

Merton Council

Cabinet

18 February 2019

Supplementary agenda

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| 5 | Draft Business Plan 2019-23 | 1 - 378 |
| 5a | Business Plan 2019-23 Savings Information Pack

This report is provided separately and will be discussed as part of the preceding item on the Business Plan Update. | |
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Committee: Cabinet

Date: 18 February 2019

Agenda item:

Wards: All

Subject: Business Plan 2019-23

Lead officer: Caroline Holland, Director of Corporate Services

Lead member: Councillor Mark Allison, Deputy Leader and Cabinet Member for Finance

Urgent report:

Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Business Plan and Budget 2019/20 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2019-2023. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 6 March 2019 and set a Council Tax as appropriate for 2019/20.

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

Recommendations:

1. That Cabinet considers and agrees the response to the Overview and Scrutiny Commission;
2. That the Cabinet resolves that, having considered all of the information in this report and noted the positive assurance statement given by the Director of Corporate Services based on the proposed Council Tax strategy, the maximum Council Tax in 2019/20, equating to a Band D Council Tax of £1,227.82, which is an increase of below 5% be approved and recommended to Council for approval.
3. That the Cabinet considers all of the latest information and the comments from the scrutiny process, and makes recommendations to Council as appropriate
4. That Cabinet resolves that the Business Plan 2019-23 including the General Fund Budget and Council Tax Strategy for 2019/20, and the Medium Term Financial Strategy (MTFS) for 2019-2023 as submitted, along with the draft Equality Assessments (EAs), be approved and recommended to Council for approval subject to any proposed amendments agreed at this meeting;

5. That the Cabinet resolves that, having considered all of the latest information and the comments from the scrutiny process, the Capital Investment Programme (as detailed in Annex 1 to the Capital Strategy); the Treasury Management Strategy (Section 5), including the detailed recommendations in that Section, incorporating the Prudential Indicators and the Capital Strategy (Section 4) as submitted and reported upon be approved and recommended to Council for approval, subject to any proposed amendments agreed at this meeting;
 6. That Cabinet notes that the GLA precept will not be agreed by the London Assembly until the 25 February 2019, but the provisional figure has been incorporated into the draft MTFS
 7. That Cabinet request officers to review the savings proposals agreed and where possible bring them forward to the earliest possible implementation date
 8. That Cabinet note that there may be minor amendments to figures in this report as a result of new information being received after the deadline for dispatch and that this will be amended for the report to Council in March.
 9. That Cabinet consider and approve the Risk Management Strategy
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1. Purpose of report and Executive Summary

- 1.1 This report summarises the work that has been undertaken since April 2018 towards formulating the Business Plan 2019-23 including the Budget for 2019/20, Medium Term Financial Strategy 2019-23 and Capital Strategy 2019-23. It describes the steps taken to ensure that business planning is integrated with financial planning. It sets out details of how the budget has been structured to ensure that a balanced budget is set for 2019/20 and progress towards a balanced budget over the medium term. A separate section is provided for Schools budgets.
- 1.2 The report sets out the draft Capital Programme 2019-23. It details the work that has been undertaken to produce a programme that is aligned with business planning requirements and also integrated with the revenue budget.
- 1.3 The Medium Term Financial Strategy (MTFS) is updated to reflect the Council's anticipated financial outlook over the period 2019-2023.
- 1.4 The Cabinet is being invited to consider the various responses from scrutiny bodies to the draft budget proposals as set out in a separate report on the agenda for this meeting. The Overview and Scrutiny Commission and panels considered the budget savings agreed by Cabinet on 15 October 2018 and 10 December 2018 and the Overview and Scrutiny Commission also considered the additional information provided in the report to Cabinet on 14 January 2019.

2. Introduction

- 2.1 At this Cabinet meeting, Members are presented with reports that provide a comprehensive presentation of all issues relevant to the formulation of the Council's Business Plan for the period 2019-2023.
- 2.2 The report includes details about the General Fund revenue budget and explains how this information has been used to produce a draft budget and Council Tax levy.
- 2.3 The Council's Business Plan 2019-23 consists of a number of key elements and the report is structured into three main sections for ease of reference :-

- Section 1: Business Plan 2019-23 including sections on Financial Resources containing the Capital Strategy and Treasury Management Policy Statement; Other Key Resources containing Workforce Strategy and Planning, the Procurement Plan and the Information Technology Strategy; Risk Management; Performance Management Framework; and Service Planning
- Section 2: The Medium Term Financial Strategy including the General Fund Revenue Budget and Council Tax strategy;
- Section 3: Schools budgets – funded by Dedicated Schools Grant (DSG)

2.4 The Scrutiny Function

- 2.4.1 The Overview and Scrutiny Commission and Panels considered some new savings proposals and proposed amendments to previously agreed savings and the draft capital programme 2019-23 during the November 2018 cycle of meetings and feedback from this scrutiny process was considered by Cabinet on 10 December 2018. Cabinet, on 10 December 2018, considered additional new savings proposals and proposed amendments to previously agreed savings and referred them, along with draft EAs, the capital programme, treasury strategy and service plans as part of a pack of measures, to the Overview and Scrutiny Panels and Commission for consideration during the January 2019 cycle of meetings.

During the January 2019 cycle of meetings the available details relating to the MTFS, revenue and capital budgets and the Business Plan have been considered by the Scrutiny Panels on the following dates:-

Sustainable Communities Overview & Scrutiny Panel	9 January 2019
Healthier Communities & Older People Overview & Scrutiny Panel	10 January 2019
Children and Young People Overview & Scrutiny Panel	16 January 2019
Overview and Scrutiny Commission	23 January 2019

2.5 Feedback from Scrutiny Process

A summary of findings and recommendations from the Overview and Scrutiny Commission is provided in a comprehensive report on the scrutiny of the Business Plan 2019-23 as a separate report on the agenda for this meeting.

2.6 This report incorporates the outcome of the final Local Government Finance Settlement. Appendix 1 provides the Council Tax resolutions.

2.7 The meeting of the Council, to set the Council Tax and General Fund budget (revenue and capital) for 2019/20 and agree the Business Plan 2019-23 including the MTFs, will be on 6 March 2019.

2.8 Delivery of the Business Plan, including the budget and service plans, will be monitored throughout the year in line with the corporate Performance Management Framework.

3. **Business Planning**

3.1 Further information about the Business Plan 2019-23 is included in Section 1 of this report.

3.2 The financial impact of the Business Plan is reflected in the budget proposals in this report.

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

4.1 All relevant implications are included in the report with further details in the appendices.

5. **Legal and statutory implications**

5.1 The Local Government Act 2003 requires the Chief Finance Officer to report to Council as part of the budget process on the robustness of the estimates and the adequacy of the proposed financial reserves. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the setting of the overall budget and council tax. The amount of council tax must be sufficient to meet the council's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.

5.2 The Localism Act 2011 amended the legislation regarding the calculation of council tax. It also provides for a council tax referendum to be held if an authority increases its relevant basis amount of council tax in excess of principles determined by the Secretary of State.

5.2.1 The Secretary of State has ruled that for most principal authorities, which includes Merton council, for 2019-20, the following referendum principles will apply :-

- a core principle of up to 3%. This would apply to shire county councils but not Northamptonshire County Council, unitary authorities, London borough councils, the Common Council of the City of London, the Council of the Isles of Scilly, the general precept of the Greater London Authority, and fire and rescue authorities;
- a continuation of the Adult Social Care precept, with an additional 2% flexibility available for shire county councils, unitary authorities, London borough councils, the Common Council of the City of London and the Council of the Isles of Scilly. This is subject to total increases for the Adult Social Care precept not exceeding 6% between 2017-18 and 2019-20, and increases being no more than 2% in 2019-20;

In addition, police and crime commissioners (PCCs) will be allowed increases of up to £24 in 2019-20 (including the Greater London Authority charge for the Metropolitan Police, and the PCC component of the Greater Manchester Combined Authority precept).

5.3 In considering the budget for 2019/20, and the possible reduction or alteration of service provision members must consider the Public Sector Equality Duty under s149 Equality Act 2010. The council must, when exercising its functions, have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited by the Equality Act and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' under the Act and those who do not share a protected characteristic. A 'protected characteristic' is defined in the Act as age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination. Members must consider how the decision will contribute to meeting these duties in light of other relevant circumstances such as economic and practical considerations.

5.4 The specific proposed savings contained in the material before Council will be subject to separate decision making processes (either by Cabinet, Cabinet member or Officer). Some of the proposed savings will require a consultation process to be undertaken and the product of consultation (together with the equality analysis) must be conscientiously taken into

account in finalising any decisions. If, as a result of the consultation process there are changes to proposed savings alternative arrangements will need to be made to deliver reductions in spend. The proposals contained in the budget report are not fixed or rigid decisions to impose specific reductions in spending.

- 5.5 The budget decision is not the final decision affecting the provision of an element of a service and individual saving proposals are not set in stone, a detailed assessment of the impact of savings proposals will be undertaken if required when specific policies have been formulated.
- 5.6 The Council's processes for the development and adoption of the budget are set out in the Budget and Policy Framework Procedure Rules contained in Part 4C of the Constitution.

6. Human Rights, Equalities and Community Cohesion Implications

- 6.1 In identifying spending reductions, services where at all feasible, have sought to minimise the impact of the reductions on traditionally disadvantaged groups. The proposed budget reflects the Council's spending priorities for the year and the Council's core commitment to equal opportunities in employment and service delivery. The Council has a corporate policy of endeavouring to redeploy staff affected by reorganisation and other staffing changes. Every effort is therefore made to redeploy any staff affected by spending reductions.
- 6.2 A number of meetings with Staff Side have taken place and they have been advised of the Council's savings proposals and consultation is ongoing and they will be further involved in any proposals affecting staff when they are to be implemented.
- 6.3 It is anticipated that the Budget will be set at a level which enables the Council to continue to be Human Rights compliant.
- 6.4 Equality and community issues are also addressed in savings proposals. Draft equalities assessments of savings proposals have been provided and these were discussed at Scrutiny meetings.

7. Risk Management and Health and Safety Implications

- 7.1 Each saving proposal has been assessed in terms of service impact and reputational impact and these have been included in reports to the Scrutiny Panels.
- 7.2 In setting the budget the level of risk has been an important factor in setting the assumptions on which the overall budget is based. The level of reserves and balances, as well as the level of contingencies available have been taken into account as well as an assessment of pressures identified as part of current year monitoring. Account has also been

taken, as far as possible, of the likely impact of expected legislative and technical changes.

- 7.3 Risk management and health and safety implications were considered as part of the Capital Strategy.

8. Consultation undertaken or proposed

- 8.1 Regular reports have been made on progress on the Business Plan to Cabinet on 17 September 2018, 15 October 2018, 10 December 2018, and 14 January 2019.
- 8.2 In addition, Scrutiny Panels and the Overview and Scrutiny Commission have had two rounds of scrutiny on the proposed budget and Business Plan;
- 8.3 There have been and will be further detailed consultations held by all service departments in relation to some of their proposals.
- 8.4 In accordance with statute, consultation has taken place with business ratepayers and a meeting was held on 13 February 2019. A verbal update will be provided at the Cabinet meeting.
- 8.5 Further, regarding the capital programme, meetings of the Capital Programme Board were held, consisting of key officers from each department.

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

SECTION 1: BUSINESS PLAN 2019-23

SECTION 2: GENERAL FUND BUDGET AND COUNCIL TAX STRATEGY

Appendix 1:	Draft Resolutions to Council
Appendix 2:	Local Government Finance Settlement 2019-2020
Appendix 3:	Collection Fund, Council Tax Base, NNDR1 and Funding Methodology
Appendix 4:	Other Corporate items in the MTFS
Appendix 5:	Analysis of the transition from Council in March 2018 to a balanced budget
Appendix 6:	Statement of Council Tax requirements and balances
Appendix 7:	Revised MTFS incorporating changes
Appendix 8:	Reserves
Appendix 9:	Budget summaries – These replace the version included in the pack issued to Members in December 2018
Appendix 9a:	Standard Subjective Analysis
Appendix 10:	Risk Analysis for the General Fund

SECTION 3: Schools budget

No appendices

Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report

Reports to Cabinet

Budget files in Corporate Services department

Business Plan

2019 / 2023



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INTRODUCTION

Welcome to Merton Council's Business Plan for 2019/23, which brings together financial information in the form of the council's budget and the Medium Term Financial Strategy, along with the service planning of all of the council's operational services over the next four years. Although it is a four year plan, it will be refreshed every year to ensure we are on target and to take account of changing needs and priorities.

As the work of the council encompasses such a wide and diverse range of services, we have tried to include all the necessary information needed to understand what we are doing and why we are doing it. This information should give you a detailed picture of how the council will operate over the next four years. To help understand some of the more complex areas of the council's business a Glossary of Terms has been included.

The Background and Context section sets the scene for the Business Plan, with some of the key facts relating to Merton.

The Medium Term Financial Strategy incorporates details of the money the council has coming in (revenue) and the money and assets it has in place (capital) and how it will spend and invest this money over the four year planning period, through the Capital and Treasury Management Strategies.

Other key resources in place to enable the council to manage the Business Plan include how we:

- manage and develop staff, through the Workforce Strategy;
- obtain goods and services, through the Procurement Plan;
- design and develop information technology, through the IT Strategy;
- identify and manage the risks the council may face in delivering services, through the Risk Management Strategy; and
- manage and monitor performance against objectives, through the Performance Management Framework.

Each major work area in the council completes a service plan, to give a high level overview of its financial position, what it exists to do, what it hopes to achieve and how it will achieve its major work programmes over the next four years.

We appreciate that there is a huge level of detail in the plan, but hope it helps you to understand what the council is trying to achieve and how we intend to succeed. If you have any comments or questions on the content of this plan, then please contact zoe.church@merton.gov.uk

TRANSFORMATION STATEMENT

By 2020 Merton Council will be transformed by the fruition of a number of change projects which will maximise the use of information technology and streamline processes and service provision. Providing value for money services to our residents is at the heart of our business and we must be able to demonstrate that all of our services represent best value for money. We will do this by continuing to finding innovative solutions to maximise future efficiency.

The financial reality facing local government dominates the choices the council will make for the future of the borough. The development of the Business Plan 2016/20 is therefore based on the set of guiding strategic priorities and principles, as adopted by the council on 13 July 2011:

- Merton should continue to provide a certain level of essential services for residents. The order of priority of 'must' services should be:
 - i) Continue to provide everything that is statutory.
 - ii) Maintain services – within limits – to the vulnerable and elderly.
- After meeting these obligations Merton should do all that it can to help residents who aspire. This means we should address the following as priorities in this order:
 - i) Maintain clean streets and keep council tax low.
 - ii) Keep Merton as a good place for young people to go to school and grow up.
 - iii) Be the best it can for the local environment.
 - iv) All the rest should be open for discussion.

The financial pressures facing Merton mean we should no longer aim to be a 'place-maker' but be a 'place-shaper'. The council should be an enabler, working with partners to provide services.

Our top priority will continue to be to provide safe services of the best possible quality within financial constraints and the July 2011 principles. We will deliver services that customers want and need and, where possible, involve our customers in service specification and design.

The Authority is utilising best practice in project management/ transformation to assess the future direction of services and the required staff, process and IT development to deliver this change. Internal decision making structures have been established to maximise Authority wide assessment and development.

NATIONAL AND REGIONAL POLICY CONTEXT

Local government continues to be affected by reductions in the level of funding it receives from central government. Local Government Association (LGA) analysis highlights that grants to local government has fallen by nearly 40% since 2010, and that by 2020 local authorities will have lost 75 pence out of every £1 of core central government funding it had to spend in 2015. Continued discussions about reshaping the way local authorities are financed, and changes to business rates retention will have a significant impact on the services that the council provides over the lifetime of this Business Plan.

The decision for the United Kingdom to leave the European Union in March 2019 will also have a range of significant effects on local government and the communities they serve. Local authorities have an important role to play as community leaders, service providers, employers and shapers of place. There remains continued uncertainty until the final agreement is known so it is hard to determine its exact impact. However the council is putting processes in place where possible to strengthen its resilience and develop contingency plans in key areas such as workforce, regeneration, funding, legislation and community cohesion.

A number of announcements in the 2018 budget will have an impact on the work of the council. Whilst the government has said that spending plans will not be impacted by the nature of the UK's withdrawal from the EU, the Chancellor has stated that 'a no-deal could require a different approach; potentially an emergency budget'.

Some of the key announcements include:

- An additional £240m being made available in 2018-19 and £240m in 2019-20 for adult social care. A further £410m, for 2019-2020, will be used to support adult and children's social care with the condition that, where necessary, local councils should use this money to ensure that adult social care pressures do not create additional demands on the NHS. This money may also be used to improve social care for older people, people with disabilities, and children
- Councils have been provided with £55m for the Disabled Facilities Grant. This grant provides home aids and adaptations for disabled children and adults on lower incomes
- A strategic roads investment package with £420m being made available to local authorities in 2018-19 to tackle potholes, repair damaged roads, and invest in bridges. £150m will also be made available to local authorities for small improvement projects, such as roundabouts
- Business rates being cut by one-third for retailers in properties with a rateable value of less than £51,000. Retailers will include shops, cafes, and restaurants
- The launching of a Future High Streets fund to support local areas to develop highstreets and town centres, making them fit for the future. The fund can be used for town centre infrastructure, including improving accessibility and supporting redevelopment and densification of highstreets and town centres. The total fund will be worth £675m
- A one-off grant of £400m will be provided to primary and secondary schools to spend on equipment and facilities, this will average £10,000 for every primary school and £50,000 for every secondary school.

- The scrapping of the HRA cap for borrowing
- £10m of funding being made available to support ambitious housing deals with authorities in areas of high demand, in order to deliver above their local housing need
- The amount households with children, and people with disabilities can earn before the Universal Credit award begins to be withdrawn, also known as the work allowance, will be increased in April 2019
- From April 2019, the National Living Wage is to rise from £7.83 to £8.21 per hour

Regionally, the Mayor of London has released a number of strategies over the past two years that will impact on all London boroughs and the way they work with the Greater London Authority (GLA).

[Housing Strategy](#)

The London Housing Strategy sets out the Mayor's plans to tackle the capital's housing crisis and his vision to provide all Londoners with a good quality home they can afford. The strategy follows on from consultation on a draft version last year and has been considered by the London Assembly and Secretary of State for Housing, Communities and Local Government. The strategy was formally adopted in August 2018.

The aim of this strategy is to address the housing shortage through an intensive use of London's available land, focusing on more genuinely affordable housing and providing help now for people feeling the effects of the housing crisis – from private renters to rough sleepers. This strategy has five key areas:

- building more homes for Londoners
- delivering genuinely affordable homes
- high-quality homes and inclusive neighbourhoods
- a fairer deal for private renters and leaseholders
- tackling homelessness and helping rough sleepers

[London Environment Strategy](#)

The state of London's environment affects everyone who lives in and visits the city – it helps Londoners to stay healthy, makes London a good place to work and keeps the city functioning from day to day. It faces a number of challenges; toxic air, noise pollution, threats to green spaces, and the adverse effects of climate change.

Published in 2018, this is the first strategy to bring together approaches to every aspect of London's environment, integrating the following areas:

- air quality
- green infrastructure
- climate change mitigation and energy
- waste
- adapting to climate change
- ambient noise
- low carbon circular economy

Draft Health Inequalities Strategy

This strategy tackles the determinants of health which lead to these differences - or health inequalities - by focusing on five key areas:

Healthy Children – helping every London child to have a healthy start in life by supporting parents and carers, early years settings and schools

Healthy Minds – supporting Londoners to feel comfortable talking about mental health, reducing stigma and encouraging people across the city to work together to reduce suicide

Healthy Places – working towards London having healthier streets and the best air quality of any major global city, ensuring all Londoners can access to good-quality green space, tackling income inequality and poverty, creating healthy workplaces, improving housing availability, quality and affordability, and addressing homelessness and rough sleeping

Healthy Communities – making sure all Londoners have the opportunity to participate in community life, empowering people to improve their own and their communities health and wellbeing

Healthy Living – helping Londoners to be physically active, making sure they have access to healthy food, and reducing the use of or harms caused by tobacco, illicit drugs, alcohol and gambling

Mayor's Transport Strategy

The Mayor's Transport Strategy was published in 2018 that sets out the Mayor's policies and proposals to reshape transport in London over the next 25 years. The focus of the strategy will be on:

- Healthy Streets designed to tackle the physical inactivity crisis
- Reduced traffic on London's streets
- Better air quality and work aimed at making London a zero-carbon city
- A reliable public transport system that can cope with more passengers
- An accessible, affordable and safe transport network
- Investment in transport to support the creation of new homes and jobs

Skills for Londoners Strategy 2018

Skills for Londoners is the first post-16 skills and adult education strategy produced by a London Mayor. It sets out the contextual skills challenges London faces, along with the priorities and actions required to ensure London has a thriving economy.

There are three key priorities at the heart of the Strategy:

- empower all Londoners to access the education and skills to participate in society and progress in education and work
- meet the needs of London's economy and employers now and in the future
- deliver a strategic city-wide technical skills and adult education offer

THE COUNCIL

The Council comprises of 60 elected councillors representing 20 wards. The current political composition of the Council as at December 2018 is:

- Labour: 34 councillors
- Conservative: 17 councillors
- Liberal Democrats: Six councillors
- Merton Park Ward Independent Residents: Three councillors

The full Council usually meets five times a year, and is responsible for setting the overall direction of the council, including agreeing the rate of council tax. A Cabinet of nine councillors from the administration makes the majority of decisions throughout the year, with Overview and Scrutiny committees in place to hold the Cabinet's decision making to account. Regulatory committees are appointed by Council and carry out planning and licensing functions.

THE ORGANISATION

As at 30 September 2018 the council, excluding schools, had 1,573 FTE (head count 1,757) employees who work across four departments:

- Children, Schools and Families
- Community and Housing
- Corporate Services
- Environment and Regeneration

Broken down, Children, Schools and Families had the largest number of employees (456 FTE), Corporate Services (449 FTE), Community and Housing (341 FTE), and Environment and Regeneration (327 FTE).

Overall, 68.6% of the council's workforce is female, which is above the London average of 63.1% as at 31 March 2018. 31.2% are from an ethnic minority background compared to a London average of 39.8%. 5.5% of the workforce is recorded as having a disability, which is above the London average of 4.8%. The majority of employees (44.5%) are aged between 50 and 64, with 23.7% aged between 25 and 39 and 25.7% aged between 40 and 49. 2.6% of employees are below age 25.

MERTON: THE PEOPLE AND THE PLACE

Merton is an outer London borough situated to the south west of central London, neighbouring the boroughs of Croydon, Kingston, Lambeth, Sutton and Wandsworth. Comprising of 20 wards, the borough of Merton covers an area of approximately 14.7 square miles and has a population at 2018 of just over 209,000 residents living in 84,000 properties. Served by 11,225 active businesses as at 2018, the borough has five main commercial centres; Colliers Wood, Mitcham, Morden, Raynes Park and Wimbledon, of which Wimbledon is the largest, each with well-developed characteristics of their own. The borough is predominantly suburban in character, with high levels of commuter flows in and out of central London.

Merton is well connected with both central London and neighbouring boroughs, with 15 mainline stations and 28 bus routes. Wimbledon is a central transport hub in the South London area while the suburban station at Mitcham Eastfields connects the east of the borough. Both the District and Northern underground lines run through the borough while the Tramlink provides connections between Wimbledon and Croydon via Mitcham and Morden.

Merton has more than 100 parks and green spaces, including Wimbledon and Mitcham commons, and almost twice as much of the borough is open space compared to the average in London; 18% of the borough is open space, compared to a London average of 10%. 99.6% of the borough is within 400m of a publicly accessible green space.

Population and demographics

- Merton's population according to the Greater London Authority (GLA) 2018 projection is 209,421 people, living in 83,950 occupied households
- Population density is higher in the wards to the east of the borough compared to the wards in the west
- The biggest proportion of the population (9.5%) is aged between 35-39. The proportion of the population that is working-age (16-64) is 66.5%
- 12.4% of the population is aged 65 or over, higher than the London average of 11.7%
- Merton's population is projected to increase to 222,717 by 20205 and 232,473 by 2030. The age profile is also predicted to shift with a notable growth in the proportion of the population that are under the age of 16 and those over 50 years old
- Merton has a rich mix of ethnicity, culture, and languages. GLA data at 2018 puts Merton's Black, Asian and Minority Ethnic (BAME) population as 76,800, meaning BAME groups make up just under 38% of the population

Deprivation

- Merton ranks as 'very low' in terms of overall social deprivation compared to other London boroughs and nationally in the UK. According to the latest edition of the Index of Multiple Deprivation (IMD) published in 2015 It is the sixth least deprived of the 33 London boroughs and ranks 114th out of 326 authorities in

- England (where 1 is the most deprived)
- This overall lack of deprivation does, however, hide significant inequalities and extremes in the borough between deprived wards, primarily in the east of the borough, that are some of the top 15% most income-deprived in the country, and the more affluent wards in the west that are amongst the top 5% most affluent. Three wards are more deprived than the average for London: Cricket Green, Figge's Marsh and Pollards Hill
- DfE data (2014) records 16.2% of children being in low income families. This is lower than the London average of 23.4%

Health and wellbeing

- The health of people in Merton is generally better than the London and England average. The health of people in Merton is generally better than the London and England average. Life Expectancy at birth in Merton is 80.8 years for males and 84.2 years for females, higher than the London average and rates of death considered preventable are low. This is largely linked to the lower than average levels of deprivation in Merton
- In East Merton life expectancy in men is 78.9 years compared to 81.9 years in West Merton. Women's life expectancy is 83.3 years in the East compared to 85.1 years in West Merton. There is a gap of 6.2 years in life expectancy for men between the most deprived and least deprived areas in Merton
- Linked to deprivation, those in the east of the borough have a much higher chance of serious illness and early deaths from illnesses such as cancer and heart disease
- In the 2011 Census 52% of residents reported their health as 'very good' whilst 3.9% reported themselves as being in either 'very bad' or 'bad' health
- According to data from Sport England approximately 97,000 of adults are overweight or obese (59.5% of the population). This is a lower proportion compared to London and England. 58.7% of those over the age of 18 that were surveyed engage in a physical activity

Education

- As at January 2018 the borough had 28,752 pupils across state funded primary, secondary and special schools and pupil referral units
- In 2018 68.2% of students in Merton achieved 9-4 pass (incl. English and Maths, above the London average of 67.7%)
- 46.6% of primary school pupils and 34.8% of secondary school pupils in Merton have a first language known or believed to be other than English, below the London average of 49.5% and 41.4% respectively
- The percentage of children known to be eligible for and claiming free school meals is 13.9% at primary school and 15.1% at secondary school below the London averages of 14.9% and 15.9% respectively
- 50 out of the 53 schools (including maintained, academies and special schools) in the borough that have been rated as Ofsted are judged as being 'Good' or 'Outstanding' as at December 2018

Employment

- Merton residents who are in active full-time employment are distributed all over the borough, however, unemployed residents are concentrated towards the east of Merton, and self-employed residents are concentrated toward the west
- The employment rate for the borough as at 2015 is 78.8%, above the London average of 72.9%. Unemployment in the borough is 4.6%, below the London average of 6.1%
- The youth unemployment (claimant) rate for those aged 18-24 is 3.9, below the London average of 5.2
- Although unemployment in the borough is below the national average, it rises significantly in some of the eastern wards
- As at 2016, the out of work benefits rate for Merton is 5.7. This is below the London average of 7.7
- The latest figure for the Proportion of 16-18 year olds who are Not in Employment, Education or Training (NEET) is 4.3%, which is above the London average of 3.4%
- The median gross annual pay for residents in Merton as at 2017 is £35,628, slightly above the London average of £34,725

Housing and the built environment

- The 2011 Census recorded that there were 78,757 households within Merton. GLA data for 2017 puts this figure at 83,950
- The number of households is projected to rise to 99,000 (15%) by 2021, an average annual household growth of 2.2%, with much of the increase expected to be in single person households
- 59.3% of households in the borough are owner occupied, either owned outright or with a mortgage. 36.5% are privately rented through a private landlord or letting agency. 14.1% of households are social rented, with 3.7% rented from the council
- 9.2% of households are overcrowded in Merton, with the figure being higher in the East of the borough than the west
- The median average house price in Merton in 2018 is £470,000, the nineteenth highest in London. The average house price in London is £540,937
- The ratio of house prices to earnings in Merton is 12.9, which is the twentieth highest in London and below the London average of 14.5

Crime

- Merton's total crime rate during the most recent 12 month period (up to October 2018) is 67.8. This is the fifth lowest in London during this time, however there are variations, with higher rates of crime in the East (71) compared to the West (64.8). Merton has a lower overall crime rate (6.1 total notifiable offences per 1,000 population) compared to London (8.6) (2018).

MERTON PARTNERSHIP

Merton Partnership brings together a range of key partners from the public, private and community and voluntary sectors in Merton, including the council, Clinical Commissioning Group, and Police. In 2013 the Partnership developed a Community Plan setting out the overall direction and vision for the borough. The Community Plan provides the overarching aims that all members of the Partnership will collectively deliver. A new Community Plan is currently being developed which will be published by the end of 2019. Focussing on increasing social capital as a driver to improve social wellbeing across the borough, the Plan will set out the Merton Partnership's vision for the borough for 2025.

The Partnership is chaired by the Leader of the Council and hosts an annual themed conference. It has an Executive Board, also chaired by the Leader of the Council whose role is to set the strategic direction of the Partnership and manage the delivery of the priorities and targets set out in the Community Plan.

Within the Partnership there are four thematic subgroups that co-ordinate the activities of their members to ensure that the strategy agreed by the Executive Board is carried out through the relevant Boards and Trusts. These four thematic subgroups mirror the themes of the Community Plan.

Children's Trust

Merton's Children's Trust arrangements began in 2005 in order to bring together all partners involved in providing services to children and families in Merton. The Board encompasses a wide range of different groups and partnerships, overseeing their performance and activities. The Children's Trust is designed to deliver the outcomes set out in Merton's Children & Young People Plan 2016-19 which includes improving outcomes for those subject to the effects of disadvantage, safeguarding children and young people and closing the gap in educational outcomes and opportunity. A new Children & Young People's Plan setting out priorities for children and young people in Merton will run from 2019-23.

Health and Wellbeing Board

Merton Health and Wellbeing Board's full statutory responsibilities have been in place since April 2013, bringing together the Council, Clinical Commissioning Group, HealthWatch and the voluntary and community sector. Health and Wellbeing Boards deliver strategic local leadership to improve health outcomes. The work of the Board is also central in helping to inform the commissioning of health and social care services in Merton. It has a core role in encouraging services across the NHS, social care, public health and other local partners to join-up and work together to reduce health inequalities and support independent living. Currently its priorities are set out in the Health and Wellbeing Strategy, a new version of which is currently being developed with four overarching themes: Start Well; Live Well; Age Well; in a Healthy Place. This will run from 2019-2024.

Safer and Stronger Communities

The Safer and Stronger Partnership incorporates the statutory Community Safety Partnership and is responsible for setting and overseeing the strategic direction for

community safety and the community cohesion agenda in the borough. The Community Safety Partnership has a statutory duty to undertake an annual strategic assessment to inform and shape the boroughs approach to addressing crime and disorder issues. Key themes for the Community Safety Partnership include reducing crime and the fear of crime, reducing alcohol related violence in a sustainable manner whilst supporting those who are affected by alcohol dependency. The Community Safety Partnership also works to address anti-social behaviour and its effects on communities as well as individuals. Alongside these strategic, overarching aims, the partnership are working together to reduce burglary, tackle theft of motor vehicle and deliver the work as directed under the Police and Crime Plan. The Partnership will work with our communities to empower local people to have a greater choice and influence over local decision-making, increase community cohesion and integration.

Sustainable Communities and Transport

The Sustainable Communities and Transport partnership was established to create a more sustainable borough, one which is less reliant on fossil fuel and which reduces its negative impact on the environment and climate change. The Partnership promotes investment into the borough in order to create new jobs, improve the skills and capacity of residents and to improve the condition and supply of housing including affordable housing. The Partnership also works to promote the development of sustainable transport including cycling and walking, as well as public transport in and around Merton.

Corporate Capacity

In addition to the four thematic partnerships, Merton Council has added the theme of Corporate Capacity which looks at ensuring that the council has sound financial management and high standards of governance, effectively recruits, develops and manages staff and that it is continually reviewing its processes to improve them and provide value for money. The theme ensures that customer access, customer services and customer care as well as equalities, diversity and community cohesion underpin the work of the council.

