sundry debt above differs from the amount shown in table 1 as it shows all debt, including debt which is less than 30 days old and table 1only includes debt over 30 days old and also includes housing benefit overpayments which is shown separate in the table above.
Note 2 Council tax debt now includes unpaid council tax for 2017/18 in March 18 figures hence the increase.

Note 3 Business rates debt now includes unpaid business rates for 2017/18 in March 18 figure hence the increase.
Note 4 From April 2017 council tax and business rates debt is being reported and monitored different. From April 2017 we report the gross debt position whereas previously we have reported the net debt position (netting off credits on accounts).

6.1 The overall debt outstanding has reduced by £2,874,859 since last reported at the end of June 2018.

6.2 The overall level of debt has reduced by £4.27 million since September 2017. Just over £3.7 million of this reduction is related to sundry debt.

6.3 Included in the £13.4 million sundry debt outstanding is £4.3 million of invoices that are less than 30 days old.

6.4 Detailed breakdowns of the Council Car Parking figures are shown in the table below:

Car Parking Aged Debtors – 30 September 2018

Age of Debt	Outstanding £	Number of PCNs	Average Value £
0-3 months	**1,556,748**	**13,141**	**118**
3-6 months	**755,231**	**4,632**	**163**
6-9 months	**550,444**	**3,198**	**172**
9-12 months	**482,768**	**2,699**	**178**
12-15 months	**476,768**	**2,667**	**178**
Older than 15 months	**530,702**	**3,223**	**164**
Total September 2018	**4,352,661**	**29,560**	**147**
Total June 2018	**£4,398,706**	**29,325**	
Increase/-decrease	**-£46,045**	**-235**	

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