Corporate Strategies

The council has a number of corporate and service-specific strategies and plans that support the work of the council, the Merton Partnership and the four Thematic Partnerships. These strategies and plans draw heavily on the aims set out in the Merton Community Plan, but also reflect central Government policy changes, sub-regional policies (e.g. set by the Mayor of London), new legislative requirements and short term changes to local priorities. 10 of the key strategies are part of the Council's Constitutional Policy Framework. The following list is not exhaustive but shows the diversity of strategies and plans currently in place:

<http://www.merton.gov.uk/council/plansandpolicies.htm>

CAPITAL STRATEGY 2019-23

1 Introduction

- 1.1 As part of the Prudential Code for Capital Finance in Local Authorities 2017 local authorities are required to produce a capital strategy.
- 1.2 Merton's Capital Strategy for 2019-23 has been aligned and integrated with the Business Plan for the period 2019-23. The Business Plan sets out how the Authority's objectives have been shaped by Merton Partnership in the Community Plan. The Community Plan sets out the overall vision and strategic direction of Merton which are embodied into five strategic themes:-
- Children's Trusts;
 - Health and Wellbeing Board;
 - Safer and Stronger Communities;
 - Sustainable Communities and Transport;
 - Corporate Capacity
- 1.3 Merton Partnership works towards improving the outcomes for people who work, live and learn in the borough and, in particular, to 'bridge the gap' between the eastern and western wards in the borough.
- 1.4 The financial reality facing local government dominates the choices the council will make for the future of the borough. The development of the Business Plan 2019-23 is therefore based on the set of guiding strategic priorities and principles, as adopted by the council on 13 July 2011:
- Merton should continue to provide a certain level of essential services for residents. The order of priority of 'must' services should be:
 - i) Continue to provide everything that is statutory.
 - ii) Maintain services – within limits – to the vulnerable and elderly.
 - After meeting these obligations Merton should do all that it can to help residents who aspire. This means we should address the following as priorities in this order:
 - i) Maintain clean streets and keep council tax low.
 - ii) Keep Merton as a good place for young people to go to school and grow up.
 - iii) Be the best it can for the local environment.
 - iv) All the rest should be open for discussion.
- 1.5 Merton's scrutiny function reflects the five strategic themes above and the themes have been incorporated into the bidding process for capital funding to ensure that scarce financial resources are targeted towards strategic objectives.

2 Planning Infrastructure

2.1 Business Plan 2019-2023

- 2.1.1 The Business Plan sets out the council's vision and ambitions for improvement over the next four years and how this will be achieved. Business Planning and financial planning frameworks are closely aligned and integrated.

2.2 Target Operating Models (TOMs)

- 2.2.1 TOMs, or Target Operating Models are a series of strategy documents that set out how the organisation will respond to and manage change over the coming months and years. TOMs have been produced for Service Areas or Departments throughout the council.
- 2.2.2 A TOM is a statement of how an organisation will deliver its services within a certain structure as a future point in time, TOMs are living documents and will change as the organisation develops. There are a number of elements to a TOM, for Merton these are – Customer Segments, Channels, Services, Organisation, Processes, Information, Technology, Physical Location and People
- 2.2.3 Developing a TOM is about planning and preparing for change and improvement in a given service. Taking the time to prepare/refresh a TOM allows those within a service to consider its many facets and dependencies and determine how these will change over the coming years. Having an ambitious vision for what the future looks like for the service (which is what a TOM provides), ensures that improvement activity will be more disciplined and controlled and therefore more likely to succeed.

2.3 Service Plans

- 2.3.1 In developing the Capital Strategy, clear linkages have also been identified with not only the Business Plan, TOMs but also departmental service and commissioning plans beneath this. It reflects the capital investment implications of the approved objectives of those plans, which themselves reflect the council's proposals set out in service based strategies such as the Primary Places Strategy, Local Implementation Plan (Transport), and Asset Management Plans. Priorities for the Corporate Services department are based around how the council manages its resources effectively and how it carries out its wider community leadership role.

2.4 Capacity, Skills and Culture

- 2.4.1 Team planning and staff appraisals highlight staff developmental requirements and monitor their progression. Qualified financial staff meet the continual professional development requirements of their relevant CCAB organisation.

- 2.4.2 Member induction and development is led corporately by the Authority's Human Resources division, this is supplemented, where appropriate, with additional financial briefings.

2.5 Capital Strategy

- 2.5.1 This Capital Strategy is a fundamental component of our approach since it reflects our strategic priorities across the council and endeavors to maximise the contribution of the council's limited capital resources to achieving our vision. We will work closely with residents, community organisations and businesses to focus our resources and those of our partners effectively. The strategy also sets out the management arrangements for allocating resources to individual schemes, establishing funding for projects, monitoring progress, managing performance and ensuring that scarce capital resources are allocated efficiently.
- 2.5.2 Attached as Annex 6 is the Capital Investment Strategy for the investments/loans the Authority will hold/holds primarily to generate financial returns.

3 Accounting Definitions and Practices

- 3.1 The council's approach to Capital Accounting follows the Code of Practice on Local Authority Accounting, which itself is based on the International Financial Reporting Standards (IFRS) and guidance issued by CIPFA and professional accounting networks.
- 3.2 As in previous years, there has been continual review of the Capital Programme to ensure that expenditure meets the strict definition and to identify any items which would be more appropriate to be charged to revenue. This has not resulted in any major changes to the future programme.
- 3.3 The de-minimis of capital expenditure for the authority is set at £10,000 per project. This applies to all schemes within our capital programme, however in exceptional circumstances thresholds below this may be considered where specific items of expenditure are below this de-minimis level but meet proper accounting definitions of capital expenditure.
- 3.4 Individual schools may choose to adopt the above de-minimis limit or use the limit of £2,000 as mentioned in some Department for Education and HMRC guidance for various types of school.
- 3.5 IFRS 9 requires that investment in risk capital will need to be valued annually at fair value with any loss or gain being written through the profit and loss account in the year it occurs.

- 3.6 IFRS 16 will require all but short-term de-minimis leasing rental/leasing arrangements appear on the Authority's balance sheet from the financial year 2020/21.

4 Corporate and strategic capital expenditure appraisal planning and control

4.1 Capital Programme Board

- 4.1.1 Merton's Capital Strategy is coordinated by the Capital Programme Board. The board, which is effectively a sub-group of the Corporate Management Team (CMT). The Board comprises the Directors of Corporate and Environment and Regeneration Services with selected Level 2/3 managers from each service department.

4.1.2 The Terms of Reference of the Board are:

- Lead on the development and maintenance of the capital investment strategy and ensure it is consistent with the council's strategic objectives, TOMs and service plans.
- Ensure that the capital investment strategy informs and is informed by the asset management plan.
- Ensure there is a transparent and clearly communicated process for allocation of capital funds with clear and well documented criteria and decision making process.
- Monitor progress of capital funded schemes and any other critical schemes as determined by CMT. Receive joint reports from Finance/departmental staff on progress against deliverables, milestones and budget forecasts.
- In conjunction with other governing bodies, consider/approve business cases that involve capital investment.
- Monitor issues arising as a result of changes in accounting treatment of capital expenditure and ensure the organisation responds accordingly.
- Assess capital schemes in the context of the Medium Term Financial Strategy to ensure they are affordable in revenue terms.
- Receive reports from the Property Management and Review Manager relating to capital funds coming from the disposal of property, in collaboration with the Property and Asset Management Board.
- Receive benefits reports from Programme/Project Managers when capital projects/programmes are closed. Monitor key benefits to ensure they are realised for large capital schemes.

4.1.3 The role of the Board is to:

- Set framework and guidelines for capital bids;
- Draft the capital programme for consideration by CMT and Cabinet;
- Review capital bids and prioritise in accordance with the council's strategic objectives;
- Identify and allocate capital funds;
- Monitor progress of capital programmes/projects and key variances between plans and performance;
- Monitor budgets of capital programmes/projects against forecasts;
- Monitor benefits and ensure they are realised. Monitor capital receipts
- Develop and share good practice

4.1.4 The Board will be accountable to the Corporate Management Team who will receive reports and escalated matters from the Board on a regular basis. CMT will set the strategy and direction, the Capital Programme Board will operationalise this and escalate concerns and ideas. The Board will refer to, and take advice from, the Procurement Board on any proposals and/or decisions that have a procurement dimension. The Board will work closely with the Property and Asset Management Board on any property/asset related proposals.

4.1.5 The Board will make agendas and minutes available to the other Governance Boards within 5 working days of the meeting.

4.1.6 During the budget process the Director of Corporate Services recommends to Cabinet an initial view as to how the Capital Programme should be funded. However, this recommendation will be informed by the Capital Programme Board's consideration of the capital receipts available and the forecast of future property disposals and the final funding during the closure of accounts will depend on the precise financial position. At this stage it is intended to utilise internal borrowing, capital grant, direct revenue financing, capital receipts and earmarked reserves. Any capital loans given out by the authority, dependent on the size, will normally be funded from capital receipts as the repayments will be received as capital receipts. It will be reported to Members in advance when it is proposed to use external borrowing.

4.1.7 The council has had a robust policy for many years of reviewing its property holding and disposing of surplus property, this is detailed in the Asset Management Plan (AMP) which also includes policy and procedures for land and property acquisition. All capital receipts are pooled, unless earmarked by Cabinet, and are used either to finance further capital investment or for the payment of premiums on repayment of higher interest loans.

4.2 Capital Programme Approval and Amendment

- 4.2.1 The Capital Programme is approved by Council each year. Any change which substantially alters the programme (and therefore the Prudential Indicators) requires full Council approval. Rules for changes to the Capital Programme are detailed in the council's Constitution Financial Regulations and Financial Procedures and the key points are summarised here.
- 4.2.2 For virements which do not substantially alter the programme the below approval limits apply:
- Virements up to £5k can be signed off by the budget manager and the Chief Financial Officer (CFO) is informed of these changes as part of the monthly financial monitoring
 - Virements £5k up to £100k must be approved by the Chief Officer of the area or areas affected along with the Chief Financial Officer, typically this will be as part of the monthly financial monitoring report to CMT however approval can be sought from these officers at any time if necessary
 - Virements £100k and upwards go to Cabinet
 - Any virement which diverts resources from a scheme not started, resulting in a delay to that scheme, will be reported to Cabinet

(Please note virement rules are cumulative i.e. two virements of £5,000 from one code; the latter would require the approval of Chief Officers)

- 4.2.3 For increases to the programme for existing schemes up to £100,000 must be approved by the Director of Corporate Services. Increases above this threshold must be approved by Cabinet. In accordance with the Prudential Code if the increase in the Capital Programme will substantially change prudential indicators it must be approved by Council.
- 4.2.4 For new schemes, the source of funding and any other financial or non-financial impacts must be reported and the limits below apply:
- Budgets of up to £50k can be approved by the Chief Financial Officer in consultation with the relevant Chief Officer
 - Budgets of £50k up £500k will be submitted to Cabinet for approval
 - Budgets over £500k will be submitted to full Council for approval

Approval thresholds are being reviewed as part of the review of processes after the implementation of the new Financial Information System.

4.3 Capital Monitoring

- 4.3.1 The Council approves the four year Capital Programme in March each financial year. Amendments to the programme are approved appropriately by CMT, Cabinet and Council. Budget managers are required to monitor their budget monthly, key reviews are undertaken in September and November. December monitoring provides the final opportunity for budget managers to re-profile their budgets for the current financial year.

4.3.2 November monitoring information feeds into the Authority's Medium Term Financial Strategy (MTFS) and is used to assess the revenue impact over the period of the strategy with minor amendments in the later months. November monitoring is also used to measure the accuracy of year-end projections.

4.3.3 Councillors receive regular monitoring reports on the overall position of capital expenditure in relation to the budget. They also receive separate progress reports on key spend areas.

4.4 Risk Management

4.4.1 The management of risk is strategically driven by the Corporate Risk Management group. The group collates on a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership. From this information a Key Strategic Risk Register is compiled and presented to CMT quarterly for discussion and onto Cabinet and Standards and General Purposes Committee annually. The Authority's Risk Management Strategy is reviewed and updated annually and presented to CMT, Cabinet and Council.

4.4.2 Risk Appetite - The council recognises that its risk appetite to achieve the corporate priorities identified within its business plan could be described in general as an "informed and cautious" approach. Where significant risk arises, we will take effective control action to reduce these risks to an acceptable level.

5 Revenue budget implications of capital investment

5.1 Revenue cost or savings

5.1.1 The capital strategy recognises that the prudential framework provides the council with flexibility, subject to the constraints of the council's revenue budget. This flexible ability to borrow, either from internal cash resources or by external borrowing, coupled with the revised treatment of finance leases with effect from 1 April 2010, means that prudential borrowing is used for the acquisition of equipment, where it is prudent, affordable and sustainable. Since 2012/13 it has been possible to borrow from internal cash resources rather than external borrowing and it is forecast that this will continue to be the case alongside the use of capital receipts within the current planning period up to 2021/22, from 2020/21 onwards (£4.5 million 21/22 and £7.6 million 22/23) borrowing will be required. Over this period the Authority is scheduled to repay £4.3 million. This will be kept under review as part of general Treasury Management.

5.1.2 The revenue effects of the capital programme are from capital financing charges and from additional revenue costs such as annual maintenance charges. The capital financing charges are made up of interest payable on loans to finance the expenditure and of principal repayments on those loans. The principal repayments commence in the year after the expenditure is incurred and are calculated by the application of the statutory Minimum Revenue Provision. The interest commences immediately the expenditure is incurred. The revenue effects of the capital programme are fully taken account of in the MTFS, with appropriate adjustments for slippage, timing of capital payments and the use of internal investment funds.

The revenue effects of the capital programme are built into the MTFS and are summarised below:

Current Programme	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s
MRP	4,154	5,162	6,224	7,229
Interest on Borrowing	6,315	6,315	6,364	6,413
Total Borrowing Costs	10,469	11,477	12,588	13,642
Interest on Investments	(664)	(518)	(412)	(404)
Interest on Housing Company Loan	0	0	0	(983)
Total Borrowing Costs Net of Investment interest	9,805	10,959	12,176	12,255

Proposed Programme Business Plan 2019-23	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s
MRP	4,166	5,037	6,267	7,107
Interest on Borrowing	6,315	6,315	6,364	6,413
Total Borrowing Costs	10,481	11,352	12,630	13,520
Interest on Investments	(664)	(518)	(412)	(404)
Interest on Housing Company Loan	0	0	0	(983)
Total Borrowing Costs Net of Investment interest	9,817	10,834	12,218	12,133

Movement in projected costs	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s
MRP	12	(125)	42	(122)
Interest on Borrowing	0	0	0	0
Total Borrowing Costs	12	(125)	42	(122)
Interest on Investments	0	0	0	0
Interest on Housing Company Loan	0	0	0	0
Total Borrowing Costs Net of Investment interest	12	(125)	42	(122)

6 Capital resources 2019-23

6.1 Variety of sources

6.1.1 Capital expenditure is funded from a variety of sources:-

- Grants which are not ring-fenced to be spent on a specific project or service
- Specific grants - earmarked for a specific project or purpose
- Capital receipts from the disposal of surplus and under-utilised land and property and repayment of principal
- Other contributions such as Section 106/CIL
- Council Funding – through revenue funding, use of reserves or borrowing.

6.2 Annual Minimum Revenue Provision (MRP) Statement

6.2.1 Under guidance from the Department for Communities and Local Government, authorities are required to prepare an annual statement on their policy on making MRP. This mirrors the existing requirements to report to the council on the Prudential borrowing limit and investment policy.

6.2.2 The statement is set out in the Treasury Management Strategy.

7 Asset management review

7.1 Capital receipts

7.1.1 Capital receipts generated from the disposal of surplus and under-utilised land and property are a major source of funding and the potential available capital resources are under constant review and revision. The forecast of capital receipts included in this report are based on a multi-year forecast of planned land and property disposals. In addition, after the transfer of the housing stock to Merton Priory Homes, the council continues to receive a share of the receipts from Right to Buy applications and through future sharing arrangements, receipts from the sales of void properties, sales of development land and VAT saving on expenditure on stock enhancements.

7.1.2 In December 2017, the Secretary of State announced the continuation of the capital receipts flexibility programme for a further three years, to give local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings. By virtue of his powers under sections 16(2)(b) and 20 of the Local Government Act 2003 (“the Act”), that the local authorities listed in Annex A (“the Authorities”) treat as capital expenditure, expenditure which:

- i. is incurred by the Authorities that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners; and**
- ii. is properly incurred by the Authorities for the financial years that begin on 1 April 2016 up to and including 1 April 2021.**

7.2 Property as a corporate resource

- 7.2.1 The council treats its property as a corporate resource, oriented towards achieving its overall goals, underpinned by:
- Clear links to financial plans and budgets.
 - Effective arrangements for cross-service working.
 - Champions at senior officer and member level.
 - Significant scrutiny by councilors.
- 7.2.2 It ensures that its properties are fit for purpose by making proper provision and action for maintenance and repair. The organisation makes investment and disposal decisions based on thorough option appraisal. The capital programme gives priority to potential capital projects based on a formal objective approval process.
- 7.2.3 Whole life project costing was used at the design stage for significant projects where appropriate, incorporating future periodic capital replacement costs, projected maintenance and decommissioning costs.
- 7.2.4 Whole life costing of significant projects, which span more than one year, also forms part of the regular monitoring reports.
- 7.2.5 The Asset Management Plan is being reviewed and will include greater emphasis on the use of the council's property assets to support the council's Transformation Programme, regeneration and increased income/revenue generation.
- 7.2.6 The Authority is currently exploring utilising a new IT system for asset accounting and the possibility of this system being used for more widespread asset management will be explored.

8 Summary of estimated disposals 2019-2023

8.1 Projected Capital Receipts

- 8.1.1 Due to difficulties in the property market since the economic recession a cautious view has been taken of the potential capital receipts identified. Much of the anticipated capital receipts are as a result of the VAT shelter agreement entered into with Merton Priory Homes as part of the housing stock transfer. There are current proposals for some of the properties under this agreement to be redeveloped which could result in a reduction in receipts from the VAT shelter agreement, however a Development and Disposals Clawback Agreement was entered into as part of the same transfer and this could result in a significant capital receipt should these development plans go ahead. The following table represents an estimate of an anticipated cash flow and therefore these future capital receipts have been utilised to fund the capital programme:-

Anticipated Capital Receipts	2019/20	2020/21	2021/22	2022/23
	£000s	£000s	£000s	£000s
Sale of Assets	0	0	0	0
Housing Company Loan Repayment	0	0	0	3,590
Right to buy/VAT Shelter	900	900	900	900
Repayment of One Public Estate	0	0	(260)	0
Total	900	900	640	4,490

8.1.2 As there is currently not a need to enter into external borrowing until 2021/22, investment balances will rise with the addition of capital receipts until utilised to fund the capital programme. Average expected interest rates on investments across the years of the capital programme are approximately 1.3%, as such an increase in receipts of £1m would be expected to generate a £13,000 increase in interest in a full year.

8.1.3 The table below shows the funding of the capital programme utilising capital receipts, capital grants and contributions, capital reserves and revenue provisions. Balances held by the authority will generate interest until utilized to fund the capital programme.

Capital Expenditure	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
Capital Expenditure	36,423	53,529	18,788	15,437	21,349
Slippage and Underspend	(5,197)	(12,818)	8,783	718	1,158
Total Capital Expenditure *	31,226	40,711	27,571	16,155	22,508
Financed by:					
Capital Receipts * and **	16,207	6,956	900	640	4,490
Capital Grants & Contributions	14,702	14,428	8,625	4,325	2,823
Revenue Provisions	129	3,620	75	54	58
Net financing need for the year	188	15,707	17,971	11,136	15,137

* Finance lease expenditure is included in the table in Treasury Management Strategy but excluded from this Table

** Includes anticipated in-year capital receipts in the table above

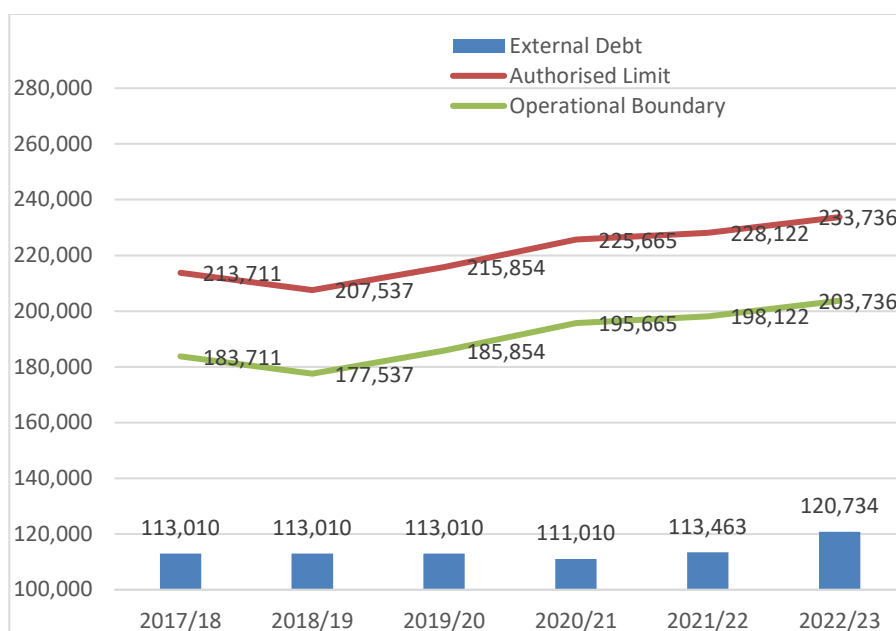
8.1.4 Under the requirements of the Localism Act 2011 parish councils and local voluntary and community organisations have the right to nominate local land or buildings they would like to see included in a list of assets of community value which is maintained by the Local Authority. Once listed the owner must allow community interest groups up to six months to make an offer before the property can be sold to another. It is envisaged that this may lengthen the disposal time for some properties if they are listed as assets of community value by the council.

8.2 Debt repayment

8.2.1 The council has had a strategy to reduce its level of debt when opportunity arises in the market. The average interest payable on outstanding debt is 5.47%. For the period 2019-23, capital receipts may continue to be used to pay the premiums on the repayment of those authority debts which have high fixed interest charges, if the terms offered will result in appropriate revenue savings. Any decision to repay debt early will be considered alongside the funding however, this is unlikely to be the case in the short to medium term requirement of the programme.

8.2.2 The chart below shows the debt related treasury activity limits discussed in detail in 4.4 of the Treasury Management Strategy and incorporates the proposed capital programme and funding strategy contained in this document.

Treasury Management Limits on Activity



8.2.3 The Table below shows the maturity structure of current external debt

Maturity Structure of borrowing 2018/19	Actual November 2018	Value £'000
less than 1 year	0%	-
1 to 2 years	0%	-
2 years to 5 years	3.81%	4,310
5 years to 10 years	27.17%	30,700
10 years to 20 years	11.06%	12,500
20 years to 30 years	11.95%	13,500
30 years to 40 years	28.32%	32,000
40 years to 50 years	17.70%	20,000
Total	100.00%	113,010

8.2.4 Section 3 of the Treasury Management Strategy details the Authority's minimum revenue provision policy statement setting out how it intends to fund unsupported capital expenditure over the expected life of assets

8.2.5 Internal borrowing to fund unsupported capital expenditure will reduce the balances available to invest under the treasury management strategy. In contrast, external borrowing will provide additional balance to invest under the Treasury Management Strategy until utilised.

9 Grant and Contributions Funding Capital Resources

9.1 Grant Funding

The Table below summarises the grants being utilised to fund the proposed capital programme over the planning period:

Grants	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s
Heritage Lottery Fund	0	1,693	1,500	712	0
Transport for London LIP (earmarked) Capital	1,643	2,283	TBA	TBA	TBA
Total: E&R	1,643	3,976	1,500	712	TBA
School Condition (non-ringfenced)*	1,971	TBA	TBA	TBA	TBA
Basic Need (non-ringfenced)	7,471	446	0	TBA	TBA
Special Provision Grant	491	1,520	491	TBA	TBA
Healthy Schools	189	0	0	0	0
Total CSF	10,122	1,966	491	TBA	TBA
Devolved Formula Capital (Earmarked)	1,067	TBA	TBA	TBA	TBA
TOTAL: CSF*	11,189	1,966	491	TBA	TBA
Balance added for outstanding grant allocations - CSF	0	1,900	1,900	1,900	1,900
Better Care Fund incl. Disabled Facilities Grant)**	1,332	TBA	TBA	TBA	TBA
Total Grant Funding***	14,164	5,942	1,991	712	0
Balance added for outstanding grant allocations - CSF	0	1,900	1,900	1,900	1,900

TBA – To Be Advised

* £5.850 million grant for new school paid as a lease premium.

**It is envisaged that some of this fund will be applied to revenue

*** This shows the known grant funding being received by the authority

9.2 Summary of Contributions

9.2.1 The Table below summarises the contributions being utilised to fund the proposed capital programme over the planning period:

Contributions	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s
Strategic Community Infrastructure Levy	0	5,753	3,477	541	0
Neighbourhood Community Infrastructure Levy	343	475	0	0	0
Section 106 Agreements	670	836	488	633	462
Total Used to Fund the Programme	1,013	7,064	3,965	1,174	462

10 Summary of Total Resources 2019-23:

10.1 Summary

10.1.1 The total anticipated resources over the plan period 2019-23, including existing grant funding and anticipated CS&F grants, is summarised in the following table:-

	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s
Grant & Contributions *	14,428	8,625	4,325	2,823
Council Funding	26,282	18,945	11,831	19,684
Total	40,711	27,571	16,155	22,508

* This table shows the grants and contributions applied to fund the programme allowing for slippage.

10.1.2 Projects for which earmarked resources have been notified have been given authority to proceed, subject to a detailed specification and programme of works being agreed which ensures that the maximum benefits accrue to the council within the overall constraints of the approved funding. Those schemes, on their own, represent a considerable capital investment.

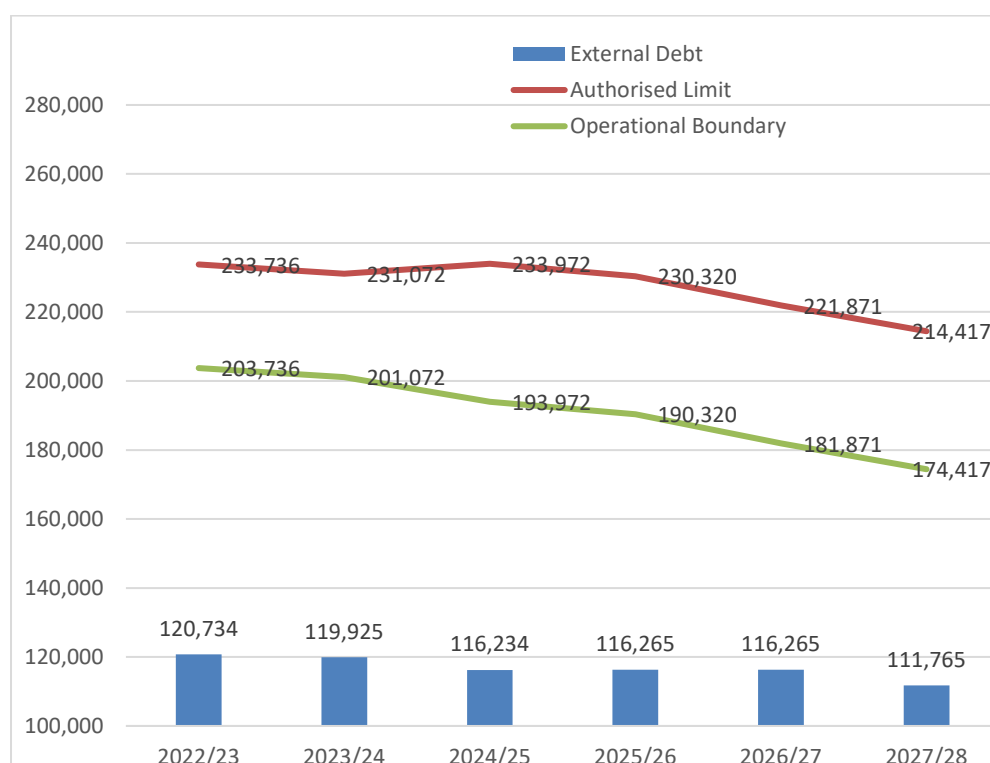
10.1.3 The Table below summarises the Indicative Capital Programme for 2021 to 2026. Additional detail is provided as Annex 5:

Merton	Updated Budget 2023/24 £000s	Updated Budget 2024/25 £000s	Updated Budget 2025/26 £000s	Updated Budget 2026/27 £000s	Updated Budget 2027/28 £000s
Corporate Services	4,521	2,955	3,335	2,970	3,380
Community and Housing	425	280	630	280	420
Children, Schools & Families *	1,900	1,900	1,900	1,900	1,900
Environment & Regeneration *	4,007	4,067	8,005	4,042	4,007
Total Merton	10,853	9,202	13,870	9,192	9,707

* Please note these figures do not include any allowance of grant funding for Transport for London and Disabled Facilities.

12.3.1 10.1.4 For every £1 million capital expenditure that is funded by external borrowing it is estimated that there will be annual revenue debt charges of between £219k for assets with a life of 5 years to £51k for an asset life of 50 years.

10.1.4 The Table below shows the impact of the indicative programme 2023-28 on the Authority's debt:



11 Capital Bids and Prioritisation Criteria

11.1 Prioritisation of schemes 2022/23

The allocation of capital resources, on those schemes to be funded by borrowing, is focused towards the achievement of the council's key strategic objectives as agreed by councillors as highlighted in section 1 of this strategy.

The prioritisation criteria used in respect of growth were 'Statutory', Need (demand and / or priority), attracts match funding and revenue impact (including invest to save). Due to officers' awareness of the need to restrain the capital programme to affordable levels, the revisions put forward over the period 2019-23, on the basis of these criteria by the board to Cabinet was £7 million (excluding TfL) as shown below.

	2019/20	2020/21	2021/22	2022/23
Corporate Services	873	325	(8,214)	11,517
Community and Housing	491	488	633	502
Children, Schools and Families	(6,499)	2,416	2,500	1,250
Environment and Regeneration	3,339	265	240	384
Total	(1,796)	3,494	(4,841)	13,652

12 Detailed Capital Programme 2019-23

12.1 Corporate Services

12.1.1 This department is responsible for the administration of finance and staff, together with the corporate buildings including IT and utility services. The programme is detailed in Annex 3. Its main capital expenditure is on IT software and hardware, and on improvements to buildings (including invest to save schemes). Annual capital allocations are available to meet ongoing capital commitments within property, IT and invest to save. In addition, provision is made for one off projects, business systems and corporate level schemes and contingencies.

12.2 Children, Schools and Families

12.2.1 CSF Capital Programme 2019-23

The requirement to provide sufficient school places is a key statutory requirement and the Authority must also maintain existing school buildings for non-PFI community primary and special schools. The government provides capital grant to meet some of this need. The individual projects for this department are all listed in Annex 3.

12.2.2 Primary schools

No further primary school expansion is planned. From 2019/20 £1.9 million per annum is provided for community and voluntary controlled schools this will be limited to urgent health and safety related needs, with the council expecting schools to fund all works below £20,000. Work for the next few years will be prioritised using a conditions survey undertaken in late 2017.

12.2.3 Secondary school places

The demand for secondary places is monitored regularly and trends in demand are analysed. The secondary expansion programme has been reviewed downwards as part of the current bidding process.

The capital programme for 2019/23 includes £2.92 million for secondary expansions including some council funding to enable the new Harris Academy Wimbledon School site to be made available.

12.2.4 Special school places

The increase in demand for special school provision is proportionally greater for special schools than mainstream schools, though the numbers involved are significantly smaller. Capital funding is provided in the 2019/23 programme for the expansion of SEN provision within the borough. The largest planned project is the expansion of Cricket Green School.

12.4 Environment and Regeneration

12.4.1 This department provides a co-ordinated approach to managing the public realm (all borough areas to which the public has access), as well as the regeneration of our town centres and neighbourhoods. The individual projects for this department are all listed in Annex 3.

12.4.2 Annual capital allocations are available to meet ongoing capital commitments within fleet vehicles, ally gating, street trees, highways and footways, sports facilities and parks. In addition, provision is made for one off projects and regeneration activities including Transport for London schemes.

12.5 Community and Housing

12.5.1 This department aims to provide residents with the chance to live independent and fulfilling lives, in suitable homes within sustainable communities, with chances to learn, use information, and acquire new skills. The departmental Capital Programme for 2019-23 is detailed in Annex 3.

12.5.2 Annual capital allocations are available to meet disabled facility grants and provision is made for one off projects including a supported living scheme.

12.5 Overall Programme

12.5.1 The approved Capital Programme for 2019/23 follows at Annex 1, Annex 3 provides an additional breakdown detail of the approved schemes. The summary is as follows:

Merton	Proposed 2019/20	Proposed 2020/21	Proposed 2021/22	Proposed 2022/23
	£000	£000	£000	£000
Corporate Services	28,857	4,270	3,870	14,167
Community and Housing	971	1,118	913	882
Children Schools & Families	10,203	5,618	3,150	1,900
Environment and Regeneration	13,498	7,782	7,504	4,401
Capital	53,529	18,788	15,437	21,349

12.5.2 The funding details for the programme follow at Annex 2

12.5.3 Within the funding details the authority has anticipated some slippage for schemes that require a consultation process or a planning application or where the implementation timetable is not certain. The slippage anticipated reduces the spend in the year it is budgeted but increases the spend in the following year when it is incurred. When slippage from 2018/19 is approved, the 2019/20 Capital Programme will be adjusted accordingly.

- | | |
|----------------|--|
| 12.5.4 Annex 1 | Capital Investment Programme - Schemes for Approval |
| Annex 2 | Funding the Capital Programme 2019-23 |
| Annex 3 | Detailed Capital Programme 2019-23 |
| Annex 4 | Analysis of Growth/(Reduction) from current approved programme |
| Annex 5 | Indicative Capital Programme 2023-28 |
| Annex 6 | Capital Investment Strategy |

Annex1

Capital Investment Programme - Schemes for Approval

Merton	Proposed 2019/20	Proposed 2020/21	Proposed 2021/22	Proposed 2022/23
	£000	£000	£000	£000
Corporate Services	28,857	4,270	3,870	14,167
Community and Housing	971	1,118	913	882
Children Schools & Families	10,203	5,618	3,150	1,900
Environment and Regeneration	13,498	7,782	7,504	4,401
Capital	53,529	18,788	15,437	21,349

Merton	Proposed 2019/20	Proposed 2020/21	Proposed 2021/22	Proposed 2022/23
	£000	£000	£000	£000
Customers, Policy & Improvement	250	0	1,900	0
Facilities Management	1,450	950	950	950
Infrastructure & Transactions	3,933	785	1,020	1,345
Resources	0	125	0	700
Corporate Items	23,224	2,410	0	11,172
Corporate Services	28,857	4,270	3,870	14,167
Adult Social Care	0	0	0	0
Housing	736	768	913	742
Libraries	235	350	0	140
Community and Housing	971	1,118	913	882
Primary Schools	1,900	1,900	1,900	1,900
Secondary School	3,154	0	0	0
SEN	4,852	3,718	1,250	0
CSF Schemes	298	0	0	0
Children Schools & Families	10,203	5,618	3,150	1,900
Public Protection and Developm	60	0	35	0
Street Scene & Waste	1,119	330	330	670
Sustainable Communities	12,319	7,452	7,139	3,731
Environment and Regeneration	13,498	7,782	7,504	4,401
Capital	53,529	18,788	15,437	21,349

Please Note

- 1) Excludes expenditure budgets relating to future year announcements of the Better Care Fund.
- 2) Excludes expenditure budgets relating to Transport for London Grant from 20/21 as grant funding has not been announced.

Merton	Capital Programme £000s	Funded by Merton* £000s	Funded by grant and capital contributions £000s
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2018/19 Current Budget	36,423	21,038	15,385
Potential Slippage b/f	0	0	0
2018/19 Revised Budget	36,423	21,038	15,385
Potential Slippage c/f	(4,030)	(3,455)	(575)
Potential Underspend not slipped into next year	(1,167)	(1,060)	(108)
Total Spend 2018/19	31,226	16,524	14,702

2019/20 Current Budget	53,529	37,698	15,831
Potential Slippage b/f	4,030	3,455	575
2019/20 Revised Budget	57,559	41,153	16,406
Potential Slippage c/f	(14,663)	(13,094)	(1,568)
Potential Underspend not slipped into next year	(2,185)	(1,774)	(411)
Total Spend 2019/20	40,711	26,282	14,428

2020/21 Current Budget	18,788	10,653	8,136
Potential Slippage b/f	14,663	13,094	1,568
2020/21 Revised Budget	33,451	23,747	9,704
Potential Slippage c/f	(4,555)	(3,723)	(832)
Potential Underspend not slipped into next year	(1,325)	(1,079)	(246)
Total Spend 2020/21	27,571	18,945	8,625

2021/22 Current Budget	15,437	11,371	4,066
Potential Slippage b/f	4,555	3,723	832
2021/22 Revised Budget	19,992	15,095	4,898
Potential Slippage c/f	(2,348)	(2,020)	(327)
Potential Underspend not slipped into next year	(1,489)	(1,243)	(246)
Total Spend 2021/22	16,155	11,831	4,325

2022/23 Current Budget	21,349	18,707	2,642
Potential Slippage b/f	2,348	2,020	327
2022/23 Revised Budget	23,697	20,728	2,969
Potential Slippage c/f	(778)	(740)	(37)
Potential Underspend not slipped into next year	(412)	(303)	(109)
Total Spend 2022/23	22,508	19,684	2,823

* Funded by Merton refers to expenditure funded through Capital Receipts, Revenue Reserves and by borrowing.

Detailed Capital Programme 2019-23

Annex 3

	Scrutiny	Proposed 2019/20	Propose d 2020/21	Propose d 2021/22	Proposed 2022/23
Corporate Services		£000	£000	£000	£000
Customer Contact Programme	OSC	250	0	1,900	0
Works to other buildings	OSC	650	650	650	650
Civic Centre	OSC	500	0	0	0
Invest to Save schemes	OSC	300	300	300	300
IT Systems Projects	OSC	1,161	275	50	340
Social Care IT System	OSC	488	0	0	0
Planned Replacement Programme	OSC	2,285	510	970	1,005
Infrastructure & Transactions		3,933	785	1,020	1,345
Major Projects		0	125	0	700
Financial System	OSC	0	0	0	700
ePayments System	OSC	0	125	0	0
Acquisitions Budget	OSC	0	0	0	6,985
Capital Bidding Fund	OSC	0	0	0	1,186
Corporate Capital Contingency	OSC	0	0	0	3,000
Multi Functioning Device (MFD)	OSC	0	600	0	0
Housing Company	OSC	22,764	1,810	0	0
Westminster Coroners Court	OSC	460	0	0	0
Corporate Services		28,857	4,270	3,870	14,167
Community and Housing		£000	£000	£000	£000
Disabled Facilities Grant	SC	736	280	280	280
LD Supported Living	SC	0	488	633	462
West Barnes Library Re-Fit	SC	200	0	0	0
Installation of Public Toilets at Mitcham Library	SC	35	0	0	0
Library Self Service	SC	0	350	0	0
Library Management System	SC	0	0	0	140
Community and Housing		971	1,118	913	882
Children Schools & Families		£000	£000	£000	£000
Schs Cap Maint & Accessibility	CYP	1,900	1,900	1,900	1,900
Harris Academy Wimbledon	CYP	3,154	0	0	0
Cricket Green	CYP	4,152	0	0	0
Secondary School Autism Unit	CYP	272	1,088	0	0
Further SEN Provision	CYP	188	0	0	0
Melrose primary SEMH annex - 16 places	CYP	100	1,500	0	0
Primary ASD base 1 - 20 places	CYP	100	800	0	0
Secondary SEMH/medical PRU - 20 places	CYP	20	80	800	0
New ASD Provision	CYP	20	250	450	0
Cricket Green - SEN Provision	CYP	0	0	0	0
Healthy Schools	CYP	189	0	0	0
Loans to Schools Capital		109	0	0	0
Children Schools & Families		10,203	5,618	3,150	1,900

Detailed Capital Programme 2019-23 Continued.....

	Scrutiny	Proposed 2019/20	Proposed 2020/21	Proposed 2021/22	Proposed 2022/23
Environment & Regeneration		£000	£000	£000	£000
Parking Improvements	SC	60	0	0	0
Public Protection and Developm	SC	0	0	35	0
Public Protection and Developm		60	0	35	0
Fleet Vehicles	SC	300	300	300	300
Alley Gating Scheme	SC	30	30	30	30
Waste SLWP	SC	789	0	0	340
Street Scene & Waste		1,119	330	330	670
Street Trees	SC	60	60	60	60
Highways & Footways	SC	3,827	3,317	3,317	3,067
Mitcham Transport Improvements	SC	425	0	0	0
Unallocated TfL	SC	2,283	0	0	0
Mitcham Area Regeneration	SC	1,351	1,000	533	0
Mitcham Cricket Green Improvem	SC	50	0	0	0
Canons - Parks for People	SC	1,301	1,000	533	0
Wimbledon Area Regeneration	SC	300	0	0	0
Morden Area Regeneration	SC	500	2,000	2,500	0
Borough Regeneration	SC	170	25	0	0
Morden Leisure Centre	SC	580	0	0	0
Sports Facilities	SC	1,767	250	250	250
Parks	SC	1,055	800	479	300
Parks Investment	SC	295	300	300	300
Mortuary Provision	SC	0	0	0	54
Sustainable Communities		12,319	7,452	7,139	3,731
Environment and Regeneration		13,498	7,782	7,504	4,401
Capital		53,529	18,788	15,437	21,349

* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People
SC = Sustainable Communities,

Please Note

- 1) Excludes expenditure budgets relating to future year announcements of the Better Care Fund.
- 2) Excludes expenditure budgets relating to Transport for London Grant from 20/21 as grant funding has not been announced.

Annex 4

Growth/(Reductions) against Approved Programme 2019-22 and Indicative Programme 2022-23

Merton	Scrutiny	Proposed 2019/20	Proposed 2020/21	Proposed 2021/22	Proposed 2022/23
		£000	£000	£000	£000
Customers, Policy & Improvement	OSC	0	0	0	0
Facilities Management Total	OSC	0	0	0	0
Infrastructure & Transactions	OSC	1,473	(275)	8	345
Resources	OSC	0	0	0	0
Corporate Items	OSC	(600)	600	(8,222)	11,172
Corporate Services		873	325	(8,214)	11,517
Housing	SC	456	488	633	462
Libraries	SC	35	0	0	40
Community and Housing		491	488	633	502
Primary Schools	CYP	1,250	1,250	1,250	1,250
Secondary School	CYP	(5,796)	(2,552)	0	0
SEN	CYP	(1,848)	3,718	1,250	0
CSF Schemes	CYP	(105)	0	0	0
Children Schools & Families		(6,499)	2,416	2,500	1,250
Public Protection and Development	SC	0	0	0	0
Street Scene & Waste	SC	(10)	(10)	(10)	330
Sustainable Communities	SC	3,349	275	250	54
Environment and Regeneration		3,339	265	240	384
Capital		(1,796)	3,494	(4,841)	13,652

Indicative Capital Programme 2023-28

	Scrutiny	Proposed Indicative 2023/24	Proposed Indicative 2024/25	Proposed Indicative 2025/26	Proposed Indicative 2026/27	Proposed Indicative 2027/28
		£000	£000	£000	£000	£000
Customer Contact Programme	OSC	0	0	1,000	1,000	1,000
Customer, Policy & Improvement		0	0	1,000	1,000	1,000
Works to other buildings	OSC	650	650	650	650	650
Invest to Save schemes	OSC	300	300	300	300	300
Facilities Management Total		950	950	950	950	950
Planned Replacement Programme	OSC	720	905	1,060	970	1,005
Ancillary Systems	OSC	0	0	0	50	0
Youth Justice	OSC	0	100	0	0	0
School Admissions System	OSC	0	0	125	0	0
Parking System	OSC	126	0	0	0	0
Aligned Assets	OSC	75	0	0	0	75
Environmental Asset Management	OSC	0	0	0	0	250
Revenue and Benefits	OSC	0	400	0	0	0
Capita Housing	OSC	0	0	0	0	100
Planning&Public Protection Sys	OSC	550	0	0	0	0
Spectrum Spatial Analyst Repla	OSC	0	0	200	0	0
Social Care IT System	OSC	2,100	0	0	0	0
Business Systems		3,571	1,405	1,385	1,020	1,430
Multi Functioning Device (MFD)		0	600	0	0	0
Corporate Items	OSC	0	600	0	0	0
Corporate Services		4,521	2,955	3,335	2,970	3,380
Disabled Facilities Grant	SC	280	280	280	280	280
LD Supported Living		145	0	0	0	0
Housing		425	280	280	280	280
Library Enhancement Works	SC	0	0	350	0	0
Library Management System	SC	0	0	0	0	140
Libraries		0	0	350	0	140
Community and Housing		425	280	630	280	420
Schs Cap Maint & Accessibility	CYP	1,900	1,900	1,900	1,900	1,900
Primary Schools		1,900	1,900	1,900	1,900	1,900
Children Schools & Families		1,900	1,900	1,900	1,900	1,900
Parking Improvements	SC	0	60	0	0	0
Public Protection and Development	SC	0	0	0	35	0
Public Protection and Development		0	60	0	35	0
Fleet Vehicles	SC	300	300	300	300	300
Alley Gating Scheme	SC	30	30	30	30	30
Waste SLWP	SC	0	0	3,998	0	0
Street Scene & Waste		330	330	4,328	330	330
Street Trees	SC	60	60	60	60	60
Highways & Footways	SC	3,067	3,067	3,067	3,067	3,067
Sports Facilities	SC	250	250	250	250	250
Parks	SC	300	300	300	300	300
Sustainable Communities		3,677	3,677	3,677	3,677	3,677
Environment and Regeneration		4,007	4,067	8,005	4,042	4,007
Capital		10,853	9,202	13,870	9,192	9,707

1. Overview

This annex is new to the Capital Strategy and details the approach adopted in non-core investment activity and sets out how this will help the Authority to deliver its core functions. The definition of Investment covers all financial assets of a local authority as well as non-financial assets that the organisation holds primarily to generate financial returns, such as investment property portfolios.

The annex will detail the security, liquidity and yield of investments and consider risk management and capacity, skills and culture.

2. Detail

During the 2019-20 financial year the Authority is planning the following investment activity:

- i) Section 5 of the Treasury Management Strategy sets out the Authority's short to medium term Investment Strategy. This strategy focusses on short to medium term low risk investments.
- ii) To complement the Authority's investment activity it has established a Wholly Owned Housing Company (Merantun) to provide an investment opportunity for the Authority. This longer term investment strategy is of higher risk, will contribute towards the regeneration and affordable housing activity of the Authority and provide higher returns.
- iii) The Authority has also undertaken a long term investment in CHAS 2013 via the purchase of a £1 share, which generates considerable returns via dividend payments.

During 2018/19 IFRS 9 will come into force, this will impact on the balance sheet as it requires certain transactional arrangements being shown on the balance sheet at fair value. Although it is envisaged that transactions in relation to the wholly owned housing company would be shown at cost if group accounts were prepared, the risk involved by such an investment is specifically considered by this element of the Capital Strategy.

3. Security

The activity in Section 2 of this Annex have and will result in:

- i) Short to Medium Term investment of available cash resources in low risk low return investment.
- ii) Financial limits have been set on the Maximum sums currently available to the Housing Company:
 - a. Loan to the Wholly Owned Housing Company up to £13.022 million combined, with
 - b. Equity estimated circa £12.41 million (£8.413 Land Equity and £4.0million Working Capital - funding currently under review)

The Authority utilised two externally developed models and a detailed business case to underpin the proposals to assess the financial viability. Legal documentation requires that all assets are returned to Merton at the cessation of the company.

Sensitivity analysis has been undertaken and vulnerability has been identified in respect of the RPI for housing rentals and house prices – these market factors will be monitored closely.

- iii) The £1 investment in CHAS 2013 provides continued secure returns to the authority from this wholly owned organisation.

4. Liquidity

- i) Short to medium term cash investments can be liquidated easily.
- ii) Investments are held in CHAS 2013 Limited and Merantun. It is not currently envisaged that these investments need to be redeemed in the short to medium term. If such a need did arise the following example demonstrates the flexibility available to the council:
- iii) Merantun – the following three approaches are possible:
 - a. Sites could be sold by the company at a profit once planning permission has been obtained
 - b. the business model proposed development of housing on four sites within the first three years, at this juncture housing can be sold at any time to generate receipts through to the Council
 - c. The Housing Company itself could be sold

The authority has a loan with MSJCB and intends to enter into a loan with Merantun, should the Authority need to liquidate these, loans could be sold.

5. Yield

5.1 Expected yield:

- i) Section 5 of the Treasury Management Strategy details the yield expected from short to medium term cash investments
- ii) Detailed financial modelling has been undertaken for Merantun as part of Capital forecasting and the use of specialised models have evaluated the impact on and return to the Authority. The following return is currently anticipated:
 - a) The Loan to Merantun will be made at a rate 6.5+%, (*loan amount, timing/flexibility and interest rate are currently under review*)
 - b) The Model Assessed the Internal Rate of Return as 6.39% (*currently under review*)
- iii) Revenue returns from dividends and use of intellectual property from CHAS 213 are built into the Medium Term Financial Strategy.

In assessing whether investment assets retain sufficient value to provide security of investment officers will be mindful of the fair value model in the International Accounting Standard 40: Investment Property.

6. Borrowing in Advance of Need

- 6.1 Section 4.2 of the Treasury Management Strategy details the current and future level of under borrowing by the Authority and sets out the Authority's borrowing strategy linked to this and internal borrowing.
- 6.2 Current indications are that interest rates are likely to rise making it more expensive to borrow. Consideration will be given to the timing of required borrowing to minimise the cost to the Authority and with regard to the current debt portfolio (detailed in Section 4.5 of the Treasury Management Strategy)

7. Risk Assessment

- 7.1 The council recognises that its risk appetite to achieve the corporate priorities identified within its business plan could be described in general as an "informed and cautious" approach. Where significant risk arises, we will take effective control action to reduce these risks to an acceptable level.
- 7.2 It is also recognised that a higher level of risk may need to be accepted, for example, to generate higher returns from loans and investment. To offset this there are areas where the council will maintain a very cautious approach for example in matters of compliance with the law, and public confidence in the council, supporting the overall "informed and cautious" position on risk.
- 7.3 Within its portfolio of risk Merton has:
 - i) Short to medium term low return, low risk cash investment
 - ii) Medium to long term investment in CHAS 2013 which is providing sizeable dividends and returns for use of intellectual property, and
 - iii) Medium to long term higher risk investment in a wholly owned housing company. Stress testing has identified the sensitivity around increases in rental income and house prices. The length of time investment is required for also enhances risk, flexibility is available in the timing of site and property disposal, but decisions by the company would be made on a commercial basis.

The greatest risk exposure to the Authority is when the sites are being developed after obtaining planning permission. The enhanced value of the site will not be realisable until the housing units are completed as the greatest value added will be from completed site. Once units are built there is flexibility over those sold and those retained for rental. Rental units present a longer term business model which should provide dividend income. Early marketing and sales coupled with progressing rent guarantees will be used to minimise the risk to the company and the council

8. Capacity, Skills and Culture

The Authority will where appropriate, buy in expertise to progress loan and investment activity. It is also appropriate in some cases to develop expertise internally.

Within the Business model for Merantun it is recognised that the company may set up joint ventures with trusted partners for the development of some larger sites that would require specialist land assembly skills and larger sums of cash to assist with delivering the development if this is deemed to be appropriate and support the business case. It would contract with construction specialists and construction companies for the development of sites – this should minimise the risk exposure during site development. It is not envisaged that this approach will be adopted for the four sites currently being progressed.

LONDON BOROUGH OF MERTON

TREASURY MANAGEMENT POLICY STATEMENT- 2019-20

1. INTRODUCTION

1.1 Background

The Council is required to update and approve its policy framework and strategy for treasury management, annually, to reflect the changing market environment, regulation, and the Council's financial position.

The key issues and decisions are:

- a) To set the Council's Prudential Indicators for 2019/20 to 2022/23
- b) Approve the Minimum Revenue Provision (MRP) policy for 2019/20; and
- c) To agree the Treasury Management Strategy for 2019/20.

The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) definition of Treasury Management, which is:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

This will include the annual investment strategy, containing the parameters of how the investments are to be managed.

1.2 Statutory Requirement

The Local Government Act 2003 (the Act) as amended and supporting regulations, require the Council to 'have regard to'

- i. such guidance as the Secretary of State may issue; and
- ii. such other guidance as the Secretary of State may by regulations specify for the purposes of this provision
- iii. CIPFA Prudential Code
- iv. MHCLG, MRP investment guidance
- v. CIPFA TM Code
- vi. Capital Strategy (for the full report please refer to council's business plan
<https://democracy.merton.gov.uk/documents/s21645/Report%20Appendices%20with%20blank.pdf>

<http://www.legislation.gov.uk/ukpga/2003/26/section/15>

The Guidance requires the Council to set out its Treasury strategy for borrowing and to prepare an Annual Investment Strategy.

1.3 Balanced Budget Requirement

Section 33 of the Local Government Finance Act 1992 requires the Council to set a balanced budget. This means that cash raised during the year will meet cash expenditure. Part of the treasury management function is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Cash yet to be used are invested in low risk and good credit quality counterparties or instruments with the consideration first for security, liquidity and yield.

The other main function of treasury management is the funding of the Council's capital plans. These capital plans provide a guide to the long or short-term borrowing need of the Council, essentially the longer term cashflow planning, to ensure that the Council can meet its capital spending obligations. The management of longer term cash may involve arranging long or short dated loans, or using longer term cashflow surpluses. Subject to S151 Officer's approval, any debt previously drawn may be restructured or repaid to meet the Council's risk or cost objectives.

1.4 Treasury Management Strategy for 2019/20

The strategy for 2019/20 covers two main areas:

1. Capital Programme

- To determine the Council's capital plans and prudential indicators for 2019/20 to 2022/23;
- To approve the Minimum Revenue Provision (MRP) policy for 2019/20. The LG Act 2003 require local authorities to set an affordable borrowing limit (<http://www.legislation.gov.uk/ukpga/2003/26/section/3>).

2. Treasury Management Programme

- To agree the Council's treasury management strategy for 2019/20
- current treasury position as at December 2018;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling and early repayment of debt review;
- Annual Investment Strategy and alternative investment instruments (Policy on new lending and borrowing instruments);
- creditworthiness policy;
- Treasury Management Practices (**Appendix 4**);and
- cash flow policy
- the policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Communities and Local Government (CLG) MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

2. CAPITAL PRUDENTIAL INDICATORS 2019/20 - 2022/23

The Council is required to calculate various indicators for the next four years. The aim of prudential indicators is to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The prudential indicators are calculated for the Medium Term

Financial Strategy (MTFS) period. The indicators relate to capital expenditure, external debt and treasury management.

The Council will monitor performance against the indicators and prepare indicators based on the Statement of Accounts (SoA) at year end.

2.1 Capital Expenditure

The Council's capital expenditure plans are fundamental to its treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to provide Council members an overview and confirm the impact of capital expenditure plans.

This indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle as reported in the MTFS. Environment and Regeneration figures include projects relating to Public Health programmes however these are fully funded and do not have any MRP implications.

Please find below the capital expenditure forecast.

Merton	Proposed 2019/20	Proposed 2020/21	Proposed 2021/22	Proposed 2022/23
	£000	£000	£000	£000
Corporate Services	18,928	12,990	5,113	14,489
Community and Housing	692	955	877	993
Children Schools & Families	9,648	5,850	3,249	1,967
Environment and Regeneration	11,442	7,776	6,917	5,058
Capital	40,711	27,571	16,155	22,508

The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

The table below shows how the capital expenditure plans are being financed by revenue or capital resources. A shortfall of resources means a borrowing need. The capital programme expenditure figures used in calculating the financing costs have been adjusted for slippage in the programme as at December 2018

Capital Expenditure	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Capital Expenditure	36,423	53,529	18,788	15,437	21,349
Slippage*	(5,231)	(12,818)	8,183	718	1,158
Total Capital Expenditure	31,192	40,711	26,971	16,155	22,508
Financed by:					
Capital Receipts	16,207	6,956	900	640	4,490
Capital Grants & Contributions	14,702	14,428	8,625	4,325	2,823
Revenue Provisions	129	3,620	75	54	58
Net financing need for the year (a)	154	15,707	17,372	11,136	15,137

* Includes finance lease expenditure table in Treasury Management Strategy excludes this expenditure

2.2 The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator, Capital Financing Requirement (CFR), is the total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. In other words, a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR includes any other long-term liabilities like PFI schemes and finance leases which have been brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, it should be noted that these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

The Council has no Housing Revenue Account (HRA) and no new PFI scheme in 2019/20 is expected.

The 2018/19 forecast movement in CFR shows a decrease of £4.731 million because the expenditure to be funded from borrowing in 2017/18 is less than the amount of MRP charged in the year.

The current cashflow projection as at November 2018 for 2018/19 year end is an estimated cash balance of £81.8m (including all short term deposits). The current forecast has been based on assumptions in the MTFS and capital programme spend forecast after slippage.

The 2019/20 forecast of £48.7m, 2020/21 of £26.7m, and 2021/22 of £18.9m are based on best estimates which may slip due to unforeseen circumstances and the nature of large projects and the level of grant income. Also, fees and charges for the Council may change. Based on current forecasts the earliest the Council may borrow is in 2020/21 in anticipation for 2021/22. However, the Council can borrow in advance of need if rates are likely to rise and borrowing becomes a lot more advantageous than it would be.

The Council is asked to approve the CFR projections in the following table:

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Financing Requirement						
CFR (non-housing)	183,711	177,537	185,854	195,665	198,172	203,786
Total CFR	183,711	177,537	185,854	195,665	198,172	203,786
Movement in CFR	(6,289)	(6,174)	8,316	9,812	2,456	5,614
Movement in CFR represented by						
Net financing need for the year (above)	0	154	15,707	17,372	11,136	15,137
Less: other MRP/PFI	6,789	6,328	7,391	7,560	8,680	9,522
Less Other financing movements						
Adjustment of PFI Liability						
Adjustment of Leasing Liability	(500)					
Adjustment of MRP						
Movement in CFR	(6,289)	(6,174)	8,316	9,812	2,456	5,614

Actual and estimates of the ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream. The indicator shows the proportion of the income received from Council tax, Revenue Support Grant (RSG) and National Non-Domestic Rate (NNDR) and some specific grants that is spent on paying the borrowing associated with delivery of capital investment (i.e. principal and interest charges of long-term borrowing).

The table below shows the monetary values for the above ratio and includes leasing costs

	2017/18 Actual £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Net Revenue Financing Costs	15,204	14,364	16,469	16,162	17,306	17,945
Net Revenue Stream	149,299	144,333	143,265	139,877	142,750	145,777
Ratio of Financing Costs to Net Revenue Stream (Non HRA)	10.18%	9.95%	11.50%	11.55%	12.12%	12.31%

Estimates of the incremental impact of capital investment decisions on council tax

The table below shows the incremental impact of changes in the capital programme (incorporating the effects of changes in treasury forecasts and investment decisions) on the Band D council tax.

	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Incremental Change in Capital Financing Costs (£000)	(3,473)	(840)	2,106	(308)	1,145	638
Council Tax Base	72,442	74,124	74,952	75,327	75,703	76,081
Incremental Impact on Council Tax - Band D (£)	(47.94)	(11.33)	28.09	(4.09)	15.12	8.39
Council Tax - Band D (£)	1,139.71	1,169.36	1,227.82	1,252.38	1,277.42	1,302.97

3. MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP). The Council has not made any provision for VRP in its capital expenditure.

For capital expenditure incurred before 1 April 2008 or by Supported Capital Expenditure, the MRP policy will be the equal annual reduction of 2% of the outstanding debt at 1 April 2017 for the subsequent 50 years. Prior to this date capital expenditure incurred before 1 April 2008 or by Supported Capital Expenditure, the MRP policy followed CLG regulations (option 1). This provided for an approximate 4% reduction in the borrowing need (CFR) each year. As a consequence of this change in policy the Authority over-provided for its MRP payment in 2017/18 by £1,811,043. This will be offset against the MRP payment due

in 2018/19 as reported in the Medium Term Financial Strategy 2018-22 and financial monitoring 2018/19.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be based on the Asset Life Method – CLG regulations (option 3).

This option will be applied for any expenditure capitalised under a capitalisation direction. It should be noted that this option provides for a reduction in the borrowing need over the approximate life of the asset.

The Council is required to have regard for the Local Government Involvement in Health Act 2007. This amended the Local Government Act 2003 enabling the Secretary of State to issue guidance on accounting practices and thus on MRP. Also, the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) specifies that “A local authority shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent”. Any MRP implications on how the Council will pay for unfinanced capital assets through revenue will be included in the MRP policy. The Table over the page details the basis of the MRP calculation for unfinanced capital expenditure incurred on or after 1 April 2008

The table below details the basis of the MRP calculation for all unfinanced capital expenditure incurred on or after 1 April 2008.

	(Years)
Assets valued over £1m	
Buildings	50
Mechanical & Electrical and External	20
Assets valued under £1m	
Buildings	40
Infrastructure (roads etc)	25
15 Year Asset	15
10 Year Asset	10
Computer software	5
Computer hardware	5
Large vehicles – e.g. buses, RCVs	7
Small vehicles – e.g. cars, vans	5
Other equipment e.g. CCTV	5

MRP years where there is no depreciation equivalent	
Land	50
Revenue Expenditure Funded by capital Under Statute e.g. Redundancy costs	20

4. TREASURY MANAGEMENT STRATEGY

4.1 The Prospects for Interest Rates and Economic Forecasts

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

Source: Link Asset Services

	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank rate	0.50%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.50%
5yr PWLB rate	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%
10yr PWLB rate	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
25yr PWLB rate	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB rate	2.60%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth has been healthy since that meeting, but is expected to weaken somewhat during the last quarter of 2018. At their November meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the current deadline in March for Brexit. The next increase in Bank Rate is therefore forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.00 – 2.25% in September 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We have, therefore, seen US 10 year bond Treasury yields rise above 3.2% during October 2018 and also seen investors causing a sharp fall in equity prices as they sold out of holding riskier assets.

Rising bond yields in the US have also caused some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure has been dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- Borrowing interest rates have been volatile so far in 2018-19 and have increased modestly since the summer. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

4.2 Borrowing Strategy

Current Borrowing Portfolio Position

The following table shows the CFR as at December 2018 against the gross debt position of the Council. The gross debt includes other long-term liabilities like PFI and finance lease obligations. Gross debt should not exceed CFR in the medium to long-term.

Estimated debt may change as the capital programme spends and financing changes.

Narrative	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
	£000s	£000s	£000s	£000s	£000s	£000s
External Debt at 1 April	116,976	113,010	113,010	113,010	111,010	113,463
Expected change in Debt (repayment and new debt)	(3,966)	0	0	(2,000)	2,453	7,271
Closing External Debt	113,010	113,010	113,010	111,010	113,463	120,734
Closing Balance PFI	17,869	17,185	15,631	14,826	14,182	13,592
Closing Partial termination Balance PFI	13,927	13,192	12,404	11,560	10,655	9,685
Total PFI	31,796	30,377	28,035	26,386	24,837	23,277
Closing Balance Finance Leases	41	28	92	133	171	169
Closing Balance Salix	15	5	0	0	0	0
Actual Gross Debt at 31 March	144,862	143,420	141,137	137,528	138,471	144,180
Capital Financing Requirement	183,711	177,537	185,854	195,665	198,122	203,736
(Under)/over Borrowing	(38,849)	(34,117)	(44,717)	(58,137)	(59,651)	(59,556)

The table contained in section 4.2 shows the CFR forecast for 2018/19 to 2022/23. Also, there is no maturing debt until 2020/21, borrowing pressure from expenditure plans within the capital programme exist from 2019-23. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Director of Corporate Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

PFI and finance lease portion of the CFR will not be funded by additional loan. Capital forecasts relating to 2019/20, 2020/21, 2021/22 and 2022/23 are very much subject to change at this stage.

The Council's decision to use internal borrowing is prudent as it eliminates the revenue cost of carry as investment returns remain low, there is sometimes slippage on capital programme budgets and counterparty risks remain to a degree. The Council can fund its entire borrowing requirement now if this is affordable. In which case, borrowing will be up to CFR.

Strategy to 'Unwind' Internal Borrowing

Internal borrowing at 31 March 2018 remains at sustainable levels. However, the Council will commence a review of its strategy to 'unwind' internal borrowing.

Debt Liability Benchmarking

In defining its borrowing strategy, the Council considered the true characteristics of all of the debt instruments in its portfolio, most especially the LOBOs and the various options available to the Council.

Consideration was given to the fact that in the current economic climate the LOBOs in the Council's portfolio will not be called due to their very interest rate. Should they be called, replacement borrowing will not be required because the council will have cash available in 2019/20 to meet the call options based on the current estimates of the use of internal borrowing for the capital programme.

If all LOBOs are called at once (an unlikely event) then future estimated use of cash to temporarily fund the capital programme is likely to be affected.

The borrowing strategy to temporarily finance its capital programme, led the Council to consider setting a minimum amount of projected liquid cash of £10m. This means that cash outflows for capital purposes would primarily be met from cash investments until £10m was reached, and only at that point, would external borrowing be undertaken except if interest rates were advantageous for long-term loans, then the Council will borrow in advance of need or where interest rates are expected to rise significantly and quickly.

The Council will continue to review, throughout the year, its options around higher and lower levels of cash-backed balances.

4.3 Treasury Indicators: Limits to Borrowing Activity

Operational Boundary - this is the limit beyond which external borrowing is not normally expected to exceed. (The most likely prudent view, not the worst case scenario. Maximum level of external debt projected – Cipfa)

	2018/19	2019/20	2020/21	2021/22	2022/23
	£000s	£000s	£000s	£000s	£000s
External Debt	113,010	113,010	111,010	113,463	120,734
Other Long Term Liabilities	64,527	72,844	84,655	84,659	83,002
Operational Boundary	177,537	185,854	195,665	198,122	203,736

Authorised Limit for External Borrowing

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. It represents a limit beyond which external borrowing must not go over in the 3 years, and this limit when set is to be revised annually by Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short-term, but is not sustainable in the longer term. (The operational boundary, plus headroom for unusual cash movements – Cipfa)

The Council is asked to approve the following authorised limit:

	2018/19	2019/20	2020/21	2021/22	2022/23
	£000s	£000s	£000s	£000s	£000s
External Debt (plus possible new borrowing)	133,010	133,010	131,010	133,463	140,734
Other Long Term Liabilities	74,527	82,844	94,655	94,659	93,002
Authorised Limit	207,537	215,854	225,665	228,122	233,736

Members are required to note that these authorised limits show the gross maximum borrowing for the year and, in year regulatory accounting changes which may affect the level of debt in the balance sheet as well as allow for any potential overdraft position and short-term borrowing for cashflow purposes. All of which will be counted against the overall borrowing. The authorised limit also provides headroom for any debt rescheduling which may occur during the year and any borrowing in advance of need.

Within the prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council should ensure that its gross debt does not (except in the short term) exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

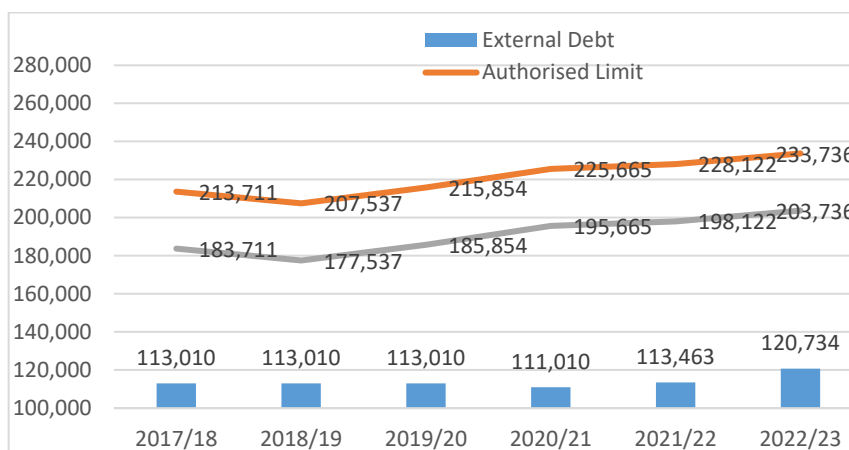
The Director of Corporate Services reports that the Council complied with this key prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget.

4.4 Treasury Management Limits on Activity

The table below shows the debt related treasury activity limits.

Members are asked to note that the maturity structure guidance changed in the CIPFA 2011 guidance notes for Lenders Option Borrowers Option (LOBO) Loans, the maturity dates is now deemed to be the next call date.

As interest rates begin to rise, it may be beneficial for the Council to go into some variable rate investments to avoid being locked into long-term investments at low rates in a period of rising interest rates or shorter duration borrowing to gain advantage of low rates.



- 4.5** Interest rate exposure is mitigated as much as possible by keeping up with publications and notifications the Local Authority receives on a regular basis.

The table below shows the Limits on the Maturity Structure of Borrowing

	Maturity Structure of borrowing 2018/19			
	Actual November 2018	Lower	Upper	Value £'000
less than 1 year	0%	0%	60%	-
1 to 2 years	0%	0%	60%	-
2 years to 5 years	3.81%	0%	60%	4,310
5 years to 10 years	27.17%	0%	80%	30,700
10 years to 20 years	11.06%	0%	100%	12,500
20 years to 30 years	11.95%	0%	100%	13,500
30 years to 40 years	28.32%	0%	100%	32,000
40 years to 50 years	17.70%	0%	100%	20,000
Total	100.00%			113,010

Local Indicators

In setting the indicators below, the Council has taken into consideration investment risks and returns.

The table below shows target borrowing and investment rates

	2018/19 Estimate %	2019/20 Estimate %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %
Average Investment Target Return	0.84%	0.90%	0.95%	1.00%	1.20%
Average Investment Target – Property Fund	4.0%	4.0%	4.0%	4.0%	4.0%
Long Term Borrowing Target					
• Current Portfolio	5.72%	5.22%	5.22%	5.71%	5.71%

The average investment target return above is based on the expected target return for the stated periods.

4.6 Policy on Borrowing in Advance of Need

London Borough of Merton will not borrow more than, or in advance of its need, purely in order to profit from the investment of the extra sums borrowed.

Any decision to borrow in advance will be within forward approved CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

4.7 Debt Rescheduling

As short-term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Cabinet, at the earliest meeting following its action.

The high cost of early redemption is not economically viable in current markets. However there may be cases where the Council is able to negotiate with the counterparty

The Director of Corporate Services will continue to review and identify any potential for making savings and provide Cabinet with updates when such opportunities arise. Any rescheduling activity will be reported to Cabinet at the earliest meeting following the transaction.

Use of Derivatives

The Council may use derivatives for risk management purposes only.

4.8 Borrowing Options

The Council will use a number of borrowing sources. These include the Public Works Loans Board, Market loans, Municipal Bond Agency (MBA), Retail Bonds, Loans from other Local Authorities and temporary loans. It is hoped that borrowing rates from the MBA will be lower than those offered by the PWLB. The Council intends to make use of this new source of borrowing as and when appropriate.

4.9 Changes Which May Affect Treasury Management

- Future Regulatory Changes to Money Market Fund Valuation

The Authority invests in a number of MMFs, currently classified at Constant Net Asset Value (CNAV). MMF Reform has taken place which will result in three structures of MMF going forward, introducing a LVNAV type of MMF, which is what the MMFs the Authority uses will transition to. Transition for some funds have taken place in January 2019, while some regulatory issues in Ireland have delayed implementation for others who now expect to transition by March 2019.

The three types of MMF available to the Authority will be:

- Public Debt Constant Net Asset Value ("CNAV") MMFs - must invest 99.5% of their assets into government debt instruments, reverse repos collateralised with government debt, cash, and are permitted to maintain a constant dealing NAV. This Fund is already in existence and there is no change proposed to the current structure;

- Low Volatility NAV ("LVNAV") MMFs - permitted to maintain a constant dealing NAV provided that certain criteria are met, including that the market NAV of the Fund does not deviate from the dealing NAV by more than 20 basis points (bps). This is a more stringent approach, as currently on a CNAV Fund they have a 50bps collar. Funds will have amortised cost accounting for investments out to 75 days. This means that they can value such investments at par, thus these investments should not affect the underlying Fund's NAV;
- Variable NAV ("VNAV") MMFs – Funds which price their assets using market pricing and therefore offer a fluctuating dealing NAV. No change to the current approach.

The Authority will invest in CNAV and LVNAV funds under this strategy.

- ***Proposed Changes to Leasing***

Future changes to accounting for leasing will increase CFR and therefore MRP but there will be compensating adjustments to the cost of services so the overall impact is presentational with no effect on the General Fund. It is anticipated that there may be some impact on both capital and revenue income and the changes will require all leases to be included on the balance sheet and be measured on PV of future lease payments. The new lease standard (IFRS 16) issued in 2015 is not anticipated to be adopted until 2019/20.

- ***Municipal Bond Agency***

It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. The Agency hopes that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority may make use of this new source of borrowing as and when appropriate.

- ***Future Challenges to Local Government Funding***

Future challenges to local government funding and their effect on cash flow remains a challenge.

5. ANNUAL INVESTMENT STRATEGY

5.1 Investment Policy

London Borough of Merton's investment policy has regard to the MHCLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

5.2 Investment Strategy

In-house funds: Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations

Bank Rate forecasts for financial year ends (March) are:

2018/19	0.75%
2019/20	1.25%
2020/21	1.50%
2021/22	1.60%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

	Now
2018/19	0.84%
2019/20	1.00%
2020/21	1.00%
2021/22	1.00%
2022/23	1.25%
2023/24	1.25%
Later years	2.75%

The overall balance of risks to these forecasts is currently skewed to the upside and are dependent on how strong GDP growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.

- 5.3** Although the Council does not expect a fundamental change in type of instruments it uses in the delivery of its treasury management activities, a number of new instruments have been included in Appendix 4 to provide flexibility should there be changes in the economic environment which may warrant their use.

As with any investment, there are varying degrees of risk associated with each instrument or investment options.

Should the Council decide to invest in any asset class a comprehensive analysis will be conducted to understand the associated risk and each instrument will be signed off by the Director of Corporate Services prior to any activity.

- 5.4 Investment Treasury Indicator and Limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and are based on the availability of funds after each year-end.

	31 Dec 2018 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Estimated Principal sums invested greater than 365 days	£5m	£18m	£40m	£40m	£30m	£30m

In addition to fixed deposits, a number of other financial instruments like Property funds will fall under the category of investments with duration exceeding 365 days. In addition to using money market funds, call accounts and notice accounts, the Council will seek to utilise other liquid and transferable instruments like certificate of deposits and gilts for its cashflow balances.

5.5 Use of Specified and Non-Specified Investments

Investment instruments identified for use in the financial year are as follows:

Specified Investments

These are sterling investments of not more than one-year maturity, or those which could be for a longer period where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended with:

- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling;
- The investment is not a long-term investment;
- The making of the investment is not defined as capital expenditure]; and
- The investment is made with a body or in an investment scheme of high credit quality or with one of the following public-sector bodies:
 - ✓ The United Kingdom Government;
 - ✓ A local authority in England or Wales (as defined under section 23 of the 2003 Act).

Non-Specified Investments

Non-Specified investments are defined as those not meeting the above criteria and exceeding 365 days in duration.

5.6 Investment Risk Benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change

Revenue Pressures – 0.1% improvement on £20m is £20k income generated and the cost of no risk is lost revenue therefore risks must be balanced to the Council's risk appetite.

- Security - The Council's maximum security risk benchmark for the current portfolio:
- Liquidity – in respect of this area the Council seeks to maintain:
 - Bank overdraft - £1m
 - Liquid short-term deposits of around £5m or more available with one day access.

5.7 Risk Management and Creditworthiness Policy

This Council applies the creditworthiness service provided by Link Asset Services (formerly Capita Asset Services). This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour
		Colour (and long term rating where applicable)		Money Limit		Time Limit		
Banks		yellow		£35m		5yrs		
Banks		purple		£25m		2 yrs		
Banks		orange		£25m		1 yr		
Banks – part nationalised		blue		£25m		1 yr		
Banks		red		£10m		6 mths		
Banks		green		£5m		100 days		
Banks		No colour		Not to be used				
Limit 3 category – Council’s banker (No Colour)		Lloyds bank		£5m		1 day		
Other institutions limit		-		£5m		1yrs		
Government				unlimited		6 months		
Local authorities		Yellow		£35m		5yrs		
		Fund rating		Money Limit		Time Limit		
Money market funds		AAA		£35m		Instant		
Enhanced money market funds with a credit score of 1.25		Dark pink / AAA		£25m		Instant		
Enhanced money market funds with a credit score of 1.5		Light pink / AAA		£10m		Instant		

The Link Asset Services’ creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency’s ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored regularly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council uses other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

5.8 Country and Sector Limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in **Appendix 2**. This list will be added to, or deducted from by officers should ratings change in accordance with this policy.

5.9 Banking Arrangements

The Council's bankers are Lloyds bank. The Council's bank accounts include some school accounts and client bank accounts managed as part of its Appointeeship role for residents that require this support. All schools are responsible for the management of their bank accounts.

From time to time the Council may open bank accounts with other banks for specific reasons, subject to approval by the Director of Corporate Services.

5.10 Lending to Community Organisations, Other Third Parties and RSLs - Any loans to or investments in third parties will be made under the Well Being powers of the Council conferred by section 2 of the Local Government Act 2000 or Localism Act of 2011.

The Well Being power can be exercised for the benefit of some or all of the residents or visitors to a local authority's area. The power may also be used to benefit organisations, schools, local enterprises, local companies or even individuals. Loans of this nature will be under exceptional circumstances and must be approved by Cabinet or the Director of Corporate Services as applicable. Authorisation from the Financial Conduct Authority (FCA) will also be sought where applicable.

Where it is deemed necessary, additional guarantees will be sought. This will be via security against assets and/or through guarantees from a parent company. The Council will also consider other factors like the statutory powers in place, reasonableness of the investment, FCA, objective and revenue earnings for the Council, MRP requirements, accounting issues and categorisation of the expenditure as capital or revenue.

In other instances, the Council may receive soft loans from government agencies.

5.11 Non-Treasury Investment Lending

The Council may be required to make policy investments for the good of its community by lending to local organisations and in some cases schools. Legal agreements are drawn which stipulate the terms of the loan which includes the ability of the organisation to make repayments. The Council may also lend to its wholly owned companies.

6. Cashflow Management

- 6.1** CIPFA requires all monies to be under the control of the responsible officer and for cashflow projections to be prepared on a regular and timely basis. Cashflow provides outline of operations. Actuals and forecast are recorded using Logotech systems. At the end of each day the net receipts and payments is either invested or borrowed to ensure that the Council's bank account is kept at a minimum.

Forecasts are based on best estimates which may slip due to unforeseen circumstances and the nature of large projects. Please see Appendix 7 for the cash flow forecast.

6.2 Purchase and Corporate Credit Cards

The use of corporate credit cards like other accounts payable methods carries significant risks. The Director of Corporate Services is responsible for ensuring that the Council has appropriate controls in place to protect the Council's funds.

7. Policy on the use of External Service Providers

The Council recognises CIPFA's guidance on Treasury Management that the responsibility for Treasury Management cannot be delegated outside the authority and recognises that any external service provider used by the Council is to support the in-house Treasury Management function. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. The Council is aware of the CIPFA Treasury Management Advisors Regulation and Services issued in March 2010.

The Council is also mindful of the requirements of the Bribery Act 2011 as amended in its dealings with external providers. A copy of the Council's policy can be found in the link below.

8. Training

A key outcome of the recent investigations into Local Authority investments is the need to ensure that all relevant Treasury Management staff receive appropriate training and knowledge in relation to these activities. Training is provided in-house on the job, via CIPFA seminars and training courses, treasury adviser seminars and training courses and sometimes counterparties conduct training. In addition, members of the team attend national forums and practitioner user groups.

9. Treasury Management Practices

- 9.1** The 2011 Code reinforces a framework of 12 Treasury Management practices (TMPs), which define the manner in which authorities seek to achieve the policies and objectives outlined in their Treasury Management policy statement. The Council's detailed Treasury Management practices approved in March 2018/19 can be found on the Council's intranet. An updated version is included as **Appendix 4**

10. Appendices

- Appendix 1 – Policy Investments (Non-Treasury Management Investments)
- Appendix 2 – Approved Countries for Investment
- Appendix 3 – The Treasury Management Role of the S151 Officer
- Appendix 4 – Treasury Management Practices 2019/20
- Appendix 5– Glossary
- Appendix 6 – Cashflow Forecast

11. Background Papers

- CIPFA Prudential Code for Capital Finance in Local Authorities 2017 Edition
- 2017/18 Treasury Management Strategy report
- The Guide to Local Government Finance (2018 Edition) Module 4: Treasury Management
- CIPFA Practical Considerations in Using Financial Instruments to Manage Risk in the Public Sector
- London Borough of Merton Capital Strategy 2019/23
- TM Code of Practice
- MHCLG Investment Guidance
- MHCLG MRP Guidance
- External auditor opinion on MRP provision

APPENDIX 1 – Policy Investments (Non-Treasury Management Investments)

Type	Duration	
Joint Development Companies	One month to 10 years	Subject to specific terms
Loans to Registered Landlords	One month to 5 years	Subject to specific terms
Loans to wholly owned companies	One month to 30 years	Subject to specific terms
Loan to any other type of organisation	One month to 10 years	Subject to specific terms

APPENDIX 2 – APPROVED COUNTRIES FOR INVESTMENTS (as at 21 November 2018)

Below is the current list of approved countries for investments for use by the Council's treasury team. The countries on the Council's approved list may change from time to time as Sovereign ratings change.

This list is based on those countries which have sovereign ratings of AA- or higher and also, (except - at the time of writing - for Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link Asset Services credit worthiness service.

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Hong Kong
- U.K.

AA-

- Belgium
- Qatar

APPENDIX 3

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.
- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- Receiving and reviewing regular monitoring and acting on recommendation

(ii) The S151 Officer (Director of Corporate Services)

- recommending clauses, Treasury Management policy / practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular Treasury Management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the Treasury Management function;
- ensuring the adequacy of Treasury Management resources and skills, and the effective division of responsibilities within the Treasury Management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of Treasury Management external service providers.
- Approval of appropriate money market funds for the Council to invest in.

LONDON BOROUGH OF MERTON **TREASURY MANAGEMENT PRACTICES 2019/20**

TMP 1: RISK MANAGEMENT

The Director of Corporate Services – the responsible officer will implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy / suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

1.1 Credit and Counterparty Risk Management

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments Methods and Techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

Policy on the use of credit risk analysis techniques

- The Council will use credit criteria in order to select creditworthy counterparties for placing investments with.
- Credit ratings will be used as supplied from all three rating agencies - Fitch, Moody's and Standard & Poor's.
- Treasury management consultants will provide regular updates of changes to all ratings relevant to the Council.
- The treasury manager will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising maturity periods, type, group, sector, country and counterparty limits.

1.2 Liquidity Risk Management

The Council will ensure it has adequate, though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it, at all times, to have the level of funds available to it which are necessary for the achievement of its business/service objectives. The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

The treasury management team shall seek to minimise the balance held in the Council's main bank accounts at the close of each working day. Borrowing or lending shall be arranged in order to achieve this aim. At the end of each financial day any unexpected surplus funds are transferred to the main bank account.

Bank overdraft arrangements – A £1 million net overdraft at 2% over base rate on debit balances has been agreed as part of the banking services contract. The overdraft is assessed on a group basis for the Council's accounts. Separate facilities are available for the Pension Fund bank account.

- a. Short-term borrowing facilities
The Council accesses temporary loans through approved brokers on the London money market.
- b. Special payments
Where an urgent clearing house automated payment system (CHAPS) payment is required, a CHAPS payment request form must be completed and forwarded to the Head of Transactional Services who then checks for correct required signatures and supporting paperwork. Further guidance can be found on the Council's intranet.
- c. Inter account transfer
From time to time, transactions occur between the Pension Fund and the Council. Reimbursement where necessary is by inter-account transfers between both bank accounts.

1.3 Interest Rate Risk Management and use of Derivatives

The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements. It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

The Council does not use derivatives, the Council's S151 Officer will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives when used will be clearly stated to members. The treasury management strategy has full details of interest rate exposure limits.

Policies concerning the use of instruments for interest rate management.

- Forward Dealing
Consideration will be given to dealing for forward periods depending on market conditions. When forward dealing is more than a 365 days period forward, the approval of the Director of Corporate Services is required.
- Callable Deposits
The Council may use callable deposits as part as of its Annual Investment Strategy (AIS). The credit criteria and maximum periods are set out in the Schedule of Specified and Non Specified Investments appended to the AIS.

Policy on Use of Lender's Option Borrower's Option (LOBO) Loans

LOBOs give the lender the option to propose an increase in the interest rate at pre-determined dates, and the borrower, the option to accept the new rate **or** redeem the loan without penalty.

Use of LOBOs is considered as part of the Council's annual borrowing strategy. All long-term borrowing must be approved by the S151 Officer.

1.4 Exchange Rate Risk Management

Occasionally, the Council has to make foreign exchange payments, the Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure.

1.5 Refinancing Risk Management

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies raised are managed, with a view to obtaining offer terms at renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

The Council will actively manage the relationships with counterparties in such a manner as to secure the above objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

The Council will establish through its Prudential and Treasury Indicators the amount of debt maturing in any year. Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for rescheduling include:

- a) to generate cash savings at minimum risk;
- b) to reduce the average interest rate; and
- c) to amend the maturity profile and/or the balance of volatility of the debt portfolio

Any rescheduling will be reported to the Council at the meeting immediately following the action.

1.6 Legal and Regulatory Risk Management

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1 1.1 Credit and Counterparty Risk Management, it will ensure that there is evidence of counterparties powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

The Council will ensure that its treasury management activities comply fully with legal statute, guidance, Codes of Practice and the regulations of the Council.

The Council's powers to borrow and invest are contained in the Local Government Act 2003, section 12 and Local Government Act 2003, section 1. The treasury management scheme of delegation is contained in the Corporate Services Scheme of Delegation. This document contains the officers who are authorised signatories. The Council's monitoring officer is the Assistant Director Corporate Governance while the S151 Officer is the Director of Corporate Services.

1.7 Fraud, Error and Corruption, and Contingency Management

Treasury tasks are segregated and adequate internal checks have been implemented to minimise risks and fraud. Procedures are documented and staff will not be allowed to take up treasury management activities until they have had proper training and are subject to an adequate and appropriate level of supervision.

Records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out. Periodic backups will be made to ensure contingency of systems is available.

Details of Systems and Procedures to be Followed, Including Internet Services

The Council uses Logotech Treasury systems as its treasury management recording tool.

- The Corporate Services Scheme of Delegation sets out the delegation of duties to officers and the Council's constitution details delegated authority of treasury management to the Section 151 Officer.
- All loans and investments are negotiated by the Treasury Manager or other authorised persons.
- All long-term loans must be authorised by the Section 151 Officer.

1.8 Market Risk Management

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect it from the effects of such fluctuations. This is controlled mainly by setting limits on investment instruments where the principal value can fluctuate. The limits are detailed in the Treasury Management Strategy

TMP 1: SCHEDULE 1 – SPECIFIED AND NON SPECIFIED INVESTMENTS

This is included in the Treasury Management Strategy.

TMP 2: PERFORMANCE MEASUREMENT

2.1 Evaluation and Review of Treasury Management Decisions

Periodic Review During the Financial Year

Monthly and quarterly meetings take place (quarterly with the Treasury consultant) to review the treasury activities, economic factors and discuss the investment options. In addition to this the Director of Corporate Services will hold treasury management review meetings with the Treasury team, periodically or as required to review actual activity against the Treasury Management Strategy Statement (TMSS) and cash flow forecasts.

Annual Review After the end of the Financial Year

Annual Treasury Report will be submitted to the Full Council each year after the close of the financial year.

Comparative Review

Each year or on a quarterly basis, comparative review is undertaken to see how the Council's performance on debt and investments compares to other authorities with similar size portfolios (but allowing for the fact that Prudential and Treasury Indicators are set locally). Such reviews are: -

- CIPFA Treasury Management statistics published each year for the last complete financial year
- CIPFA Benchmarking Club
- Other

2.2 Benchmarks and Calculation Methodology

2.2.1 Debt management

- Average rate on all external debt
- Average rate on external debt borrowed in previous financial year
- Average period to maturity of external debt
- Average period to maturity of new loans in previous year

2.2.2 Investment

The performance of investment earnings will be measured against any of the following benchmarks: In-house benchmark and when necessary other benchmarks such as Bank of England base rate, 7-day LIBID uncompounded, 7-day LIBID compounded weekly, 1-month LIBID and 3-month LIBID compounded quarterly

Performance will also be measured against other local authority funds with similar benchmark and parameters managed by other fund managers using the CIPFA treasury management benchmark service.

2.3 Policy Concerning Methods for Testing Value-for-money in Treasury Management

The process for advertising and awarding contracts will be in-line with the Council's Contract Standing Orders and procurement guidelines.

2.3.1 Money-broking Services

From time to time, the Council will use money-broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them. An approved list of firm of brokers is maintained by the Treasury Manager. The list takes account of both prices and quality of service. No firm of brokers will be given undue preference.

2.3.2 Consultants / Advisers Services

The Council's treasury management adviser is Link Asset Services.

TMP 3: DECISION-MAKING AND ANALYSIS

3.1 Funding, Borrowing, Lending, and New Instruments/Techniques

3.1.1 Records to be kept

The following records will be retained:

- Daily cash balance forecasts for the day and previous day
- Money market deal booking and deal approval confirmation emails
- Dealing slips for all investment and borrowing transactions
- Brokers' confirmations for all investment and temporary borrowing transactions made through brokers
- Confirmations from borrowing / lending institutions including money market fund portals
- PWLB loan confirmations
- PWLB interest due schedule
- Certificates for market loans, local bonds and other loans
- Deal confirmation letters for deals over one month
- Treasury Management contracts (Investment consultant and Logotech)

3.1.2 Processes to be pursued

- Cashflow analysis
- Debt and investment maturity analysis
- Ledger/Logotech/Bank reconciliations
- Review of counterparty limits in addition to monitoring of counterparties
- Review of opportunities for debt restructuring
- Review of borrowing requirement to finance capital expenditure (and other forms of financing where those offer value for money)
- Performance information (e.g. monitoring of actuals against budget for debt charges, interest earned, debt management; also monitoring of average pool rate, investment returns, etc)
- Treasury contracts management

3.1.3 Issues to be addressed

3.1.3.1 In respect of all treasury management decisions made the Council will:

- a) Above all be clear about the nature and extent of the risks to which the Council may become exposed
- b) Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
- c) Be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interests, and to deliver good housekeeping
- d) Ensure that third parties are judged satisfactory in the context of the council's creditworthiness policies, and that limits have not been exceeded
- e) Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive; and
- f) Ensure that adequate investigation on security of the Council's funds has been conducted

3.1.3.2 In respect of borrowing and other funding decisions, the Council will:

- a) Consider the ongoing revenue liabilities created, and the implications for the organisation's future plans and budgets
- b) Evaluate the economic and market factors that might influence the manner and timing of any decision to fund
- c) Consider the merits and demerits of alternative forms of funding, including funding from revenue, use of reserves, leasing and private partnerships; and
- d) Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

3.1.3.3 In respect of investment decisions, the Council will:

- a) Consider the optimum period, in the light of cash flow availability and prevailing market conditions; and
- b) Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital

TMP 4: APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 Approved Activities of the Treasury Management Operation

- Borrowing;
- Lending;
- Debt repayment and rescheduling;
- Consideration, approval and use of new financial instruments and treasury management techniques;
- Managing the underlying risk associated with the Council's capital financing and surplus funds activities;
- Managing cash flow;
- Banking activities;
- Use of external fund managers (other than Pension Fund)
- Leasing;
- Undertake treasury management activities for the Pension Fund

4.2 Approved Instruments for Investments

English and Welsh authorities: The Annual Investment Strategy has a list of approved instruments.

4.3 Approved Techniques

- Forward dealing
- LOBOs – Lender's Option, Borrower's Option borrowing instrument
- Structured products such as callable deposits

4.4 Approved Methods and Sources of Raising Capital Finance

Finance will only be raised in accordance with the Local Government Act 2003 and within this limit the Council has a number of approved methods and sources of raising capital finance. These are:

On Balance Sheet	Fixed	Variable
PWLB	●	●
European Investment Bank(EIB)	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Bonds administered by the Municipal Bond Agency	●	●
Stock issues	●	●
Local (temporary)	●	●
Local Bonds	●	
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Leasing (not operating leases)	●	●
Deferred Purchase	●	●

Other Methods of Financing

Government and EC Capital Grants

Lottery monies

PFI/PPP

Operating and Finance leases

Revenue Contributions

Borrowing will only be done in British Pound Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Director of Corporate Services has delegated powers in accordance with Financial Regulations, Standing Orders and Scheme of Delegation to Officers to take the most appropriate form of borrowing from the approved sources.

4.5 Investment Limits

The Annual Investment Strategy sets out the limits and the guidelines for use of each type of investment instrument.

4.6 Borrowing Limits

The Treasury Management Strategy Statement and Prudential and Treasury Indicators state all appropriate limits.

TMP 5: ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

5.1 Allocation of Responsibilities

(i) Council (Budget)

- Receiving and reviewing reports on treasury management policy, practice and activity; and
- Approval of annual strategy.

(ii) Cabinet

- Approval of/amendments to the Council's adopted clauses, treasury management policy statement and treasury management practice;
- Budget consideration and approval;
- Approval of the division of responsibilities; and
- Receiving and reviewing regular monitoring reports and acting on recommendations.

(iii) Overview and Scrutiny Commission (Financial Monitoring Task Group)

- Reviewing all treasury management reports and making recommendations to the Cabinet

5.2 Statement of the Treasury Management Duties/Responsibilities of Each Treasury Post

5.2.1 Responsible Officer

The Responsible Officer is the person charged with professional responsibility for the treasury management function and in this Council it is the Director of Corporate Services and is also the S151 Officer. This person or delegated persons will carry out the following duties: -

- a) Recommending clauses, treasury management policy / practices for approval, reviewing the same regularly, and monitoring compliance
 - b) Submitting regular treasury management policy reports
 - c) Submitting budgets and budget variations
 - d) Receiving and reviewing management information reports
 - e) Reviewing the performance of the treasury management function
 - f) Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
 - g) Ensuring the adequacy of internal audit, and liaising with external audit
 - h) Recommending the appointment of external service providers.
 - i) The Responsible Officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.
- a) The Responsible Officer may delegate her power to borrow and invest to members of her staff. The Treasury Manager, the fund officer. Treasury management team staff must conduct all dealing transactions, or staff authorised by the responsible officer to act as temporary cover for leave / sickness.
 - b) The Responsible Officer will ensure that Treasury Management Policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible.
 - c) Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the responsible officer to be satisfied, by reference to the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.
 - d) It is also the responsibility of the responsible officer to ensure that the Council complies with the requirements of The Non-Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

5.2.2 Treasury Manager

The responsibilities of this post will be: -

- a) Drafting the treasury management strategy and annual report
- b) Execution of transactions
- c) Adherence to agreed policies and practices on a day-to-day basis
- d) Maintaining relationships with counterparties and external service providers
- e) Supervising treasury management staff
- f) Monitoring performance on a day-to-day basis
- g) Submitting management information reports to the Responsible Officer; and
- h) Identifying and recommending opportunities for improved practices

5.2.3 Head of the Paid Service – the Chief Executive

The responsibilities of this post will be: -

- a) Ensuring that the system is specified and implemented; and
- b) Ensuring that the Responsible Officer reports regularly to the full Council / Cabinet or General Purpose Committee on treasury policy, activity and performance.

5.2.4 Monitoring Officer

The responsibilities of this post will be: -

- a) Ensuring compliance by the Responsible Officer with the treasury management policy statement and treasury management practice and that they comply with the law
- b) Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice; and
- c) Giving advice to the Responsible Officer when advice is sought

5.2.5 Internal Audit

The responsibilities of Internal Audit will be: -

- a) Reviewing compliance with approved policy and treasury management practice
- b) Reviewing division of duties and operational practice
- c) Assessing value for money from treasury activity; and
- d) Undertaking probity audit of the treasury function

5.3 Absence Cover Arrangements

Cover for treasury management staff will be to specific delegated staff.

5.4 Dealing Limits

- No investment deal must exceed £5million per transaction
- No borrowing deal(Short term) at any point in time must exceed £10 million except when existing loans are being repaid.

5.5 List of Approved Brokers

A list of approved brokers is maintained by the Treasury team and a record of all transactions conducted with them can be obtained from Logotech.

Policy on Brokers' Services

It is the Council's policy to rotate business between brokers.

5.6 Policy on Taping of Conversations

The Council currently does not tape conversations with brokers **but** ensures that confirmations are received from counterparties.

5.7 Direct Dealing Practices

The Council will deal direct with counterparties if it is appropriate and the Council believes that better terms will be available. There are certain types of accounts and facilities, however, where direct dealing is required, as follows;

- Business Reserve Accounts
- Call Accounts
- Money Market Funds
- Gilt/CD purchase via custodian; and
- Fixed period account e.g. 15-day fixed period account

5.8 Settlement Transmission Procedures

A confirmation letter signed by an authorised signatory per the Council's bank mandate must be sent to the counterparty if the deal period exceeds one month.

For payments, any transfer to be made via Lloyds link CHAPS system must be completed by 2.00 p.m. on the same day to ensure it is authorised. Money market funds may have earlier cut-off time/deadlines.

5.9 Documentation Requirements

For each deal undertaken, a record should be prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), broker and confirmation fax, email or letter.

5.10 Arrangements Concerning the Management of Third-Party Funds.

The Council holds a number of trust funds, appointeeship and custody bank accounts. The cash in respect of these funds is held in the Council's bank account but transactions are separately coded.

TMP 6: REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1 Annual Treasury Management Strategy Statement

1. The Treasury Management Strategy Statement sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted to the cabinet and then to the Council (budget) for approval before the commencement of each financial year.
2. The formulation of the annual Treasury Management Strategy Statement involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, this Council may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.
3. The Treasury Management Strategy Statement is concerned with the following elements:
 - a) Prudential and Treasury Indicators
 - b) Current Treasury portfolio position
 - c) Borrowing requirement

- d) Prospects for interest rates
- e) Borrowing strategy
- f) Policy on borrowing in advance of need
- g) Debt rescheduling
- h) Investment strategy
- i) Creditworthiness policy
- j) Policy on the use of external service providers
- k) Any extraordinary treasury issue
- l) MRP strategy

4. The Treasury Management Strategy Statement will establish the expected move in interest rates against alternatives.

6.2 Annual Investment Strategy Statement

At the same time as the Council receives the Treasury Management Strategy Statement it will also receive a report on the Annual Investment Strategy which will set out the following: -

- a) The Council's risk appetite in respect of security, liquidity and optimum performance
- b) Which specified and non specified instruments the Council will use
- c) The Council's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list
- d) Which credit rating agencies the Council will use
- e) How the Council will deal with changes in ratings, rating watches and rating outlooks
- f) Limits for individual counterparties and group limits
- g) Country limits
- h) Levels of cash balances
- i) Interest rate outlook
- j) Budget for investment earnings
- k) Policy on the use of external service providers

6.3 Annual Minimum Revenue Provision Statement

This statement sets out how the Council will make revenue provision for repayment of its borrowing using the four options for so doing and will be submitted at the same time as the Annual Treasury Management Strategy Statement.

6.4 Policy on Prudential and Treasury Indicators

- a) The Council approves before the beginning of each financial year a number of treasury limits which are set through Prudential and Treasury Indicators.
- b) The Responsible Officer is responsible for incorporating these limits into the Annual Treasury Management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the Responsible Officer shall submit the changes for approval to the full Council.

6.5 Other Reporting

- Annual report on treasury management activity
- Other management information reports

TMP 7: BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 Statutory / Regulatory Requirements

The accounts are drawn up in accordance with IFRS. The Council has adopted in full the principles set out in CIPFA's 'Treasury Management in the Public Services - Code of Practice' (the 'CIPFA Code'), together with those of its specific recommendations that are relevant to the Council's treasury management activity.

TMP 8: CASH AND CASHFLOW MANAGEMENT

8.1 Arrangements for Preparing Cashflow

Cashflow projections are prepared annually, monthly and daily. The annual and monthly cash flow projections are prepared from the previous year's cashflow records, adjusted for known changes in levels of income and expenditure, new grant allocations and changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known. Logotech is used to record cashflow.

TMP 9: MONEY LAUNDERING

9.1 Proceeds of Crime Act 2002 and Amendments

See Council's website and intranet for money laundering process and associated policies
http://intranet/anti_money_laundering_policy.pdf

9.2 The Terrorism Act 2000 and Amendment order

See Council's website and staff intranet on policy. Staff should note that all individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment.

9.3 The Money Laundering Regulations 2007 and Updates

The Council's money laundering officer is the Head of Audit. See Council's website
https://mertonhub.merton.gov.uk/_layouts/15/WopiFrame.aspx?sourcedoc=/Merton%20Hub%20Documents/anti_money_laundering_policy.pdf&action=default&DefaultItemOpen=1

Treasury management and banking staff are required to familiarise themselves with all money laundering regulations.

9.4 Procedures for Establishing Identity / Authenticity of Lenders

It is not a requirement under Proceeds of Crime Act (POCA) for local authorities to require identification from every person or organisation it deals with. However, in respect of treasury management transactions, the Council does not accept loans from individuals except during a bond issue.

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through the FCA website on www.fca.gov.uk.

9.5 Methodologies for identifying Deposit Takers

Other than those organisations mentioned in para section 6.10 and Appendix 2 of the treasury strategy, in the course of its Treasury activities, the Council will only lend money to or invest with those counterparties that are on its approved lending list. These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000. The FCA Register can be accessed through their website on www.fca.gov.uk.

All transactions will be carried out by CHAPS, faster payments or BACS for making deposits or repaying loans.

TMP 10: TRAINING AND QUALIFICATIONS

The Council recognises that relevant individuals will need appropriate levels of training in treasury management due to its increasing complexity.

All treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time.

In addition, training may be provided on-the-job, and it is the treasury manager's responsibility to ensure that treasury management staff receive appropriate training.

Treasury management staff and members will go on courses provided by the Council's treasury management consultants, CIPFA, money brokers etc

TMP 11: USE OF EXTERNAL SERVICE PROVIDERS

11.1.1 Details of Contracts with Service Providers, Including Bankers, Brokers, Custodian Banks, Consultants, Advisers

This Council may employ the services of other organisations to assist it in the field of treasury management. However, it will ensure that it fully understands what services are being provided and that they meet the needs of the Council, especially in terms of being objective and free from conflicts of interest.

11.1.2 Banking Services

- a) The Council's supplier of banking services is Lloyds Bank. The bank is an authorised banking institution authorised to undertake banking activities in the UK by the FCA
- b) The branch address is:
Lloyds Banking Group
25 Gresham Street, London
EC2V 7HN

11.1.3 Money-Broking Services

The Council will use money brokers for temporary borrowing and investment and long-term borrowing. It will seek to give an even spread of business amongst the approved brokers.

11.1.4 Consultants'/Advisers' Services **Treasury Consultancy Services**

The Council receives mail shots on credit ratings, economic market data and borrowing data. In addition, interest rate forecasts, annual treasury management strategy templates, and from time to time, the Council may receive advice on the timing of borrowing, lending and debt rescheduling. The performance of consultants will be reviewed by the treasury manager to check whether performance has met expectations.

11.1.4 Custodian Banks

The Council will use the services of custodian banks when trading in most transferable instruments like treasury bills. Due procurement process will be followed in the procurement of this service. It should be noted that it is the borrower that pays in most cases and not the lender. Property fund on the other hand do not require custody services, the investor pays all fee.

11.1.5 Credit Rating Information

The Council receives notifications of credit ratings from Link Asset Services.

11.2 Procedures and Frequency for Tendering Services

See TMP2

TMP 12: CORPORATE GOVERNANCE

12.1 List of Documents to be Made Available for Public Inspection

- a) The Council is committed to the principle of openness and transparency in its treasury management function and in all of its functions.
- b) The Council has adopted the CIPFA Code of Practice on Treasury Management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.

APPENDIX 5

GLOSSARY OF TREASURY MANAGEMENT TERMS

Accrued Interest

Any interest that has accrued since the initial purchase or since the last coupon payment date, up to the date of sale/purchase

Basis Point

One hundredth of 1% e.g. 0.01%

Certificate of Deposit (CD)

A Tradable form of fixed deposit. They can be sold before maturity via the secondary market at a rate that is negotiable. Often issued by banks and Building Societies in any period from 1 month to 5 years.

Coupon

The total amount of interest a security will pay on a yearly basis. The coupon payment period depends on the security.

Covered Bond

Covered bonds are conventional bonds (fixed or floating) issued by financial institutions that are backed by a separate group of loans, usually prime residential mortgages or public sector loans.

Credit Rating

A measure of credit worthiness of a borrower. A credit rating can be assigned to a country, organisation or specific debt issue/ financial obligation. There are a number of credit ratings agencies but the main 3 are Standard & Poor's, Fitch and Moody's.

Credit risk

This is the risk that the issuer of a security becomes temporarily or permanently insolvent, resulting in its inability to repay the interest or to redeem the bond. The solvency of the issuer may change over time due to various factors.

Debt Management Office (DMO)

Debt Management Office is an executive agency of HM Treasury. They are responsible for debt management in the UK, in the form of issuing Treasury Bills and Gilts.

Financial Strength Rating

Rating criteria used by Moody's ratings agency to measure a bank's intrinsic safety and soundness.

Floating Rate Note (FRN)

An instrument issued by Banks, Building Societies and Supranational organisations which has a coupon that re-sets usually every 3 months. The refix will often be set at a premium to 3 month LIBOR.

Gilt

A UK Government Bond, sterling denominated, issued by HM Treasury

Index Linked Gilts

A government bond issued by the DMO whose coupon and final redemption payment are related to movement in the RPI (Retail Price Index)

Interest Rate Risk

The risk that an investment's value will change due to a change in the absolute level of interest rate. Interest rate risk affects the value of bonds more directly than stocks, and it's a major risk to all bond holders. As interest rates rise, bond prices fall and vice versa. The rationale is that as interest rates increase, the opportunity cost of holding a bond decreases since investors are able to realise greater yields by switching to other investments that reflect the higher interest rate

LIBOR

London Interbank Offered Rate: set on a daily basis. The rate at which banks lend to each other for different periods

Net Asset Value (NAV)

Often used when funds or investment assets are valued. This term generally means the total assets less total liabilities.

Premium

The sale/purchase of an asset at a level that is above the par value or original price. If a security is trading at a premium, current market interest rates are likely to be below the coupon rate of the security.

Treasury Bill (T-Bills)

A Treasury Bills is a short dated instrument issued by HM Treasury. They are issued at a discount, therefore they are not coupon bearing.

Viability Ratings

Assessment of a bank's intrinsic creditworthiness applied by Fitch Ratings Agency. Its aim was to enhance visibility on benefits of support. This replaced the individual ratings.

Yield Curve

The yield curve represents the relationship between yield and maturity. The conventional shape being that as the maturity lengthens, the yield will increase. Each security will have its own yield curve, depending on the yield in every time period available.

Cash flow Appendix 6

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/2022 £'000	2022/2023 £'000
CASH OUTFLOW					
BACS	(502,416)	(504,928)	(507,453)	(509,990)	(512,540)
Payroll and Pension	(170,562)	(172,268)	(173,990)	(175,730)	(177,488)
Investments and Loan Interest payments.	(170,002)	(171,702)	(173,419)	(175,153)	(176,904)
Miscellaneous	(20,175)	(20,215)	(20,255)	(20,276)	(20,296)
Capital Payments	(31,226)	(40,711)	(27,571)	(16,155)	(22,508)
Total Payments	(894,380)	(909,824)	(902,688)	(897,304)	(909,735)
CASH INFLOW					
Business Rates	58,421	59,006	60,186	61,389	62,617
Investments Maturities	131,513	132,828	134,157	135,498	136,853
COUNCIL TAX	102,040	104,080	106,162	108,285	111,534
Capital Grant	24,263	5,748	5,071	3,792	3,080
Grants	256,785	253,605	251,069	249,788	249,206
OTHER INCOME	189,988	190,938	191,893	192,852	193,817
Legal and property	10,859	10,967	11,077	11,188	11,300
Teachers' Pension Contribution	1,191	1,227	1,263	1,301	1,340
SCHOOLS ADVANCES	93,409	94,343	95,286	96,239	97,201
Other Bodies	3,180	3,196	3,212	3,228	3,260
VAT Refund	20,433	20,841	21,258	21,683	22,334
Total Receipts	892,081	876,779	880,634	885,244	892,542
Debt Repayment	0	0	(2,000)	(2,000)	(310)
New External Borrowing	0	0	0	4,453	7,581
Net Position - surplus/(overdrawn)	(2,299)	(33,044)	(24,054)	(9,607)	(9,922)
Bank Balance B/F	24,568	26,890	14,617	8,015	5,659
Cash deposit B/F	59,500	54,879	34,107	18,702	13,205
Total opening Balance	84,068	81,769	48,724	26,718	18,864
<i>Bank Balance C/F</i>	26,890	14,617	8,015	5,659	2,722
<i>Cash deposit C/F</i>	54,879	34,107	18,702	13,205	6,351
Total closing balance	81,769	48,724	24,671	17,111	8,942

The future cash flow is projected based on actuals to date and on the information available. The future forecast will change as it gets continuously projected based on the actual spent on information provided.

Section B

Other Key Resources

WORKFORCE STRATEGY

2018-2021



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1. INTRODUCTION

Welcome to Merton's Workforce strategy, which outlines our aims for the period 2018 – 2021 and shows how we will support, engage with and develop our workforce, so they are equipped to meet the challenges of continuing to deliver high quality services to our customers and local communities.

The people, who work for, work with, volunteer with, and wish to work for Merton Council, are vital for us to reach our goals. All of our achievements as a council, and the excellent services we deliver to our public, are reliant on us having a suitably skilled, able and equipped workforce, who demonstrates our values and behaviours. The Council has won a number of awards, which is testament to the commitment, and professionalism of our people. This strategy aims to build on the success and dedication of the current workforce, and ensure that we have the structures and resources to meet the challenges of the future.

Through our Merton 2015 programme we have transformed the way we work and what we do - successfully delivering savings and new approaches to the services we offer our residents, while maintaining customer satisfaction. In order to achieve further changes, council departments have designed Target Operating Models, which are focussed on providing the highest quality services to the public, operating with efficiency and accountability.

The Council's ambition to be London's Best Council provides the Council with the momentum to continue to strive to be the best that we can be individually and collectively. Being London's Best Council provides a structure, which is supported by the themes from the workforce strategy.

The strategy shows how departments, managers and human resources will jointly contribute towards achieving our organisational priorities, and addresses six key areas:

- Workforce planning
- Recruitment and Retention
- Organisation and Workforce Development
- Morale, Health and wellbeing
- Leadership
- Apprenticeships

Through the action plans and outcome measures that we are proposing, we believe that we will equip Merton Council with the modern and dynamic workforce that is needed to take on the challenges of delivering excellent public services for years to come.

Ged Curran

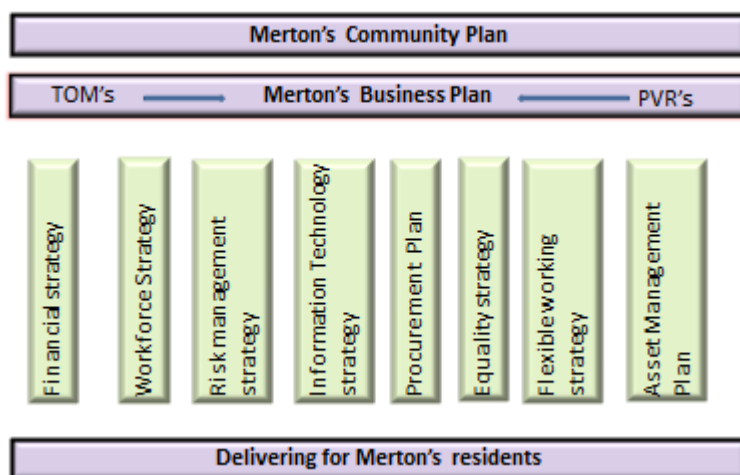
Chief Executive

2. BACKGROUND

Merton Council is undergoing a period of sustained and conscious transformation in order to best respond to the changing environment (especially financial) and customer expectations. We are working together to shape services and the organisation to ensure a successful future for our residents and staff.

2.1 Key Council priorities

The key priorities for the borough are captured within the Community Plan, developed by the Merton Partnership. The strategy is closely aligned to the Community Plan, which sets the overall long-term direction and vision for the borough to 2021 it links with the medium term financial strategy.



The Community Plan identified the first four priority areas, with Corporate Capacity having been added by the Council.

- Children and Young People – Better opportunities for youngsters
- Health and Well Being – A healthy and fulfilling life
- Sustainable Communities and Transport – Keeping Merton moving
- Safer and Stronger – Being safe and strong
- Corporate Capacity

The theme of Corporate Capacity encompasses the effective recruitment, development and management of staff. This Workforce Strategy outlines how we will transform the Council's workforce and be fit for purpose in 2021.

2.2 How the Council has changed in the last 3 years

We take a proactive approach to planning for our future. Since our Workforce Strategy was published in 2015, we have been continuing to manage our transformation programme through the Merton Improvement Board and Departmental Management Teams. Despite reducing our workforce to (1500 fte) our quest to continuously improve has remained. The annual residents' survey states that the vast majority of Merton residents are satisfied with their local area as a place to live (92%). This is a positive finding and is 12-percentage points higher than the national benchmark of 80% (LGA polling Feb 17). The 2016 staff survey shows that we have a committed workforce who are willing to go the extra mile to deliver services to our customers (89%). The Council is now aiming to be London's Best Council.

Continued delivery of quality and value for money services for our residents has been achieved through reviewing our service delivery models and developing innovative solutions, including shared services, partnership working and the development of volunteering in the borough. Continuous improvement is at the

heart of our approach and we have introduced lean methodology to drive out waste from our processes and now work in a highly focused and lean operation.

Our employees shown themselves equal to the challenges, and as we plan the future shape of our services and organisation, we are laying the foundations to ensure that the workforce continues to enable the Council to best serve our residents.

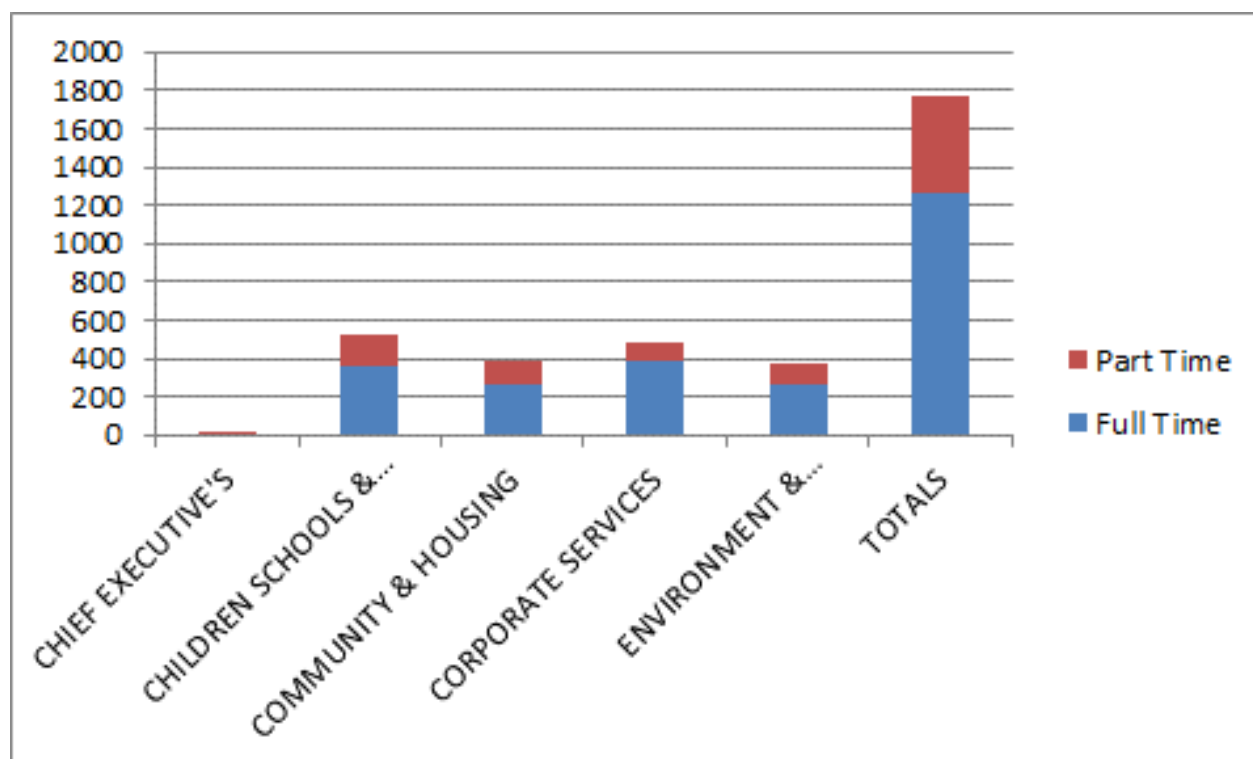
3. HIGH LEVEL SHAPE OF THE WORKFORCE

The workforce in Merton has changed over the last three years. In particular:

- We have transferred out staff who worked in our Waste and Greenspaces teams to third party contractors. This will have an impact on the demographics of our workforce.
- Changes in the education provision with an emphasis on Early Years
- We host a number of shared services with other boroughs such as Regulatory Services and Legal Services
- We have reduced our agency spend over the period – through a combination of temp-perm recruitment, targeted advertising campaigns and the transfer out of teams that had high agency usage. We have also negotiated a reduction in the cost of that contract
- The Council is still in the early stages of adjusting to the new IR35 regulations and these will doubtless have an impact on the shape of our workforce.
- The workforce is ageing with an increasing number of employees over the age of fifty.
- Merton’s sickness remains high and remains above the London average.

COMPOSITION OF THE WORKFORCE

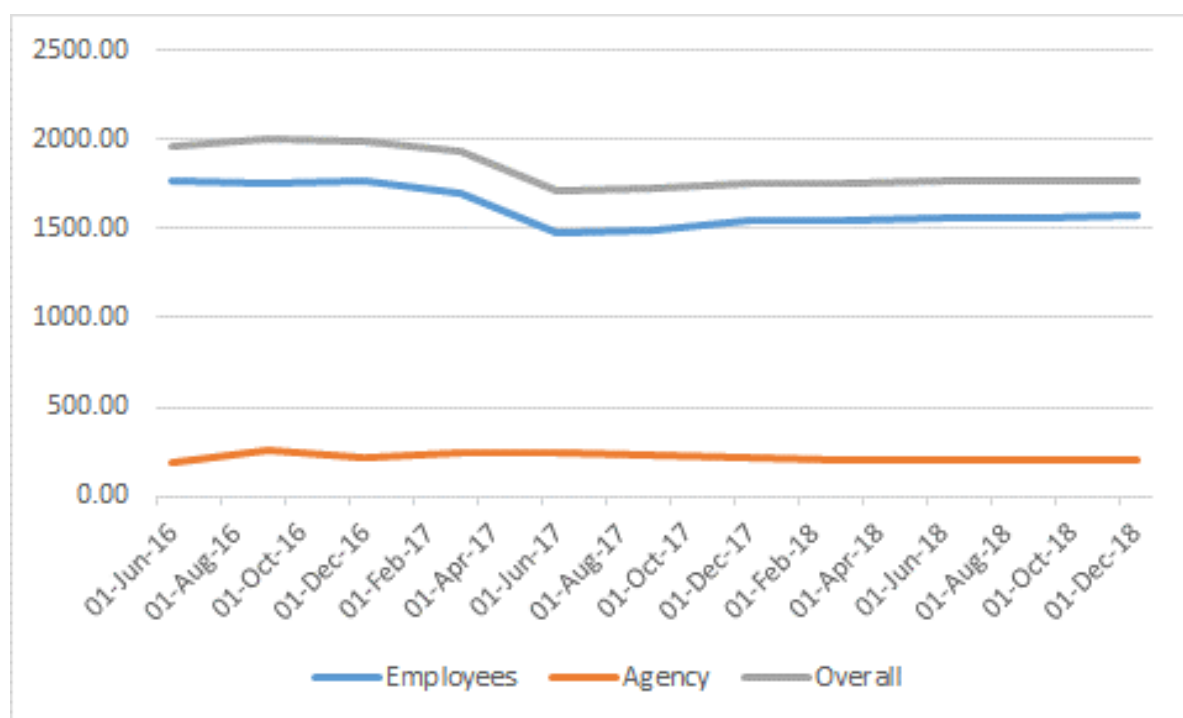
Number of Employees by Department, Part Time and Full Time as at 31st December 2018



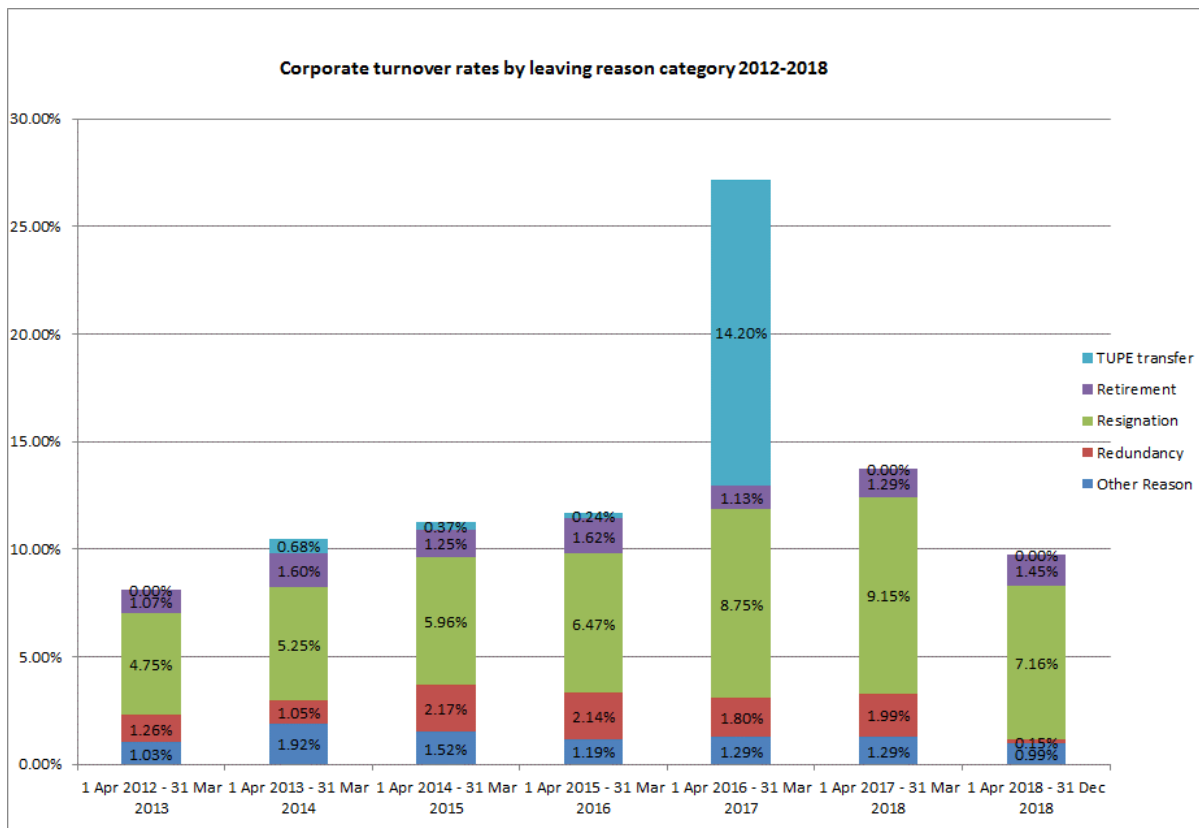
Full Time Equivalent Employees, Agency Workers and Vacancies as 31st December 2018

Department	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Corporate Services	520.94	437.23	83.71	54.29	29.42
Children Schools and Families	568.19	462.19	106.00	58.60	47.40
Community and Housing	428.95	343.10	85.85	33.53	52.32
Environment and Regeneration	445.55	330.08	115.47	55.80	59.67
Total	1963.63	1572.60	391.03	202.22	188.81

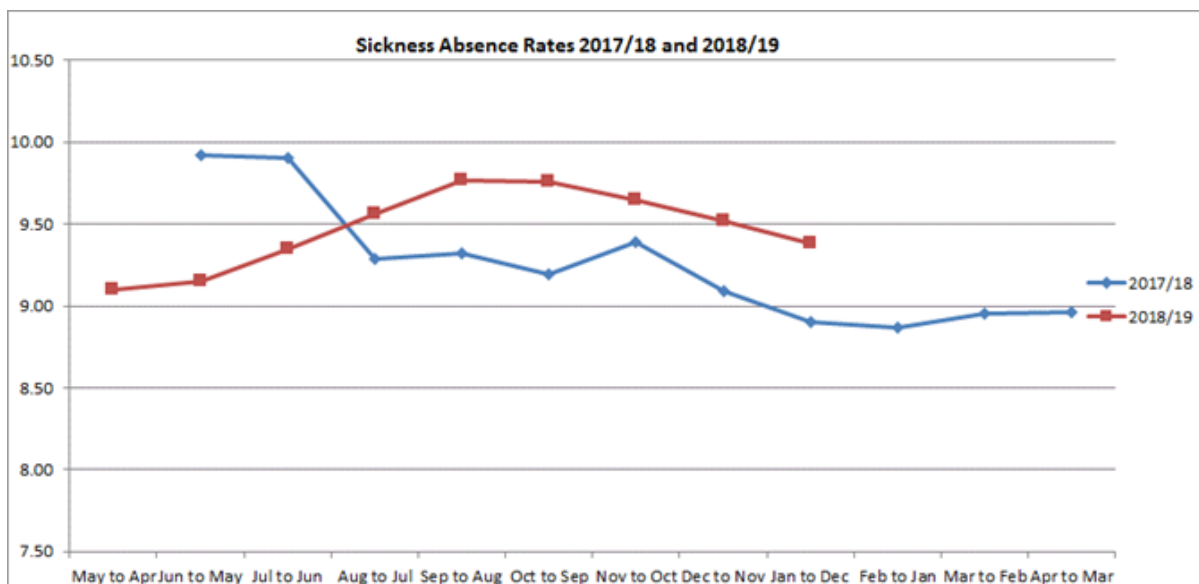
Full Time Equivalent workforce trend 2016-2018



Turnover rates by Leaving Reason 2012-2018

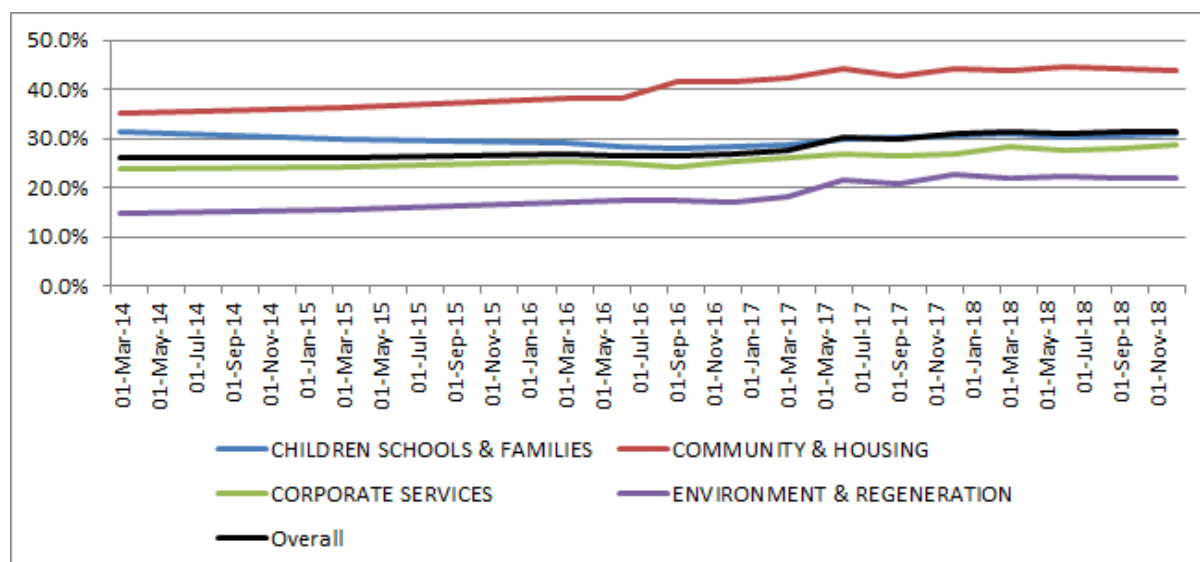


Workforce rolling year sickness trends: working days lost per FTE



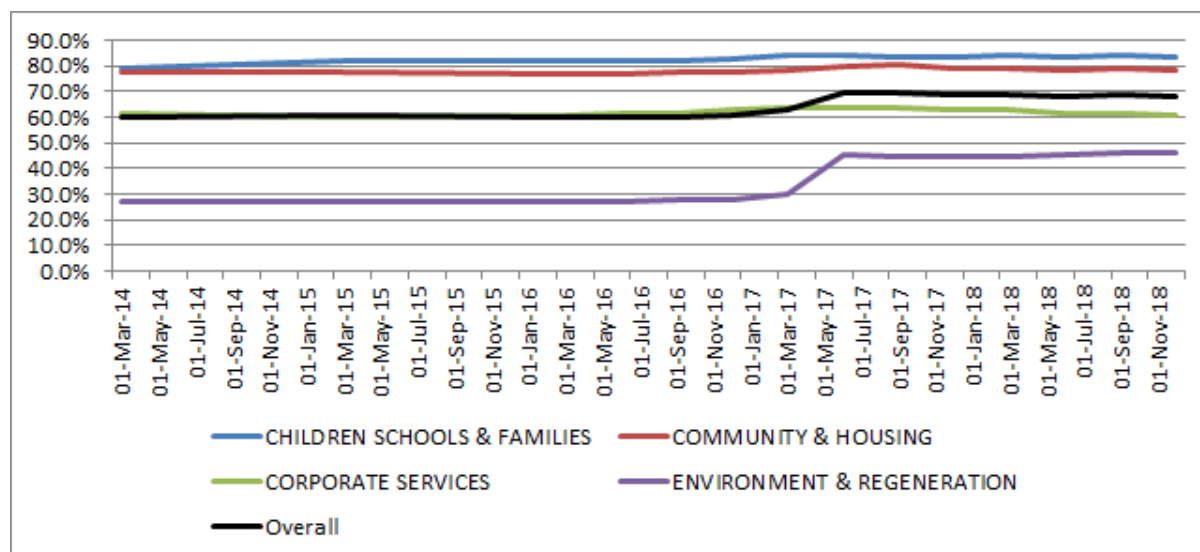
Annual sickness rates are higher than London averages and remain a corporate priority.

Workforce BME Employee trend 2014-2018.



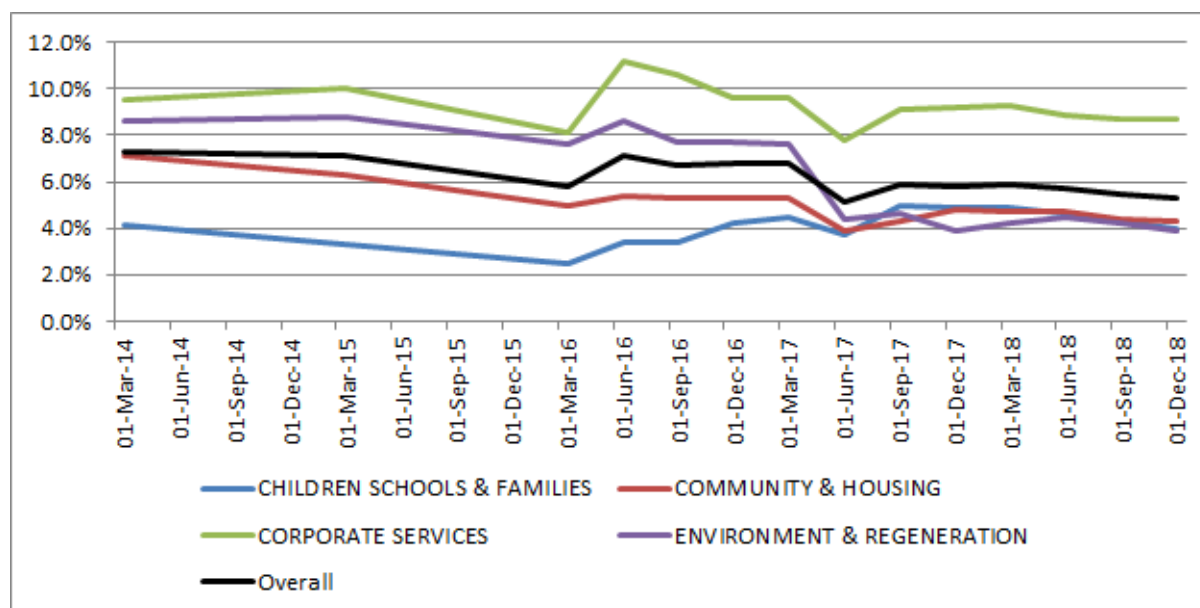
There has been a steady ongoing increase in the % BME employees, with a more marked increase with the transfer out of Green Spaces and Waste Services in February/March 2017.

Workforce Gender trend 2014-2018



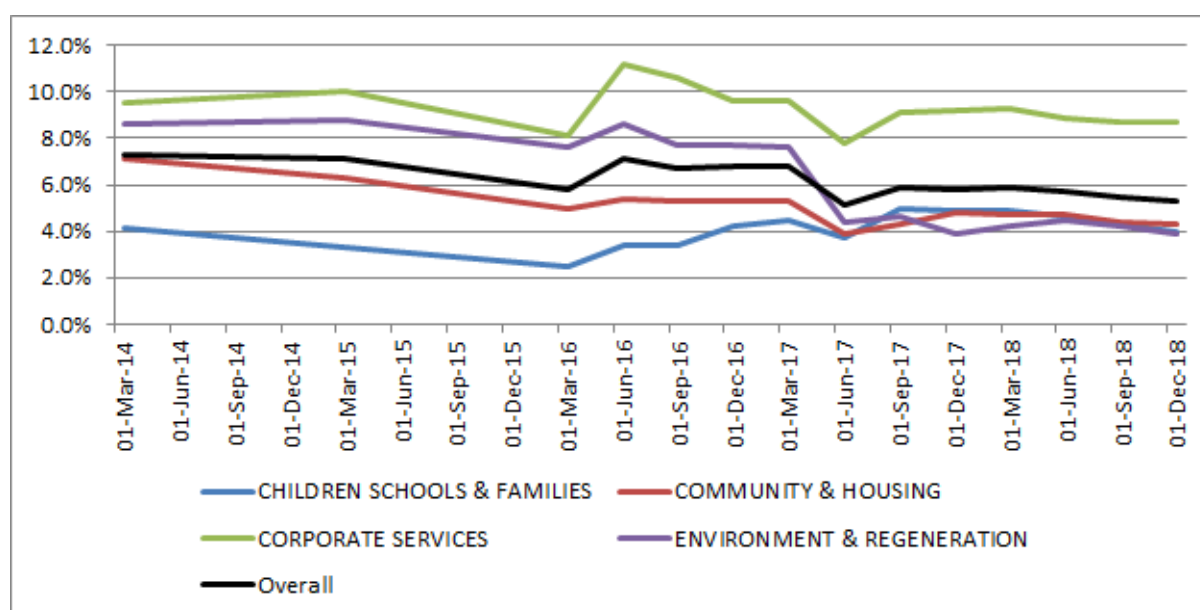
After remaining stable for many years, the percentage of female employees in the workforce increased with the mainly male Green Spaces and Waste services in February/March 2017.

Workforce Disabled trend 2014-2018



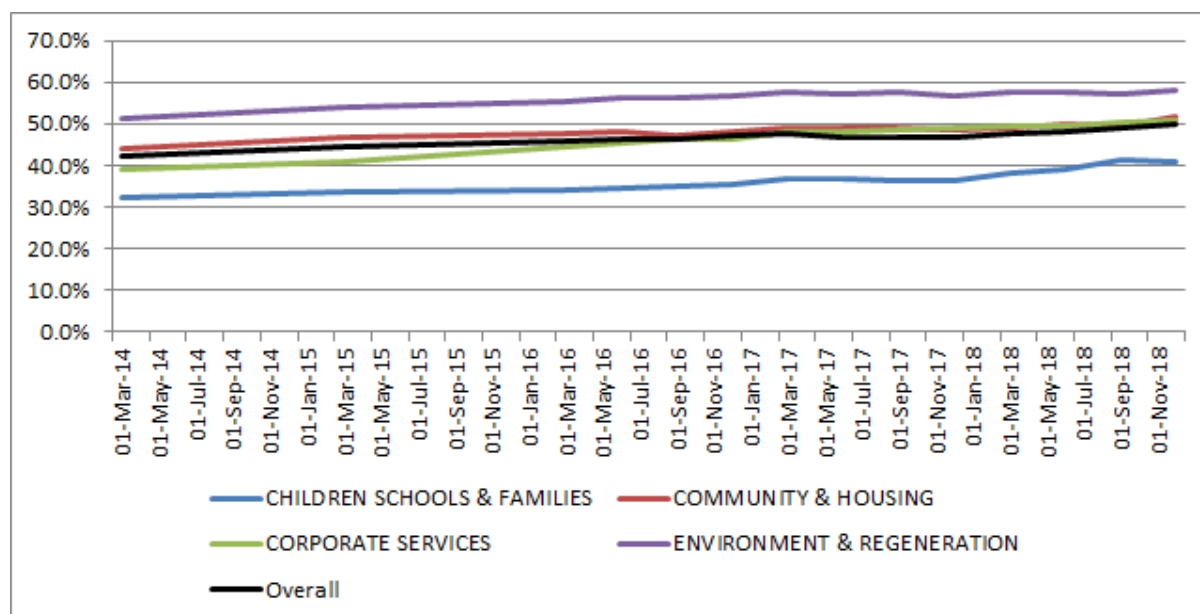
The proportion of employee who have declared a disability has been declining for some years, with a more marked decrease following the Green Spaces/Waste transfers.

Workforce younger employees age 16-24 trend 2014-2018



After a peak during 2014/2015 due to the recruitment of entry-level apprentices, the proportion of young people in the workforce has declined. Recruitment of entry-level apprentices continues.

Workforce employees age 50+ trend 2014-2018



Whilst the proportion of young people in the workforce has decreased, the proportion of older employees has been showing a slow but steady increase – driven in part by more employees remaining in post beyond the age of 65 due to the removal of the compulsory retirement age.

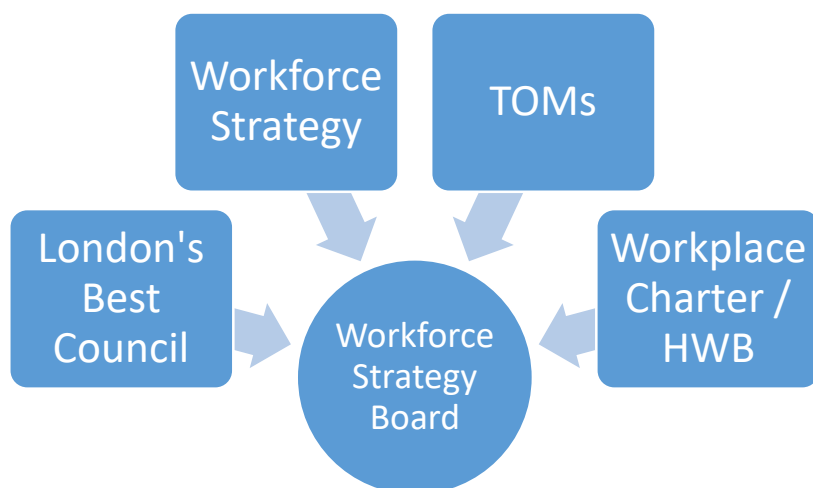
4. STRATEGY

The direction for the workforce strategy is the same as for the council as a whole; to be London's best council and in this context to have London's best workforce

4.1 Model for achieving the strategy

The Council has a two-pronged model for achieving its workforce strategy. The workforce strategy board has a strategic oversight of all people issues in the local authority. It also manages the interface between key corporate boards and priorities and the DMTs to ensure that there is a consistent process.

It is supported in this by DMTs as we recognise that they are the driver of change and improvement in the local authority. DMTs are responsible for employee engagement, recruitment and development with the Board providing the infrastructure to support this ambition. This can be seen on the following diagram:



In addition to this, the workforce strategy board will monitor the action and outcomes identified within this document, setting targets and monitoring delivery. This will take place quarterly.

5. KEY WORKFORCE PRIORITIES FOR THE FUTURE

We have identified six priorities for workforce transformation to support the realisation of the Council's plans for the future:

- Workforce planning
- Recruitment and Retention
- Organisation and Workforce Development
- Morale, Health and wellbeing
- Leadership
- Apprenticeships

What we want to achieve, why this is a priority, what actions we will take and who will be responsible to lead each action are outlined in the following sections.

5.1 Workforce planning

The shape of the workforce in Merton is developing to reflect new service delivery models and to support the organisation to achieve its business objectives and outcomes. We will still deliver similar services, but through a number of new ways for example through our partners, shared services and efficient delivery models.

What we want to achieve

- Correct alignment of workforce size, skills base
- An agile workforce, which is responsive to changing needs
- A workforce which is representative of and sensitive to the community which it serves
- HR policies which are clear and consistent, and which are focussed on a manager-led approach to managing staff issues.

Why this is a priority?

The composition of Merton's current workforce requires changes to ensure our continued success, meet future requirements and to better reflect our communities. We need to be able to accurately predict the shape of the workforce we will need to deliver our strategic plans and our services.

Work has been done to expand and improve the HR data provided to CMT and various council committees but there is recognition that this can be improved further. In addition, management information about the work of the HR service would supplement this.

Actions and outcomes

Action	Outcome
Based on departmental TOMs, design the future shape of the workforce to best match its service delivery plans and financial context;	A new workforce structure is in place supporting future service plans
Determine organisational structures, which support future delivery models - determine the desired combination of directly employed staff, shared services, externalised work, agency workers and volunteers, as	A structure is in place that allows us to recruit intelligently and with an element on long term planning rather than being reactive.

Action	Outcome
well as appropriate spans of control for each service area;	
Review and action requirements to reflect legislative and regulatory changes as they emerge (e.g. Care Bill, BSF and Children and Families Act);	We are proactively training our workforce to ensure that they are appropriately skilled for the work they do. Better Training Needs Analysis
Manage the transition from the current to the future structure;	Smooth well, managed and on time transition supporting our staff and saving the organisation money
Establish on-going monitoring for workforce arrangements through accurate and relevant management information for decision-making e.g. workforce, equality, productivity and financial data;	Better decision making, more forward planning

5.2 Recruitment and retention

The organisation has a clear and effective recruitment and retention focus and plan of key workforce skills and behaviours. This includes succession planning, and managing turnover.

What we want to achieve

- Make Merton an employer of choice through creating an innovative and positive brand image;
- Ensure future key talent is successfully recruited, retained and developed in appropriate roles within the Council to deliver effective services to residents and that capacity is built across the future workforce to implement new service delivery models;
- Establish inter-organisational collaboration to ensure that Merton's residents are served by the best people, whether within the Council or through our partners;
- Reduce recruitment and turnover costs and agency use;

Why this is a priority

We want to recruit, develop and retain talented people to enable us to deliver outstanding services to our residents. As our requirements and service delivery models change, our recruitment activity needs to evolve and respond to meet demand as cost effectively as possible. We want to attract the right people with the right skills and behaviours. We want to build leadership and strategic capacity. In specific divisions within the Council we have a high level of turnover, retention needs to be understood and stabilized.

Actions and Outcomes

Action	Outcome
Continue to optimise technological solutions and embed the functionality of our applicant tracking system to meet hiring managers' and candidates' needs;	HR processes are easy to self-serve and managers need less administrative support
Develop our employer brand, value proposition to become an employer of choice, building on the success of recent awards;	Merton Council perceived to be an employer of choice, attracting high quality candidates;
Given financial constraints, focus work on reward and remuneration for hard to recruit and retain roles by	Core professional and business critical skills are retained and available within the Council

Action	Outcome
analysing market trends and developing cost effective solutions; sustain effective recruitment and retention of key staff groups, e.g. qualified social workers and children's specialist functions;	Reduction and better targeting in the use of agency staff – reduction in agency rates in social work roles;
Collaborate with strategic partners to develop a mobile and agile workforce serving the residents of Merton, develop new models, such as inter-organisational working, partnerships and volunteering;	The structure and size of the Council meets current requirements and is adaptable to future needs Talented people are delivering our services through direct employment or other service delivery models including partnership working, shared services or volunteering;
Create new approaches for staff to develop and progress up the organisation, in the context of an organisation which is reducing in size and where opportunities to create suitable vacancies are more limited. It may need to be accepted that where we invest in staff career development, in some cases those staff may then move on to new opportunities outside the organisation.	Balanced workforce in terms of skills, age and experience, addressing current concerns in workforce demographics; Employees are more satisfied with opportunities to develop themselves and progress their employability;

5.3 Organisational and workforce development

The workforce must be equipped with the skills and behaviours enable the Council to achieve new and improved service delivery models (e.g. flexible working, customer service, IT).

Key to delivering certain elements of this training with fewer resources is to consider different ways of learning such as blended learning, e-learning and webinars, not only to reduce costs but to offer greater flexibility to staff in how and where they can access learning opportunities. Use of apprenticeship levy funding to develop existing staff can also be used to ease pressure on learning and development budgets

Consideration should be given to whether any funding for training and/or development should be requested up front so that L&D expenses to be frontloaded within these change projects. It should be noted in this context that control of the L&D budget, and release of any funding, rests with Human Resources.

What we want to achieve

- Accurate mapping of future workforce function, form, skills and behaviours to alternative business delivery models
- Ensure staff work in a modern, flexible way to improve productivity and efficiency and equip them with key future skills and behaviours to enable them to do so
- Provide first class customer service to meet our residents' needs, through new service channels where appropriate
- Best practice in safeguarding is embedded in all relevant roles and activities
- Develop staff to undertake skilled hard to recruit roles
- Promote diversity and cultural awareness for staff and managers
- Change management and communication training should champion best practice in the continuing transformation within the council and to support staff through this.

Why this is a priority

It is crucial for Merton's success that our workforce has the right skills, behaviours and adaptability to meet the demands of the transformation and new service delivery models. Our managers need the skills and resources to effectively lead our teams and we need to be able to respond to organisational as well as legislative changes. The requirements on organisational and workforce development are changing, with more focused and flexible options becoming the norm.

Actions and Outcomes

Action	Outcome
Managers' capability development specifically on building strategic capacity through future planning, accurate workforce planning and designing spans of control	Increased customer satisfaction with effectively delivered services.
Develop first class customer service behaviours to meet our residents' needs, through new service channels where appropriate;	Increased customer satisfaction with effectively delivered services.
Embed the management and staff behaviours across the organisation to support performance	Leaderships behaviours are clearly demonstrated and performance improved;
Ensure that all statutory CPD requirements are met;	A statutorily compliant workforce
Establish effective change management practices to support employees through the transformation;	Employees feel supported through organisational change and report that communication was effective; Employees report that they feel supported in performing their roles in a day-to-day basis and through organisational changes
Prioritise learning and development spending to best support the Council's objectives and transformation;	Learning needs are effectively identified and support the organisations' overall objectives in the most cost effective way; Outcomes of learning and development activity can be clearly linked to the delivery of our priorities and key workforce objectives; Learning and development accessible to all staff and partners where appropriate; Performance of staff is increased through development of key skills and behaviours supported through honest performance appraisal conversations;
Further develop commercial and commissioning skills as these are key priorities for the workforce of the future	Savings are achieved and commissioned services are improved.
Run a diversity and cultural awareness programme including training	A more cohesive workforce able to serve our communities better
Develop the Council's future leaders	Potential future leaders have been identified, ensure equal access to opportunities and people are engaged on a talent management programme

5.4 Morale, health and wellbeing

We need to ensure that the organisation understands what a healthy workforce looks like and supports staff to achieve this.

What we want to achieve

- An improved understanding of the issues underpinning workforce wellbeing, and develop actions to optimise wellbeing, productivity, engagement and attendance.
- Improved morale and employee engagement

Why this is a priority

We want to be a healthy and motivated workforce, able to meet the demands of the Council, its residents and customers. We want to understand and address the root causes of sickness and act to enhance engagement and support the wellbeing of staff and improve attendance rates.

Actions and outcomes

Action	Outcome
Promote a healthy workplace, including initiatives on mental health and wellbeing	A healthier workforce with a reduction in number of days lost through sickness – a stretch target of moving to the bottom quartile from the upper quartile for London. Employees are aware of available support structures and make use of these as required e.g. Employee Assistance Helpline
Improve access to data and information for managers, to help them manage sickness better – embedding an attendance and performance culture	A healthier workforce with a reduction in number of days lost through sickness – a stretch target of moving to the bottom quartile from the upper quartile for London,
Provide policies and practices that reflect the requirement for new ways of working and service delivery	Employees are more satisfied with their work / life balance Flexible working practices are effectively implemented and have a positive impact on morale
Review employee engagement initiatives and develop ways to increase engagement and morale	We have a culture of employee engagement: Staff Attitude Survey results improving each time with a stretch target of 80% satisfaction

5.5 Leadership

To lead the changes outlined in this strategy, the Council requires its leaders to be able to engage with staff; even in times of ambiguity and significant change. Merton requires its leaders to be solutions focussed, inspirational and be able to work collaboratively with other leaders and partners to deliver seamless services to our employees, partners, residents and customers.

What we want to achieve

We want to provide strong leadership, clear direction, trust and confidence to the workforce and members. We want our leaders to be open, fair, transparent and clear about the vision and the journey. We want our leaders to have integrity and a good understanding about the services they deliver to our residents and customers

Why this is a priority

We want to ensure that we are able to provide good services during a time of financial constraint and in an environment, which is volatile, uncertain, chaotic and ambiguous (VUCA).

Actions and Outcomes

Action	Outcome
Development of programme for leaders	More collaborative working Less silo working Build collective ownership Reduction in blame
Improve project delivery	More success in the Council's delivery of large and small projects
Managing our resources effectively	Budgets are well controlled, staff are well supported, contracts are well managed.

5.6 Apprenticeships

With the introduction of the government's apprenticeship levy from April 2017, the Council will be making levy contributions of £577k per annum.

What we want to achieve

In order to maximize "claw back" of monies the Council will expand its apprenticeship program to include higher-level apprenticeships for existing employees addressing a number of identified training needs including, developing management and commissioning skills, and professional development. Apprenticeships will also be used to develop staff to carry out hard-to-recruit roles in the workforce.

Why this is a priority

The Government requires all organisations to increase the number of apprentices within their workforce.

In addition, the use of apprentices, and especially higher level apprentices, provides Merton with an opportunity to upskill our workforce at a time when other budgets to support this are reducing. Apprenticeships also help with elements of workforce planning and enable us to meet our duties corporate parents and to school leavers in Merton.

Actions and Outcomes

Action	Outcome
Leverage the opportunities for development arising from shared services and partnerships, and the new apprenticeship frameworks;	More apprentices
Increase apprenticeships through our contracting	More commitments to apprenticeships within specifications, contracts and well monitored
Develop a menu of higher level apprenticeships	Ensure take up of higher level apprentices across the organisation
Working closely with CSF to ensure provisions are made for apprenticeships for vulnerable people	Well-supported young people progressing well through apprentice training.
Aim to replace longstanding agency assignments with apprentices	Less agency staff and more apprentices

6. Conclusion

Delivering the actions in this strategy will:

- enable the Council to realise its ambition to be London's Best Council.
- support the changes we need to make to ensure deliver effective services efficiently
- promote and develop a flexible and dynamic workforce

PROCUREMENT STRATEGY _ DECEMBER 2018

Section 1 – Introduction

The National Procurement Strategy defines Procurement as:

“The process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process spans the whole cycle from identification of need, through to the end of a service contract or the end of the useful life cycle of an asset. It involves options appraisal and the critical ‘make or buy’ decision which may result in the provision of services in house in appropriate circumstances”

Although the definition is primarily about procurement, it also about the need to secure sustainable services, products and outcomes that meet the needs of the community we serve. Strategic procurement also encompasses collaboration, including the need to develop partnerships, consider delivery options and ensure value for money for every pound spent.

Councils across the UK have been taking a serious look at how procurement can assist them to achieve better outcomes for their residents. Whilst there has been some excellent work undertaken as a result of the local government national procurement strategy, too many councils still consider procurement as the ‘EU procurement compliance’ team or as the team that sits in the corner that needs to be consulted to get a procurement published formally on the e-tendering system.

Merton has taken the approach of investing in and using its procurement team more effectively. Procurement should be at the heart of the authority’s thinking because procurement is not solely about compliance, although it is required. More importantly, procurement is necessary to help deliver benefits to our communities through specifying additional social value and engaging with local companies and voluntary sector groups.

This document sets out the Council’s strategic approach to procurement for the next four years. It is not intended to be a procurement manual; however, the principles should be applied to all procurement and commissioning, recognising that procurement must work closely with our health and social care colleagues to deliver value for money from all commissioning and procurement.

Consideration of this strategy is not optional - it is to be read in conjunction with the Council’s Contract Standing Orders (CSO’s).

The Procurement Strategy emphasises the continuing importance of sustainable procurement being used to support wider social, economic and environmental objectives in ways that offer real long-term benefits to the residents of this borough.

Cost reduction and efficiency targets will not be achieved if the Council fails to approach competition positively, taking full account of the opportunities for innovation and genuine

partnerships, which are available from working with others in the public, private and Voluntary, Community and Faith Sectors ("VCFS").

This strategy provides a corporate focus for procurement. It embraces the Council's commitment to strategic procurement and sets out the Council's aspirations. It is not a 'user manual'. More detail on procurement processes and procedures will be found within the Contract Standing Orders, the Procurement Toolkit, and the Social Value Toolkit all of which can be found on the procurement and Commercial Services team pages of the intranet.

The strategy will contribute to delivering the long-term goals of:

- The Business Plan 2019-23
- The MTFS
- Departmental Target Operating Models (TOMS)
- Community Plan
- London's Best Council by 2020

The principal means of disseminating detailed procurement guidance are Commercial Services, the departmental Operational Procurement Groups (OPGs), the corporate Procurement Board (PrB) and the intranet.

Section 2 – Objectives and Benefits

The overarching objectives of this strategy are:

- To evaluate and improve current procurement practices to achieve better value for money and to ensure customer/client needs are met
- To ensure best practice examples are identified and applied consistently across the organisation
- To align procurement activities with other strategies adopted and to ensure that corporate objectives are addressed
- To ensure that current and future procurement activities are planned, monitored, and reviewed effectively including identifying opportunities for collaboration with both private and public sector bodies as well as the VCFS
- To ensure the delivery of a category management approach to commissioning and procurement, across the entire organisation

In taking this strategy forward, the Council expects to realise the following benefits:

- Demonstrate continuous improvement and achieve value for money through the efficient procurement of goods and services
- More efficient procurement processes
- Better risk management
- Strategic procurement planning
- Effective spend analysis and measurable cash savings

- Proactive contract management
- Greater use of standard processes and templates
- Compliance with appropriate legislation
- Compliance with the Council's Contract Standing Orders
- Collaboration, including with other authorities, local businesses and the VCFS
- Greater use of the e-Tendering system
- Encourage communication and interaction with local and national suppliers to understand their views
- Develop relationships between the Council, the business community and the broader voluntary sector which create mutually advantageous, flexible and long term relations

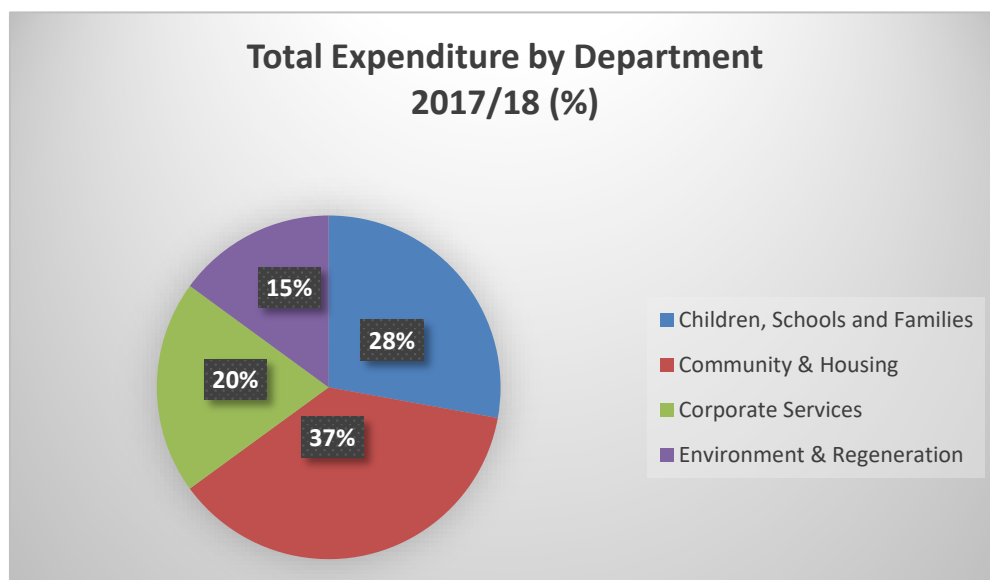
Our vision for procurement is to provide a first class service for our residents whilst we build on best practice to ensure value for money in all our procurement exercises.

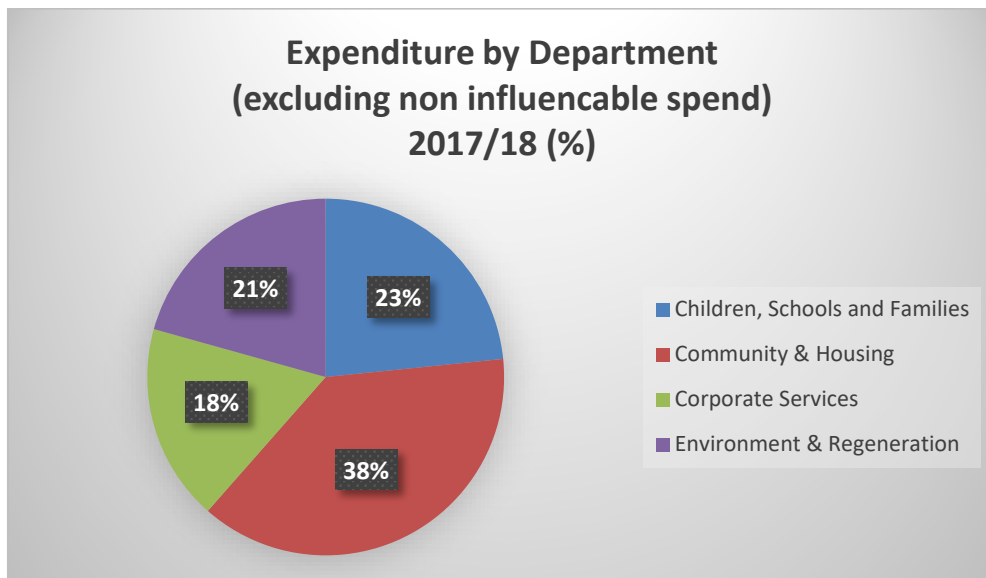
Section 3 - Overview of Procurement

The London Borough of Merton spends approximately £200m each year on goods and services on behalf of Merton's residents. Of that £200m, the Council was able to influence approximately £130m for financial year 2017/18.

The range of goods and services is varied but includes services for schools; waste collection; care services for children and adults; maintaining the highways, parks and services; encouraging business growth; and major construction works.

Updated expenditure 1 April 2017 – 31 March 2018





Commercial Services is part of the Infrastructure & Technology division of the Corporate Services department. It was set up specifically to provide professional procurement and commercial advice, guidance and support to the departments and responsible officers. Procurement in the Council takes place across all departments and is undertaken in what is called a 'devolved' model. This means that responsible officers in the departments undertake day-to-day operational procurement.

Following a review in 2017, it was agreed to pursue a Centre-led approach.

The consolidated category management approach for high value, high risk expenditure with devolved responsibility for low risk, low value expenditure ensures a common strategic approach to sourcing and supplier management, driving much needed Value for Money and savings.

The revised approach provides Departments with a level of local control and influence with respect to commissioning, brokerage and contract management, whilst providing specialist support through a professional central resource able to assist in the development and implementation of sourcing strategies.

Commercial Services underwent a restructure in late 2017 to better support the agreed delivery model for procurement.

The main objectives of Commercial Services are to:

- provide professional procurement resources to support and advise internal and external partners such that all Merton's procurement decisions deliver:
 - Council objectives by demonstrating value for money
 - Synergies with the Council's MTFS
 - The effective use of resources
 - Expenditure that is managed strategically to achieve social and community

benefits

- Continuous improvement in service delivery
 - Deliver efficiency savings over a three-year period through the implementation of category management
- lead the implementation of the Council's Category Management approach and its Make or Buy agenda by providing a professional procurement service to all clients across the Council.
 - be responsible for the development and delivery of robust, overarching Category Management plans, working alongside clients to profile and deliver the service areas procurement and commissioning strategies.
 - provide strategic commercial advice as and when required
 - provide specific advice on EU Regulations, UK Public Contracts Regulations, and associated areas, including latest case law
 - drive best practice in procurement
 - provide spend data and analysis and to assist in the Identification of potential savings opportunities and areas of collaboration
 - ensure the Council's contracts register is kept up to date by working closely with colleagues via departmental OPGs. Responsibility for entering information onto the contracts register and ensuring that the information is up to date and accurate, rests with the departments
 - engage with partners and potential partners with the objective of streamlining the procurement process, i.e. making the Council an easier organisation with which to deal
 - ensure that officers involved in procurement hold the correct level of knowledge, and to provide skills training where appropriate
 - provide up to date support via the intranet, toolkits, procurement guidance and advice.

Procurement is not simply about lowest price; rather it is a strategic tool to ensure that we receive best value whilst putting the needs of Merton's residents first.

Effective procurement is about managing the whole life cycle of the goods and services we procure, and ensuring that specifications are right and fit for purpose with clear outcomes and purposes.

The Council adopted a Procurement Governance and Gateway process that comprises four key elements: the Procurement Board; the Procurement Gateways; Departmental Operational Procurement Groups (OPGs); and the Risk Assessment Tool. These four elements are designed to work together to enable the Procurement Board to exercise effective oversight, control and to provide direction to procurement activity Council wide.

In 2018/19, the Council launched its Social Value Policy, Social Value Guidance for Bidders as well as a Toolkit for staff. All of these have been designed to help Council officers, along with potential providers of services to Merton Council, understand what Social Value is in order to comply with legislation and be able to practically consider and achieve Social Value from

commissioning and procurement activities. In doing so, we can help achieve positive outcomes and value for the Borough through the contracts we procure.

Throughout 2017/18 and 2018/19 the use of the Council's e-tendering portal, for all procurements, has been reinforced; departmental OPGs have been revived; and the implementation of category management has commenced. 2019/20 will see the continued implementation of category management across the entire organisation.

Section 4 – Key Themes

a. Value for Money (VFM)

In the unprecedented economic climate, the Council will need to make substantial year on year savings for the ongoing future. Every pound spent must deliver true value to the community, whether that is by better management of our existing contracts, proactive spend analysis, being more commercially aware, or through reviewing current services and potential delivery models.

Knowing how, where and on what our money is spent will be used to drive a supplier review to maximise savings. Furthermore, we intend to review the supply base and drive additional efficiencies by reducing the overall number of suppliers and to utilise the additional advantage obtained. This exercise will also help us to develop and shape supply markets, define the skills to develop the market and to negotiate better outcomes for the Council and service users.

Principal Objectives

- Undertake regular spend analysis of the Council's full non-pay spend with recommendations in how to identify and capture efficiencies
- Supply base review and rationalisation
- Make/buy reviews of services
- Challenge specifications and assumptions around strategic contracts

b. Category Management

By grouping together products and services according to their function (e.g. care, construction, transport, professional services etc.) the Council can better manage the overall spend, whilst maximising our buying power and achieving economies of scale.

A 'Category' is an area of spend determined by known market boundaries separating different products or services. Category Management recognises that suppliers within a certain market are likely to have similarities that enable a tailored approach to procurement.

We are developing our capacity and capability in Category Management to support the major commercial decisions the Council is facing. We will add value to projects we support, bringing commercial insight and support throughout the commissioning lifecycle. Recognising this challenge, we will also develop our staff through a revised professional training programme. It will also enhance their relationship and partnership building skills. This means they will spend less time involved in the administrative task of running tenders and spend more time with customers, commissioners and our major suppliers.

Principal Objectives

- Develop a suite of category strategies to drive further savings and efficiencies
- Embed a category management approach across the Council
- Category Management specific training programme

c. Contract Management

We will manage our major contracts more actively to drive continuous improvement in performance and efficiency and further develop contract management across the Council. We will provide greater visibility of the performance of our top contracts to help to improve the management of major suppliers and ensure they are delivering against the agreed performance standards.

By reviewing strategic contracts and adopting a more commercial approach to the management of our key contracts, we will ensure that improvements and efficiencies are delivered.

We will also work with operational contract managers in departments to build on best practice and provide training in contract management techniques.

The outcome of this change will be measured by the monitoring of contract performance and by the identification of improvements in performance levels and additional efficiencies during the life of a contract. Furthermore, as we develop stronger relationships with our key suppliers, we will be recognised as their 'customer of choice' that may lead to increased market intelligence and therefore improve our opportunities for innovation in the marketplace.

Through a clear commercially led approach to contract management, we will ensure a greater focus is directed towards obtaining the required outcomes. This will include increased monitoring, management of supplier performance through robust SLA's and KPI's (including the delivery of community benefits), and where performance is not being achieved, an action and improvement plan will be implemented.

Principal Objectives

- Reduce non-contracted spend
- Embed contract management principles across the Council
- Hold regular performance meetings with suppliers
- Set clear and proportionate KPI and SLA targets for suppliers
- Link payment to performance (where appropriate)

d. Partnering and Collaboration

Partnering means the creation of sustainable, collaborative relationships with suppliers in the public, private, social enterprise and voluntary sectors to deliver services; carry out major projects; or acquire supplies and equipment.

Partnerships can be beneficial and integrated in service delivery, but it needs to be recognised that this is not necessarily an easier contract style - indeed, partnering agreements are likely to be more challenging than traditional contracts. A partnership agreement will therefore require careful preparation and procurement. Partnering should be considered when engaging in best value reviews of services as a potential alternative to established methods of service delivery.

When formulating our procurement strategies, we will ensure that we take account of potential opportunities afforded by partnering and collaborating. We will also look at existing framework agreements when considering any future options for procurement and where appropriate the use of any national, regional or pan London procurement arrangements that fit with the Council's strategy.

Collaboration describes the various ways in which councils and other public bodies come together to combine their buying power, to procure or commission goods, works or services jointly or to create shared services.

Collaboration is a form of public partnership; its major benefits are economies of scale and accelerated learning.

We will ensure that contractors and partners have priorities that align with those of the Council. We will also ensure that they understand how these contribute to the Council's performance.

The Council will actively participate with other authorities and organisations where appropriate and feasible, to seek economies through joint procurement, joint commissioning, framework agreements and shared services.

Principal Objectives

- Work with other public bodies to seek joint partnering and collaboration opportunities
- Investigate the greater use of collaborative contracts
- Look to use existing framework agreements where appropriate

e. Market Management

The Council will continue to work with a more diverse group of providers. In some areas there are strong markets but in others, they are either small or not yet developed. The Council will make full use of all the different methods of delivery available, including joint ventures, public, private and VCFS options. Through procurement, we will support the growth of local businesses and other organisations by encouraging the use of local suppliers. Whilst staying within the legal constraints of public sector procurement, the Council will encourage local suppliers to work with us, recognising and exploiting the ability to create a positive climate for firms based in Merton. The Council will endeavour to support a thriving local business sector, providing opportunities for suppliers to develop the capacity to win future contracts from the Council and other public sector partners.

This approach recognises that by encouraging sustainable high quality local employment, the Council is reducing the demand and thus cost of other public services. The Council will seek to encourage innovation, improve skill levels in Merton, create jobs and retain money in the local economy.

Principal Objectives

- Identify where market capacity may be weak and where new markets may need to be developed
- Encourage suppliers to develop innovative approaches
- Foster a collaborative approach to procurement
- Work to increase the proportion of spend with SME's and VCFS
- Take steps to promote and encourage local economic growth e.g. reducing the barriers to SME and VCFS participation
- Hold regular supplier engagement events

f. Supplier Relationship Management

The Council will build strong, long term, positive relationships with suppliers across all sectors, not just when actively procuring goods and services but also when considering alternative delivery models e.g. social enterprises.

The Council will establish strategic relationships with suppliers to ensure that both parties are delivering against the commitments within the contract and build upon mutual experience and knowledge to embed continuous improvement practices throughout the contracted period. Effective engagement with suppliers will also inform future specifications. This will ensure that the Council is approaching the market place with requirements that meet clearly defined needs and are commercially attractive to potential bidders.

The Council commits to making all procurement activity fair and transparent as well as encouraging a diverse range of potential bidders to participate.

A suite of standardised documents and contracts will be developed for use across the Council to ensure consistency and to make the procurement process more accessible to suppliers.

Principal Objectives

- Engage with key suppliers in all sectors
- Robust contract management
- Explore new models of service delivery and welcome dialogue with communities and suppliers to establish new and innovative procurement practices
- Encourage a diverse range of suppliers to work with the Council

g. Developing People and Improving Skills

Procurement is a key activity in sourcing the skills, services and supplies required by the Council to deliver community outcomes. The officers who undertake procurement and contract management activity are vital to the successful delivery of the Council's strategic procurement objectives.

The required capacity and skills will continue to be developed in departments with support and guidance from Commercial Services.

Commercial Services will develop other ideas to encourage officer participation. These will include the offering of regular 'drop-in' sessions, which will allow any topic of interest to be discussed informally. In addition, specific targeted training will be developed and made available to officers/teams and divisions as required.

Regular procurement forums for all Merton responsible officers will continue to be offered. Active participation will be encouraged by the use of focus and working groups on specific topics of interest such as: toolkits, market engagement and benchmarking.

The forums will:

- Bring together all professionals across the Council working on procurement activity into a single forum
- Provide a platform for evidence sharing and best practice (both internal and external)
- Introduce and embed a co-ordinated and consistent Merton approach to procurement
- Identify savings and efficiencies opportunities

The forum is a reference group, accountable to the Procurement Board, with recommendations and updates to be fed bilaterally.

Principal Objectives

- Provide a career path for practitioners of procurement with clear roles and responsibilities
- Provide skills and training and learning & development opportunities for officers
- Ensure that procurement best practice advice is available via the Procurement Toolkit

h. Systems and Processes

Continued use of the e-Tendering system has improved compliance and at the same time, it has streamlined the tendering processes.

The contracts register has received a refresh and is now part of the e-Tendering suite that is in the public domain so that any interested parties may view it. This has led to greater visibility of Council spend which will be fed into procurement and resource planning and should lead to greater opportunities for efficiency savings.

It will also make it easier for members of the public to have their requests under the Freedom of Information Act 2000 (Fol's) answered quickly and efficiently.

Ensure council and departmental rolling 1-3-year procurement plans are produced each financial year and kept up to date.

Principal Objectives

- Maintain an up to date contracts register
- Increased use of the e-Tendering system
- Investigating the strategic use of e-Auctions
- Training in the use of the procurement toolkit
- Develop a comprehensive rolling 1-3-year procurement plan

Section 5 - Governance Framework

Merton's procurement is governed by EU law, UK Law and by Merton's Contract Standing Orders. These are mandatory for officers of Merton to follow.

a. The Corporate Management Team

The Corporate Management Team (CMT) will continue to initiate and lead all procurement activity and endorse and support adherence to the procurement strategy across the Council. CMT will set the strategic direction of the Council, empower officers and hold officers to account in the delivery of the strategy.

b. Contract Standing Orders

The Council will comply with the wide range of legislation, regulation and guidance, which governs procurement. The Council's Contract Standing Orders, last fundamentally revised in April 2012, have been reviewed and updated to take into account the Public Contracts Regulation 2015 (PCR2015), the Social Value Act 2012, the Concession Contracts Regulations 2016 (CCR2016), lessons learnt over the past three years as well as emerging best practice principles. The revisions to the Council's CSOs were approved by Full Council on 22 November 2017 and came into effect as of 1 December 2017. .

Adherence to the Contract Standing Orders will be enforced to ensure the highest standards of probity and compliance, one of Merton's principles underpinning procurement activity.

c. The Procurement Board

The Procurement Board is the primary strategic agent through which procurement activity is governed. The Procurement Board is made up of senior management officers and procurement professionals and is chaired by a Director.

The main functions of the Procurement Board are:

- Oversee the production and management of the procurement strategy
- Assure that procurement is managed competently and legally
- Ensure changes in legislation e.g. The Social Value Act (2012) and best practice are embedded in the Council's procurement practices
- Assessing whether procurement is achieving best value for the Council
- Ensuring that staff engaged in procurement have the required skills
- To be responsible for the Operational Procurement Groups (OPG)

d. Departmental Management Teams

Departmental Management Teams will receive regular reports from their Operational Procurement Group representatives and ensure that the Procurement Strategy is being delivered effectively within their respective departments.

e. Operational Procurement Group

The OPG's are the operational arm of the Procurement Board, and are the means through which departmental procurement activity is planned and coordinated. One OPG exists for each department and the Groups co-ordinate, risk assess and manage the flow of all procurement activity. Each group is championed by a departmental procurement lead who also attends the Procurement Board.

f. Procurement Gateway process

A risk-based approach uses a series of minimum criteria and risk triggers to determine which procurement activities will come to the Procurement Board.

Currently projects need to be brought to the Procurement Board for review where:

- the total value is over £2m (or annual value over £750k) (*thresholds under review*)
- or the decision to award the contract is to be made by Cabinet or
- three or more risk triggers are assessed at amber level or greater. These include: political or reputational risk; impact of failure on service user; and maturity or volatility of the market.
- The contract is for a concession

g. Financial Regulations and Procedures

The Financial Regulations and Procedures are the internal rules applicable to Merton's financial processes and these have also been reviewed to take account of current and recent changes in procurement practice e.g. use of Framework Agreements. Within the options appraisal carried out for each procurement project there will be included due consideration to the methods of financing the project available i.e. capital borrowing, leasing, and other alternatives.

h. Procurement Plans

These plans identify the required strategic procurement activities for a period extending 1-3 years into the future. The departmental procurement plans inform the Corporate Procurement Plan, which will encompass all major procurements due in the following 1-3 years. This will allow for enhanced planning and scheduling, improved visibility and improved risk management for the Council's major procurement activities. The Procurement Board oversees procurement plans.

i. Procurement Templates, Toolkits and Training

The 'Procurement Toolkit' is available to officers via the Procurement section of the Intranet. It provides specific procedural guidance and templates for procurement activity.

The Council will review and keep these up to date. It is against this procedural guidance that individual compliance will be measured to ensure best practice, legal compliance and whether there is any off contract spend.

The Commercial Services continually works with departments to improve the toolkit and templates. The last revision was published in April 2018 and further amendments made in October 2018.

Officers are advised to book on one of the many training sessions aimed at assisting them navigate their way through the CSOs, the use of the e-Tendering portal and the Public Contracts Regulations 2015 (PCR2015)

j. The Contracts Register

The Contracts Register is a Council-wide record of all contracts that the Council has entered into above the value of £5,000.

The Contracts Register is currently part-hosted via the London Tenders Portal as part of the Council's e-Tendering system. Responsible Officers must ensure that all contracts are entered onto it and that they are kept up to date.

The Contracts Register will continue to be a key component to co-ordinate and risk manage procurement activity at the corporate level and will assist with Fols.

k. e-Procurement

During 2015, the Council re-let its contract for Pro-Contract. The system provides officers and suppliers with an effective and efficient way to electronically manage tender and quote processes. The system is designed to allow staff to conduct requests for quotations and tenders online, much more quickly and to allow potential suppliers to respond without the need to complete numerous paper forms.

We will ensure that the benefits of e-Tendering continue by the promotion and monitoring of the system. The use of the e-Tendering system was made mandatory as of 1 April 2012.

Improved use of the e-Tendering system will provide corporate visibility on spend and prevent duplication of processes. Improved corporate visibility will in turn allow greater scrutiny of the management of spend across the Council.

l. Looking to the Future

We continue to investigate greater use of e-Auctions and Dynamic Purchasing Systems as a way of saving additional monies.

Section 6 – Key Actions

A procurement action plan will cover the principal objectives detailed in this strategy document.

To help us achieve our vision, we are taking six key actions:

1. Implement our people development plan, putting in place a new programme of training, coaching and mentoring
2. Roll out stronger contract and supplier management across the Council for key contracts, identifying clear roles and responsibilities and providing professional support for service teams
3. Develop a rolling three-year corporate procurement plan, incorporating robust departmental plans
4. Continue to update the procurement toolkit and templates for responsible officers

5. Increased use of partnerships and collaboration with other organisations to drive greater efficiencies
6. Implementing a category management approach to commissioning and procurement across the Council.

By 2023, we will have:

Delivered substantial cost savings through strategic contracting, to help meet the Council's budget targets

Developed a best-in-class service which is highly responsive to the needs of customers, and is valued by them as a strategic partner in developing their own plans

Encouraged greater levels of spend with local suppliers and have thriving relationships with local businesses and VCFS communities

Established strong partnerships with other public sector bodies to leverage best value for money

Contract Activity

List of key tenders planned for calendar year 2019 include:

Contract Title	Department
Supported Living for people with learning disabilities	Community & Housing
Electronic Care Monitoring	Community & Housing
Housing Related Support	Community & Housing
Bed Based Care and Support	Community & Housing
Adult Advocacy Service	Community & Housing
Capital Condition Works Programme 2019	Children, Schools and Families
School Catering 2019 onwards	Children, Schools and Families
SAN - replacement of Storage area network and backup solutions	Corporate Services
Lifts and lifting Equipment	Corporate Services
Highways Term Contract	Environment & Regeneration
Waste Enforcement - additional services (external enforcement provision covering littering and dog fouling)	Environment & Regeneration
New Independent Domestic Violence Advocate (IDVA) provision	Environment & Regeneration
Parking Management Solutions	Environment & Regeneration

Contacting Us

Please contact us if you have any questions, comments or feedback about the Procurement Strategy:

E-mail: commercial.services@merton.gov.uk

Other useful links:

Procurement section of the Council's intranet:

<https://mertonhub.merton.gov.uk/councilwide/policyproceduresandguidance/procurement/Pages/procurement.aspx>

National Procurement Strategy <https://www.local.gov.uk/national-procurement-strategy>

Local Government Transparency Code <https://www.gov.uk/government/publications/local-government-transparency-code-2015>

Audit Commission <http://www.audit-commission.gov.uk>

Department for Communities and Local Government <http://www.communities.gov.uk>

Local Government Association <http://www.lga.gov.uk>

ICT STRATEGY 2016-20

EXECUTIVE SUMMARY

This document sets out the Council's vision – articulated as a series of strategic objectives – for its information, communication and technology infrastructure and architecture.

The development of the document is a result of a comprehensive planning and consultation exercise involving all services across the organisation. This was guided by a number of design principles that provide a broad framework within which the strategic priorities have been developed. The aim of these principles is to ensure that the management and development of IT and systems complies with necessary standards and protocols and aligns with the wider strategic direction of the council by:

- organising information and systems around customers;
- automating processes wherever possible;
- consolidating and rationalising master data sets wherever possible
- supporting joint working and shared services; and
- reducing, as far as possible, reliance on highly technical support.

Importantly, the strategy introduced a Technical Design Authority to ensure a controlled, disciplined approach to changes to the technical architecture and infrastructure. This is designed to accommodate the demands and requirements that will inevitably arise during the lifetime of this strategy but are not currently known. The role of this body is to manage and agree any alterations that are proposed to the agreed implementation plan that supports this strategy. The terms of reference for the group are appended to this strategy (Appendix 2), and these are designed to ensure it operates in a collaborative, agile way to mitigate against the risk of unnecessary bureaucracy and business interruption,

The strategic priorities that this strategy seeks to deliver are:

- Customer focused systems
- Integrated and joined-up systems and infrastructure
- Single source of master data sets
- IT that is fit for purpose now and into the future
- The ability to operate from multiple locations and devices (flexible and mobile working)
- Increased self-service
- Automation where it's efficient and effective to do so
- Systems and infrastructure that are resilient, compliant and experience minimal downtime

All of these outcomes need to be delivered within an overarching strategic aim of **becoming London's Best Council with an efficient organisation and reduced operating costs.**

These high level outcomes shape and prioritise the activity set out in the supporting implementation plan for the strategy.

ABOUT THIS STRATEGY

This document sets out Merton's vision and strategy for its Information, Communication and Technology infrastructure and systems architecture. In developing the strategy, officers have drawn on the target operating models (TOM) and associated delivery plans developed by the Council's businesses throughout 2015/6. This ensures that Merton continues to take a business-led (and therefore customer-led) approach to the development, improvement and maintenance of its IT assets.

The strategy also reflects the more technical guiding principles and constraints that frame our IT ambitions, either because of legislative requirements or as part of our commitment to adhere to industry standards and best practice.

In striking the balance between responding to business needs and managing IT assets effectively and efficiently this strategy is designed to provide a broad strategic framework for the maintenance and improvement of the Council's IT and business systems. It is supported by a more detailed implementation plan that sets out the operational tasks associated with achieving the strategy. The implementation plan will be reviewed annually; the content of the plan and progress against it will be assured and managed through Corporate Services DMT and the Merton Improvement Board. The Assistant Directors of Infrastructure & Transactions and Business Improvement will be jointly accountable for its delivery.

BUSINESS CONTEXT

As a high achieving authority, Merton is single minded in its commitment to continuous improvement. The organisation recognises that this will require IT infrastructure and systems that support excellent services and – in the context of a decreasing financial envelope – greater automation and self-service.

The financial context in which we operate requires that the organisation finds ever more efficient ways to manage and improve its IT assets. Where judicious investment is required in order to transition the organisation towards more efficient ways of working on an 'invest to save' basis, the Council allocates funding from reserves earmarked specifically for this purpose. The Merton Improvement and Capital Programme Boards manage this process, awarding funding on the basis of sound business cases and overseeing their implementation to ensure benefits are realised.

Through the development of TOMs each business has set out its future state and the role that IT will play in enabling this. It is this information that, drawn together, forms the basis of this strategy and supporting implementation plans. The activities reflect the development, improvement and maintenance of IT and business systems needed by services in order to achieve their stated ambitions.

In addition, the strategy incorporates the activity that will be required to deliver cross-cutting transformational projects and programmes of change and improvement. The most notable of these are:

- Flexible Working – a programme of coordinated activity designed to introduce modern working practices that make the most effective and efficient use of office space and officer time.
- Customer Contact – a three-year programme that will enable and drive channel shift, the transition of customer interaction to cheaper (usually online) channels and self-service wherever possible.

- Mobile working – the integration of systems and introduction of mobile devices and mobile-enabled systems so that officers can work from any location.
- SCIS – the re-procurement of the Council's social care information system.
- Financial systems – the re-procurement of the Council's financial information management systems.

STRATEGIC DESIGN PRINCIPLES

As this strategy has already acknowledged, Merton must be judicious in its management and development of IT and systems – changes to our infrastructure and architecture have cost implications beyond the initial investment as they will require support and maintenance. In addition, there are a suite of technical standards and protocols with which the Council needs to comply.

To ensure that all of these factors are taken into account, the organisation has adopted a holistic approach to developing this strategy. Businesses have worked with target operating models to clarify and articulate their current and future IT needs; but to help frame their thinking and ensure development proposals are realistic a series of design principles have been applied to the process. These will continue to inform our IT development:

- IT systems must be customer centric and support the Council's Customer Channel Design principles.
- IT systems should consolidate information around the citizen, reduce reliance on paper and provide automated workflows wherever possible.
- IT systems must support social inclusion and be user friendly.
- IT systems must improve information use and sharing with Merton partners, where appropriate, and comply with the Information Strategy.
- IT systems must support the Council's Information Channel Design Principles.
- IT systems will maximise use of configuration to ensure they are readily upgradable and supported by the vendor. System customisation should be avoided.
- IT systems and Service delivery will be designed with shared function/service in mind.
- All significant IT developments, improvements and technology purchases will be governed and controlled through the Technical Design Authority to ensure technology compliance and maximum value is achieved.

STRATEGIC PRIORITIES

Drawing on the TOMs and transformation delivery plans of the organisation, as well as developments in the world of IT, legislative requirements and industry good practice, we have developed a set of strategic priorities that clarify where scarce resources will be focused over the life of the strategy.

These are the high level outcomes this strategy aims to deliver:

- Customer focused systems
- Integrated and joined-up systems and infrastructure
- Single source of master data sets (master data management)
- IT that is fit for purpose now and into the future
- The ability to operate from multiple locations and devices (flexible and mobile working)
- Increased self-service
- Automation where it's efficient and effective to do so
- Systems and infrastructure that are resilient, compliant and experience minimal downtime

All of these outcomes need to be delivered within an overarching strategic aim of **becoming London's Best Council with an efficient organisation and reduced operating costs** .

These high level outcomes shape and prioritise the activity set in the supporting implementation plan for the strategy. The following objectives set out in more detail how each will be achieved.

Customer focused systems

- Council systems that support the Customer Contact Strategy and programme, enabling a customer centric approach, with information consolidated around the service users.
- Support social inclusion by maximising access to IT resources by members of the community and community groups, and by providing user-friendly systems, systems that cater for a wide range of needs in support of the Digital Inclusion Strategy.
- Support the customer contact strategy by providing a consistent customer experience through a variety of channels.
- Customer data stored consistently across various systems.
- System and IT infrastructure enhancements and implementation informed by business need (which in turn articulates customer need).
- Where feasible and beneficial, maximise the benefits of mobile working by gathering multi-agency data at each interaction thereby reducing multiple contacts with customers.

Integrated and joined-up systems and infrastructure

- System integration wherever possible and beneficial.
- Actively consider the potential for joint working with partnering boroughs and agencies in all IT decisions.
- Improved – through IT systems/infrastructure – information use and sharing with Merton partners.
- IT infrastructure and systems that support, enable and promote shared services.
- Support business transformation through end- to-end integration of processes, consolidated customer databases and exploiting e-enabling services and improved service delivery within the council.

- Create and maintain a 'single version of the truth' with appropriate arrangements in place to improve and maintain primary data sources that feed secondary sets with minimal manual intervention.
- Maximise existing investments.

Fit for purpose now and into the future

- Create a clear vision and target operating model for the IT infrastructure and systems architecture that is based on businesses' plans for the future.
- Create and maintain IT infrastructure and systems that support business agility.
- Lead and promote business change through innovation and technology.
- Actively maintain good market intelligence and scan for new opportunities.

Operating from multiple locations and devices

- Provide business solutions and IT infrastructure that support the flexible working programme and accommodation strategy through mobile and home working.
- Documents available electronically at point of use; reduced reliance on paper.
- Telephone systems and printing follow the worker.
- Deploy, wherever possible, device and operating system agnostic solutions

Increased self service

- Introduce and improve the functionality of web-enabled services and systems.
- Better use and quality of geospatial data.
- Support stronger clienting of the IT service by businesses by raising IT skills.

Systems and infrastructure that are resilient, compliant and experience minimal downtime

- Establish and maintain a programme for effective disaster recovery.
- Develop and regularly test business continuity plans.
- Achieve and maintain compliancy with PSN, N3 and CJSM regulations.
- Manage and monitor 'downtime' that is as close to zero as possible.
- Introduce, develop and maintain change control mechanisms.
- Adopt a 'cloud first' managed/hosted infrastructure approach wherever appropriate

CHANGE MANAGEMENT

A key factor in delivering this strategy will be the introduction and maintenance of effective change management mechanisms. As the Council increases its reliance on technology through programmes such as Customer Contact and Flexible Working but also seeks, in parallel, to reduce the cost of maintaining and supporting systems and IT infrastructure, establishing effective governance and control of IT assets will become even more important. The uncontrolled and ungoverned development of systems and IT infrastructure risks not only confusing and disrupting the system and IT architectures, but also carries a cost implication: improvements will be inefficient where technical support and maintenance resource implications have not been correctly understood. This could, in the longer term, counteract business benefit/efficiencies if not properly planned for.

It is therefore important that explicit arrangements are put in place that guarantee that appropriate discipline will be consistently applied to the development of the organisation's system architecture and IT infrastructure. Whilst this strategy and implementation plan provides a route map for investment over the coming four years, it cannot be expected that the requirements of the organisation will remain static over its lifetime. New business demands are likely to emerge that are not currently understood, or are driven by changes in policy or statutory frameworks. For this reason, this strategy introduced a **Technical Design Authority**. The role of this body will be to manage and agree any alterations that are proposed to the agreed implementation plan that supports this strategy.

It will govern and manage development of the Council's systems and IT and ensure changes and improvements are compliant with not only necessary technical and security standards, but also Council strategy, i.e. rationalisation and integration of systems, reduction in support overheads etc. This will ensure that there is full collaboration and consultation on any significant proposal to amend the Council's technology architecture (outside those improvements and activities already agreed as part of this strategy and implementation plan). The terms of reference for the group are appended to this strategy (Appendix 2).

OPERATIONAL DELIVERY

The core delivery plans for the Infrastructure and Transactions and Business Improvement divisions will incorporate activity required for the routine maintenance of the Council's IT infrastructure and systems. This strategy and supporting implementation plan captures the activity over and above this core offer, relating to improvements outside those that are routinely expected. For each of these, a business case has been prepared to secure investment from earmarked reserves. This will enable the necessary resources to ensure timely and effective delivery to be made available.

To provide consolidated and resilient support arrangements, any system that is being supported by individuals within service teams, the support arrangements will be migrated to the IT infrastructure and business systems team.

Prioritisation and sequencing of the programme will be managed through Merton Improvement Board to ensure that it takes account of pan-organisation imperatives and priorities. Regular reports on progress and resource management will be submitted to the Merton Improvement Board, in addition to Corporate Services DMT.

A series of Service Level Agreements will sit alongside the strategy and set out agreed metrics and service standards to enable departments to assure and monitor delivery.

BUSINESS CONTINUITY

Business continuity will be assured through the deployment of four planned maintenance windows per year. These will allow crucial system and infrastructure updates and improvements to be made with minimum impact on service provision.

It will also be enhanced through the provision of suitable Wide Area Network (WAN) links to the designated Business Continuity Page 130
Page 130
We will ensure that connectivity to Business

Critical systems is maintained in the event that we were no longer able to occupy the Civic Centre.

We will continue to ensure that the remote access infrastructure is available with diverse internet routes.

Business continuity plans will be routinely reviewed and tested.

DISASTER RECOVERY

The Council's IT infrastructure and business systems underpin many of the Council's critical activities. In the event that an incident occurred that interrupted the availability of IT and systems – for example a fire, or borough emergency that affected the Civic Centre – it would be essential that systems were restored as quickly as possible. This is particularly true given the potential for some systems to support civic recovery.

In order to ensure this is the case, we will complete Phase 1 Disaster Recovery arrangements, which include the identification of the Council's core business critical IT systems and the relocation of hardware to the new Disaster Recovery facility located at London Borough of Wandsworth. We will also review departmental IT Disaster Recovery plans and provide some critical challenge to ensure that they are robust and fit for purpose.

Utilising agreed planned maintenance periods we will undertake regular testing of Disaster Recovery arrangements including operational infrastructure, hardware and emergency backup systems to ensure that they are fully operational.

We will develop phase 2 Disaster Recovery arrangements including the procurement of new Active/Active Storage Area Network equipment (SAN) and install the new infrastructure and equipment at the Civic centre and Wandsworth sites.

Finally, we will properly map and document the new Disaster Recovery processes and produce an operational maintenance manual.

All of these activities – along with timescales – are included in the Implementation Plan that supports this strategy.

APPENDICES:

1. Implementation plan
2. Technical Design Authority terms of reference

RELATED DOCUMENTS

Information Technology (IT) Policy

Social Media Protocol

Information Strategy

Authors	Sophie Ellis, AD Business Improvement Mark Humphries, AD Infrastructure & Transactions Richard Warren, Head of IT Services Clive Cooke, Head of IT Systems
Version	3.1 Final
Date Issued	August 2016
Document Status	Approved by MIB

Breakdown of Capital Information Technology Resourcing 2019-20

(as at November 2018 Monitoring)

Description	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s
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Business Systems Development				
Customer Contact	250	0	1,900	0
Ancillary Systems	0	0	50	0
Youth Justice	100	0	0	0
School Admissions System	0	125	0	0
Parking System	106	0	0	0
Aligned Assets (Address Mgmt Sys)	75	0	0	0
Environmental Asset Management	0	0	0	240
Revenue and Benefits System	400	0	0	0
Housing System	100	0	0	100
Planning&Public Protection Sys	330	0	0	0
GIS Mapping	50	150	0	0
Replacement SC System	488	0	0	0
Improving Financial Information Systems	0	0	0	700
ePayments Project	0	125	0	0
Total Business Systems Development	1,899	400	1,950	1,040

Planned Replacement Programme				
Network Extreme switches	200	0	0	200
VM Servers	80	0	0	0
VM Dev Servers (RW) (2015)	0	100	40	0
DXI	200	0	0	0
SAN	350	0	0	0
Fibre Switches	0	0	50	0
PC's & Laptops	100	120	100	100
Proofpoint Replacement	0	0	50	0
Servers	35	50	50	35
SSLVPN Replacement	40	0	0	25
Replace DB servers	50	0	60	0
UPS Battery Renewal	0	0	25	0
DR Site Upgrades	0	85	50	20
Replace Fluke equipment	0	0	20	0
Civic Centre Recabling	0	0	70	0
Replace Proxies	0	0	150	100
Replace Info blox	0	80	35	0
VDI Server Replacement	0	0	0	70
Replace Load Balancing Appliances	0	75	70	0
Room Booking Screens	50	0	0	50
Netcall (Call Centre System)	75	0	0	0
Update Citrix	0	0	0	150
Wifi Rollout Remainder of Civic	0	0	200	95
Core Switches Upgrade	0	0	0	160
Data Centre	290	0	0	0
Office 365	815	0	0	0
Total Planned Replacement Programme	2,285	510	970	1,005

Other				
Multi-Functioning Device (MFD)	0	600	0	0
Total Other	0	600	0	0

Total Information Technology Capital	4,184	1,510	2,920	2,045
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Technical Design Authority

Terms of Reference

January 2017

1. Purpose

The Technical Design Authority (TDA) is the strategic body which ensures that an appropriate level of governance and control is applied to changes or improvements in the council's IT infrastructure or systems. Its role is to facilitate appropriate challenge, assurance and support to ensure all proposals for major upgrades, or new systems, modules, or services, are fit for purpose.

The Technical Design Authority will;

- govern and manage the IT systems architecture and IT infrastructure for the London Borough of Merton;
- maintain and lead on supporting IT policies and standards;
- agree and manage changes to the IT Strategy and Implementation Plan; incorporating changes and development to the systems architecture and IT infrastructure for the council such that it complies with strategic objectives, relevant legislation, appropriate quality standards, and good practice;
- oversee changes to, and development of, the systems architecture and IT infrastructure for the council set out within the IT Strategy and Implementation Plan in order to ensure that these are well managed and meet agreed business objectives;
- implement and maintain a scheme of delegation that allows for effective and timely decisions on changes to the IT Strategy and Implementation Plan at a level proportionate to their significance and impact;
- review its Terms of Reference annually.

2. Functions

The overarching objective of the TDA is to ensure that the appropriate level of discipline and control is applied to changes or improvements to the council's IT infrastructure and systems.

The ultimate aim is to enhance IT performance and flexibility and ensure that the council's technology is fit for purpose, the likelihood and predictability of success is increased, and the likelihood and cost of non-conformance is decreased.

This is to be achieved by ensuring that all proposed significant changes are approved by the TDA prior to funding being allocated or implementation agreed.

This extends to technical aspects of wider transformation and improvement projects and programmes commissioned across the council.

The TDA defines significant changes as,

- any new system, module or service;
- any major upgrade to current infrastructure or;
- any major system upgrades, enhancements or configuration.

The scope of the TDA does not extend to routine maintenance and upgrades, nor any activity already agreed as part of the IT Strategy and Implementation Plan.

The TDA operates closely with the Continuous Improvement Team and Business Partners to ensure that it is engaged at appropriate gateways in the project / programme cycle, and provides advice, guidance, and support to projects / programmes, and services to enable benefits to be secured through well managed and disciplined technical improvements.

In considering proposed amendments and alterations to the systems architecture and infrastructure, the TDA will consider;

- selection and design of technology for systems development / maintenance and production operations;
- alignment of proposals with the council's strategic direction, including the IT Strategy, Information Strategy, and corresponding enterprise architecture principles, architectures and roadmaps;
- guidance and advice on leading practices, industry standards and conventions and frameworks and methods;
- technical risks and mitigation strategies;
- integration with existing systems and infrastructure so that the overall solution meets a combined set of user requirements;
- impacts on existing infrastructure capacity and systems;
- software licensing impacts (where relevant);
- data integrity and quality and, specifically, alignment with agreed master datasets;
- future support requirements and the capacity of the council to respond to these;
- feasibility in relation to costs, resources, impacts and business benefits;
- design to meet technical goals in relation to compatibility, usability, security, reliability, maintainability, reusability, supportability and recoverability in operations;
- implementation plans to increase the likelihood of success, e.g. project / programme management that complies with MAP, scheduled user testing, etc.;
- ability to meet business continuity and disaster recovery arrangements of the council.

The TDA will also regularly review the relevant council policies and standards to ensure they are fit for purpose.

3. Membership

The membership of the TDA will be drawn from Corporate Services to ensure the appropriate level of technical expertise.

The Board will be considered quorate if the Chair (or their delegate) plus four other members, including the Head of IT Systems and Head of IT Delivery (or their delegates), are present.

The table below outlines the TDA membership and expected roles.

Post	Role in the TDA
Director of Corporate Services	Chair
Assistant Director of Infrastructure and Transactions	Ensure proposals align with strategic direction of the organisation in relation to IT Infrastructure
Assistant Director of Business Improvement	Ensure proposals align with strategic direction of the organisation in relation to transformation and change and IT systems
Head of IT Service Delivery	Ensure proposals align with IT strategy in relation to operational management of IT Infrastructure
Head of IT Systems	Ensure proposals align with IT strategy in relation to operational management of IT Systems Architecture
Head of Continuous Improvement	Ensure proposals align with the Merton Improvement Portfolio and Merton Approach to Projects (MAP) methodology
Head of Information Governance	Ensure proposals align with the council's data protection and information governance policies

Business Partners are considered optional attendees unless their Department is bringing a proposal to the TDA, in which case their attendance is mandated. The Business Partners will support the Department in the preparation and delivery of their proposal for the TDA. They will ensure business interests are represented in technical decisions.

Additional temporary members will be invited to join the board for individual meetings where a particular item requires their expert input. These will usually be Heads of Profession for a given area or subject.

The TDA will always seek to reach a decision on any proposal through consensus and collaboration; looking to reach a conclusion that is in the best interests of the organisation as a whole as well as the service seeking to introduce change. In the event that such a decision cannot be reached then the TDA will escalate the decision to the Merton Improvement Board or CMT as appropriate, providing all necessary information to ensure a swift resolution can be achieved.

4. Board support

The Continuous Improvement Team will organise and service all TDA meetings. This will include scheduling meetings and circulation of documentation, maintaining an online document library, keeping a decision log and summary notes of all meetings, and monitoring actions arising from the meeting, including escalating issues / out of date actions to Merton Improvement Board as required.

Each meeting will adopt the following broad format:

- A representative from the relevant business area, preferably the owner of the proposed initiative / project, will present their proposal, including any options appraisal undertaken, the anticipated business benefits, and the overarching plan.
- Board members will ask questions and clarify the proposal as required.
- The Board will reach a decision on the proposal which may be to;
 - a) approve as currently set out;
 - b) approve subject to certain amendments or additions;
 - c) refer it for further development on the basis of guidance provided by the board, or;
 - d) reject the proposal altogether with a clear rationale for the decision.

5. Accountability

The TDA will report all decisions to the Merton Improvement Board (MIB) on a monthly basis. In addition, the TDA may escalate issues and risks to MIB as required.

The TDA will work in conjunction with the other established change control mechanisms within the organisation as follows:

Governance	Role	Relationship to TDA
Departmental Management Teams (DMT)	Business leadership and management; agree, prioritise and resource transformational activity.	Refer requests / proposals for significant system / IT changes to the TDA for advice prior to approval.
Senior Management Teams (SMT)	Manage discrete business functions, propose, prioritise and manage transformational activity.	Consult the TDA on proposals for significant system / IT changes for advice prior to approval.
Merton Improvement Board (MIB)	Oversees cross cutting transformation and secures assurance on quality and progress against delivery.	Refer requests / proposals for significant system / IT changes to the TDA for advice prior to approval.
Capital Programme Board	Oversees, determines and directs activity (projects and programmes) undertaken as part of the council's capital programme.	Refer requests / proposals for significant system / IT changes to the TDA for advice prior to approval.
Carefirst Programme	Oversees and directs	Significant improvements

Governance	Role	Relationship to TDA
Board	significant change to the Carefirst System, ensuring this is driven by and takes full account of business need.	to be referred to the TDA for consultation.
Adults and Children's Departmental Information Groups	Manages and controls change to the Carefirst system at the operational level, ensuring this is driven by and takes full account of business need.	N/A

6. Meetings

TDA meetings will be scheduled every two months for routine agenda items and non-urgent requests. Additional reactive meetings will be held as required in order to respond in a timely manner to more urgent change and improvement requests that cannot wait until the next scheduled meeting. In the case of such urgent requests a meeting will be convened and a decision reached (subject to sufficient information being made available to the Board) **within seven working days**.

Requests are to be submitted via email to the Continuous Improvement Team (continuous.improvement@merton.gov.uk) and DMTs must approve any proposals / requests arising from their department prior to submission to the TDA.

The Board will meet every eight weeks on the fourth Tuesday of the month.

7. Extraordinary Meetings

The Board may arrange occasional meeting to address specific themes or topics.

Section C

Risk Management



London Borough of Merton

Risk Management Strategy

Revised January 2019
(Agreed CMT 29 January 2019)

Merton's policy is to manage our risks by identifying, assessing and controlling them, with the aim of eliminating or reducing them to acceptable levels whilst being mindful that some risks will always exist and will never be eliminated.

The council recognises its responsibility to risk management by supporting a structured, systematic and focussed approach to risk management through the approval of our risk management strategy.

The effective management of risk is at the core of our approach to delivering cost effective and efficient services as well as sound corporate governance and is a continuous and evolving process, running through our strategies and service delivery arrangements. As risk is very much concerned with our objectives, the management of it will be closely linked to the creation of our strategic, service, project and partnership objectives and plans.

Our risk management process will be continuous and will support internal and external change. The risk management process will be fully integrated with the normal business management processes across the authority.

Merton's aims and objectives in relation to risk management are to:

- Establish and maintain a robust framework and procedures for the identification, analysis, assessment and management of risk, including reporting and recording.
- Minimise the council's exposure to unacceptable levels of risk, minimise injury, damage, loss and inconvenience to staff, residents and service users.
- Integrate risk management into the day to day activities of staff and the culture of the organisation, raising awareness of the importance and need for risk management.
- Assign clear roles and responsibilities for councillors and officers responsible for risk management
- Ensure consistent application of our methodology across all of our activities, including partnerships and projects.
- Effectively manage the total cost of risk.

We will achieve this by:

- Having a clear and concise risk management strategy which underpins our approach and responsibilities to risk
- Incorporating risk management into business planning, project management and service delivery
- Monitoring risk on a regular basis through the Corporate Risk Management Group (CRMG)
- Reporting on risk on a regular basis to the Corporate Management Team (CMT), Cabinet and General Purposes Committee

Risk Management Strategy

The process of identifying and evaluating risks is known as risk assessment. By understanding the risks we face, we are better able to actively recognise where uncertainty surrounding events or outcomes exists, and identify measures which can be taken to protect the council, its staff, residents, customers and assets from these risks.

This strategy provides a structured approach to identifying emerging risks as well as assessing and managing current risks. It also incorporates a process for regularly reviewing and updating identified risks.

This strategy will be reviewed on an annual basis, and updated where required.

What is risk?

Risk is the threat that an event or action may adversely affect an organisation's ability to achieve its objectives and successfully execute its strategies. A risk can be a threat, obstacle, barrier, concern, problem or event that may prevent us fulfilling our objectives.

Our risk management processes also include the assessment of Issues. Issues are current problems, questions, outstanding items, tasks or a request that exists in the immediate present. There is a strong element of fact surrounding it. An issue becomes a risk when the issue cannot be addressed and could continue or get worse.

Definition of Risk Management

Organisations exist to achieve their ambitions, aims and objectives. Risk Management is the process by which organisations methodically address and identify the risks that may prevent them from achieving these ambitions, aims and objectives. The intention is to achieve sustained benefit within each of their activities, and across the portfolio of all their activities.

Ultimately, risk management is about creating a better understanding of the most important problems facing organisations.

Risk is also implicit in the decisions all organisations take; how those decisions are taken will affect how successful they are in achieving their objectives. Decision making is, in turn, an integral part of the day to day existence and is particularly significant in times of change. Risk management therefore is a key component in the management of change and helps to support effective decision making.

We endeavour to identify all risks facing the council and to monitor, manage and mitigate (where possible) all those risks which are deemed to be high (scored Amber or Red). Risks are monitored via Departmental Risk Registers, and key crosscutting risks to the council are also placed on the Key Strategic Risk Register (KSRR).

The benefits of risk management

In addition to the business and service benefits of our approach, we are required to undertake risk management because it forms part of the Annual Governance Statement. We must, therefore, demonstrate that we have a systematic strategy, framework and process for managing risk.

However, the council recognises that the benefits of risk management far outweigh the requirement to undertake the activity and such benefits include:

- Stronger ability to achieve our ambitions, aims and objectives as key risks are managed.
- Better decision making as we are more aware of risk.
- Ability to take advantage of opportunities because we understand the risks attached to them.
- Better governance and the ability to demonstrate it to our stakeholders.
- Reduction in failure, loss, damage and injury caused by risk
- Improvement in our ability to adapt to change
- Improvement in our corporate governance
- Compliance with statutory and regulatory requirements

Organisational awareness of risk and risk management

Ensuring that there is a strong organisational awareness of risk management will be achieved through training sessions, reviews, departmental meetings, briefings and staff bulletins which will take place on a regular basis. Each department has an assigned Risk Champion who will offer guidance to staff where required. The [risk management intranet page](#) will be regularly reviewed and staff will be signposted to the information they need to pro-actively identify and manage risk ie the Risk Management Toolkit and other guidance.

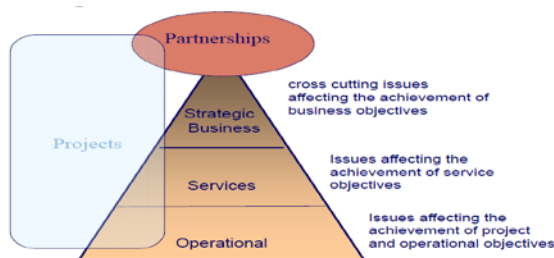
Risk Appetite

The council recognises that its risk appetite to achieve the corporate priorities identified within its business plan could be described in general as an “informed and cautious” approach. Where significant risk arises, we will take effective control action to reduce these risks to an acceptable level.

It is also recognised that a higher level of risk may need to be accepted, for example to support innovation in service delivery. To offset this there are areas where the council will maintain a very cautious approach for example in matters of compliance with the law, and public confidence in the council, supporting the overall “informed and cautious” position on risk.

How does risk management integrate with other policies?

Risk management links closely with Health and Safety, Business Continuity, Emergency Planning and Insurance; by ensuring close links we can enhance our resilience. Generally, a single issue or risk will fall into only one of these categories; however some may fall into two or more. As Business Continuity is a way of mitigating risk, its link with risk management is key to ensuring the continuous delivery of services which are important to the community.



Risk management in projects

Risk management is a key part of the ongoing management of projects and partnerships and is clearly defined in [Merton's Approach to Projects \(MAP\)](#).

Risk management in partnerships

The council is involved in a wide range of partnerships to achieve our ambitions, aims and objectives. It is vital we assess the risks to achievement within our key partnerships, and ensure that they are monitored regularly.

Our methodology for assessing and monitoring risks has been adopted by our key partnerships in order to ensure consistent scoring, and effective integration into our risk management system.

Financial Risk Management

Local government has faced unprecedented financial challenges in recent years that are likely to remain well into the next decade. The harsh financial economy faced by local authorities has led Central Government and the public sector accounting body CIPFA to start to consider how best to minimise the chance of further Section 114 notices being released and providing early warnings of authorities being unable to balance their budgets. Within Merton the following activity is already undertaken:

Budget Setting

- Financial pressures caused by demographic pressures in Special Educational Needs, Placements and Adult Social Care have been monitored closely – ongoing demands have received some additional funding
- Financial modelling within the Medium Term Financial Strategy and Capital has been developed
- Horizon spotting is used to improve response times to changes in Central Government funding.
- Financial Risk thresholds have been reviewed and reduced appropriately

Budget Monitoring:

- All budgets are monitored monthly, and reviewed with outturn, current spend and commitments
- Monthly review of progress on delivery of savings with management action
- Monitoring resources are targeted at high risk areas

Year End Accounting

- Reviewing closing issues to minimise the chance of the issues occurring again
- A greater emphasis on quality control of working papers
- More emphasis on reconciliation work within the financial year.

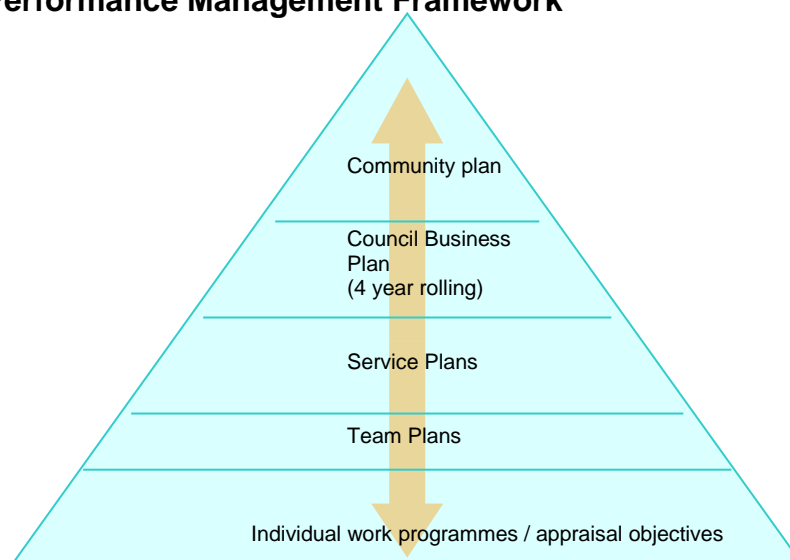
There is also a financial impact element to the authorities risk matrix which has been recently reviewed and simplified. Officers will continue to review activity and adopt best practice etc. where appropriate.

Corporate approach to risk management

In order to formalise and structure risk management, it is recognised there is an obvious and clear link with the business planning process and therefore risk management sits within the Business Planning team.

The overall council Business Plan, incorporating the individual service plans, sets out what a team, division, department, or the council as a whole, want to achieve within a specific time frame, as shown below.

Merton Performance Management Framework



- CMT is ultimately accountable for delivering the council's Business Plan therefore they are responsible for monitoring and reviewing the KSRR.
- DMTs are responsible for their own services' risk registers.
- Divisions or teams are responsible for their own risk registers, if applicable.

It is important that risks identified and assessed at an operational level can be escalated to a departmental or corporate level. However, because a risk may have a great impact on a team it does not necessarily follow that it may have the same impact on the department, or the organisation as a whole.

Ultimately, it is the respective management team which decides if a risk is an appropriate inclusion on its risk register.

Scoring Risk

When determining a score for service level risks, definitions of likelihood and impact of risk should be used in conjunction with the matrix below. Therefore, if the likelihood of a risk is 4, significant, (occurs or likely to occur more than 25%, and up to 50% of the time) and the impact is 3, serious, (service provision - service suspended short term) – then the risk rating will be 12 (4x3) which is amber.

Definition of the Likelihood of Risk

Classification	Definition
6 - Very High	Occurs or likely to occur more than 90% of the time
5 - High	Occurs or likely to occur over 50% of the time
4 - Significant	Occurs or likely to occur over a 25% of the time
3 - Possible	Occurs or likely to occur less than a 25% of the time
2 - Low	Occurs or likely to occur less than 5% of the time
1 - Almost Impossible	Occurs or likely to occur less than 1% of the time

Definition of the Impact of Risk

Categories	1 - Marginal	2 – Moderate	3 - Serious	4 - Very serious
Financial Impact – FI	£100k - £500k per annum	£500k - £1m per annum	£1m - £5m per annum	Over £5m per annum
Service Provision - SP	Reduced service	Significant reduction	Service suspended short term	Service suspended long term / statutory duties not delivered
Health and Safety - HS	Broken bones / illness	Major illness / threat not life threatening	Loss of life / major illness	Major loss of life / large scale illness (pandemic)
Objectives - O	Objectives of one service area not met	Departmental objectives not met	Corporate objectives not met	Statutory objectives not met
Reputation - R	Adverse local media lead story short term	Adverse local media story long term. Adverse national publicity short term.	Adverse national publicity longer term	Remembered for years

Risk Matrix

Likelihood	6	6	12	18	24	Likelihood 6. Very high 5. High 4. Significant 3. Possible 2. Low 1. Almost impossible	Impact 4. Very Serious 3. Serious 2. Moderate 1. Marginal
	5	5	10	15	20		
	4	4	8	12	16		
	3	3	6	9	12		
	2	2	4	6	8		
	1	1	2	3	4		
		1	2	3	4		
Impact							

Reporting and escalating risks

All risks on individual service risk registers are reviewed at Departmental Managers Team (DMT) meetings with particular attention given to red or increasing amber risks.

Risks are also checked for any cross cutting implications. If the risk is high scoring and/or could have an impact across the organisation, then it must be included in Key Strategic Risk Register, which contains risks which could have a detrimental impact across the whole organisation should they occur.

Monitoring and Managing

During the year, new risks will arise that have not previously been considered and there may be changes to existing risks. Therefore the risk registers need to be regularly managed, with risk owners re-assessing their risks, re-scoring them if appropriate, and providing sufficient narrative in respect of the Control Measures they have in place (ie the actions which they are taking to mitigate against the risk). The reviews of risk registers should be managed by exception. The reporting cycle as detailed below, takes place during April, July, October and January.

1 st week	2 nd week	4 th week
DMT – review operational service risks and propose KSRs as per the definitions of likelihood and impact for crosscutting risks	Corporate Risk Management Group (CRMG) – review service risks and proposed KSRs	CMT – identify and review KSRs

All risks are reviewed according to the quarterly cycle shown above, with a particular focus upon red risks, and also upon amber risks which have increased their risk score since the previous quarterly review.

Removal of any risks from the registers must be approved by DMTs and CRMG prior to being presented to CMT. CRMG will only approve removal of a risk if it is scored green for a minimum of two consecutive reporting cycles (i.e. two quarters). There are otherwise no rigid guidelines for dropping risks from the registers because clear parameters are not always possible. A decision is sometimes taken to keep a low-scoring risk in view on the basis that its status might change over a short period, or so those with an assurance role can be confident mitigation against a risk can be sustained.

A flowchart showing how service, departmental, corporate and partnership risks are escalated and reported is shown on the final page of this Strategy.

Roles, Responsibilities and Governance

Councillors

Elected councillors are responsible for governing the delivery of services to the local community. Councillors have a responsibility to understand the key risks the council faces and will be made aware of how these risks are being managed through the annual business planning process. All Councillors will have a responsibility to consider the risks associated with the decisions they undertake and will be informed of these risks in the plans and reports submitted to them.

Chief Executive and CMT

The Chief Executive and CMT are ultimately accountable in ensuring that risk management is fully embedded in the council's business planning and monitoring processes as well as having overall accountability and responsibility for leading the delivery of the council's Risk Management Strategy and Framework. CMT will take a leading role in the risk management process, ensuring that risk management is communicated, understood and implemented by Councillors, managers and staff. CMT will also play an important role in establishing a supportive culture.

CMT will submit an annual report on risk to the Standards and General Purposes Committee and Cabinet.

Directors

Each Director is accountable for proper monitoring of their departmental risk register, action plans and the embedding of risk management into the business planning process of their directorate. They will need to be actively involved in the risk management process within their department and CMT, including nominating an appropriate Risk Champion for their department. Directors are also accountable and responsible for leading the delivery of the council's Risk Management Framework in their respective Directorate.

Section 151 Officer / Internal Audit

The Section 151 officer and Internal Audit will be responsible for carrying out independent reviews of the risk management strategy and processes. They will provide assurance and give an independent and objective opinion to the council on the adequacy of its risk management strategy, control procedures and governance.

An annual Audit Plan, based on a reasonable evaluation of risk, will be carried out and an annual assurance statement will be provided to the council based upon work undertaken in the previous year. The section 151 officer will chair the CRMG group.

Risk Champions

Risk champions will work with their Director, Heads of Service, Managers and Team Leaders to ensure the RM Strategy and Framework is embedded in the Directorate and departmental planning, performance, project and partnership management, offering support and challenge. They will also represent their directorate at CRMG meetings.

Risk Champions will ensure that risks are identified, assessed and scored correctly by the Risk Owners, offering advice and guidance where appropriate. They will also challenge risk scores where they do not appear to be reasonable, or where they contradict the Control Measures narrative or the corporate Risk Scoring Guidance.

All Risk Champions will receive appropriate training to ensure that they can perform their role effectively. Training needs will be regularly evaluated.

Service Managers

Managers have a responsibility not only for the risks for which they are the risk owner, but are also accountable for those risks, within their service, which are owned / managed by others.

They are required to maintain an awareness of risk and ensure that any risks they identify are captured by the risk management process, understanding and responding to the key risks which could significantly impact on the achievement of their service and/or team objectives. Managers should encourage staff to be open about risk so that appropriate mitigation actions and control measures can be agreed.

Risk Owners

Risk owners are responsible for identifying and implementing appropriate actions which will mitigate against risks they own and reduce these risks to an level acceptable to the organisation. They are required to regularly review the effectiveness of their control measures and provide a formal update to DMTs and CRMG on a quarterly basis as part of the risk review cycle.

Individual Employees

Individual employees need to have an understanding of risks and consider risk management as part of their everyday activities, identifying risks deriving from their everyday work, processes and environment. Risks which could impact on service delivery, the achievement of objectives, or their own or others' wellbeing must be identified and actively managed, with mitigating actions in place where appropriate.

Business Planning team

The business planning team is responsible for ensuring that risk management is embedded throughout the council, as well facilitating and supporting the risk management process and supporting risk owners.

The team will ensure risk management documentation and intranet pages remain up to date and relevant, as well as updating the KSRR with emerging risks, new risks and updating existing risks.

In addition the Business Planning team will ensure risk is part of the annual service planning process, facilitate the CRMG meetings, and submit strategic updates and reports on risk management to CMT, Cabinet, Audit and Assurance Committee etc. as required.

Corporate Risk Management Group

The Corporate Risk Management Group will provide strategic direction and leadership to ensure our risk strategy is maintained and updated and that risks are appropriately identified and managed within the organisation. It will provide a forum for the detailed discussion and monitoring of organisational risks for the benefit of the council, its staff and the wider community.

CRMG will strive to ensure that the risk management framework is embedded within the council's overall strategic and operational policies, practices and processes in a consistent and standardised manner.

In addition it will provide assurance that all risk systems and processes are operating effectively to minimise the Council's overall exposure to risk. The headline departmental risks and planned mitigation activity reported by each department will be discussed by CRMG on a quarterly basis. CRMG will then report its conclusions and recommendations for discussion at CMT.

Cabinet

Cabinet will receive reports on the risk management strategy to determine whether corporate risks are being actively managed. They are responsible for agreeing the strategy on an annual basis, or when significant changes are made, and to report to full Council on the adequacy of the risk management framework.

Standards and General Purposes Committee

To provide an independent oversight of the adequacy of the risk management framework and the associated control environment. The committee will receive an annual review of internal controls and be satisfied it properly reflects the risk environment and any actions required to improve it. Reports will also be provided regarding the KSRR in order that the committee can determine whether strategic risks are being actively managed.

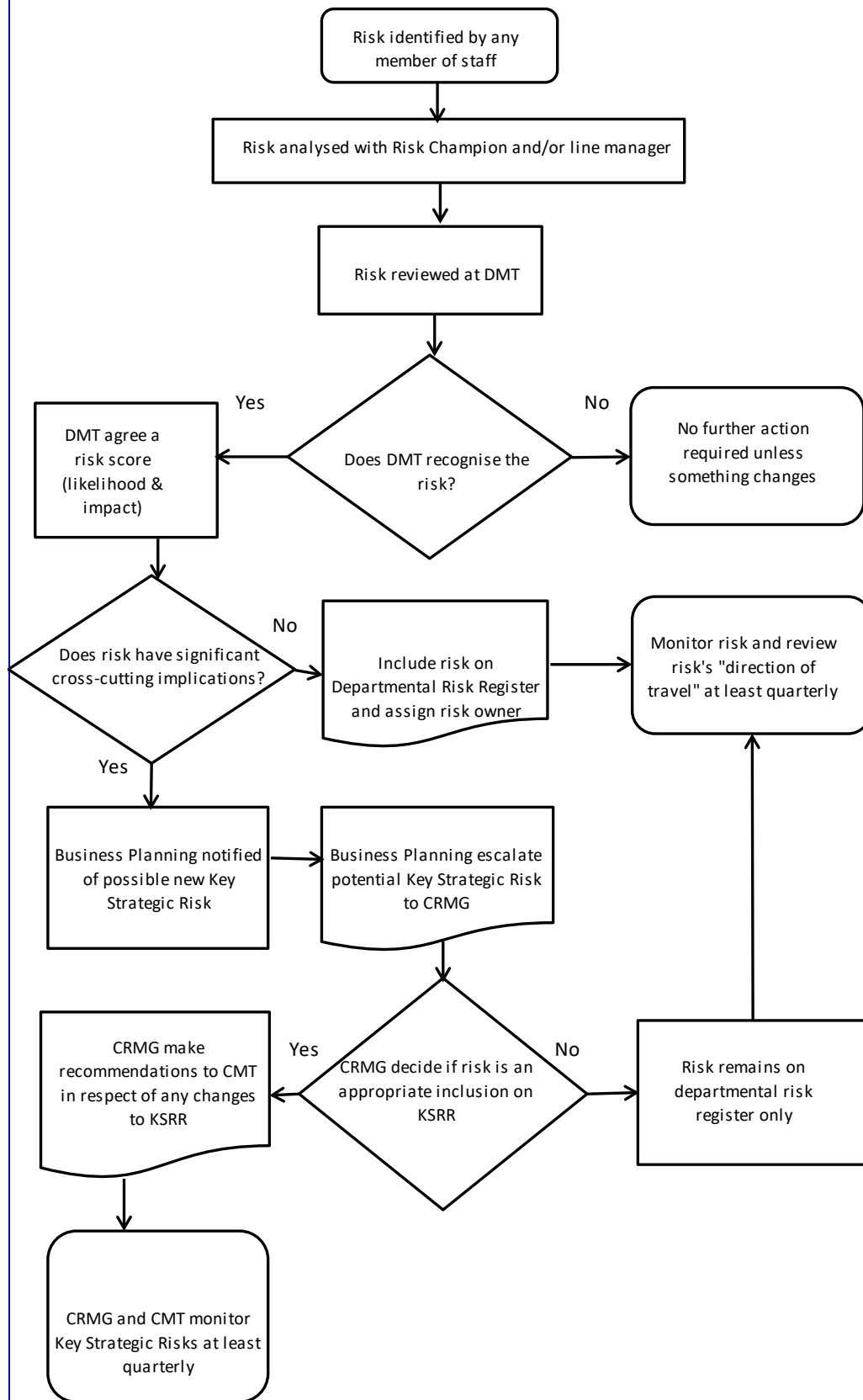
On an annual basis, the committee will review and recommend the adoption of the risk management strategy to cabinet, or if significant changes are identified, to request a revision.

Risk management in committee reports

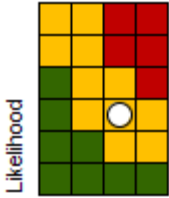




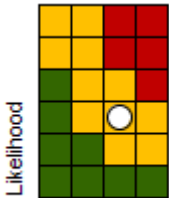




When a report is submitted to a committee the author is required to complete a section on Risk Management and Health and Safety Implications. The committee should be informed of any significant risks involved in taking a recommended course of action, or if it decides not to follow the recommended course of action. The risk assessment should follow the corporate risk management procedures and be scored using the risk matrix. The report should also give details of any control measures (either proposed or existing) to manage any significant risks identified. Where appropriate, reference should be made to any existing risk(s).

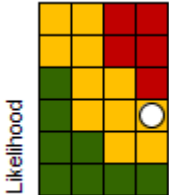




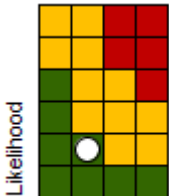




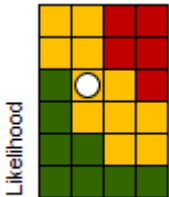




Report authors are advised to consult with the Business Planning team or their departmental Risk Champion, for further advice and to propose any risks to be considered for inclusion in the departmental or KSRR.

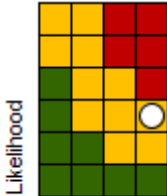




London Borough of Merton Risk Management Process

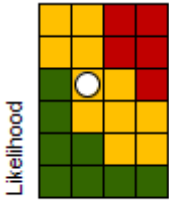









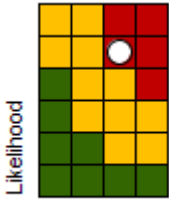






Risk Register ~ Key Strategic Risks ~ February 2019

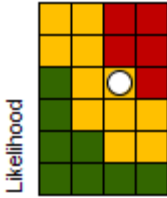




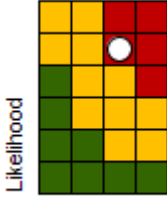




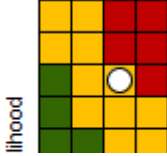



Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
John Morgan	ASC06 / KSR78 Legal challenge ASC Placements	Key Strategic Risk	Some of our Adult Social Care placements might result in legal challenges	<ul style="list-style-type: none"> - shortage of suitable placements in Merton - budgetary constraints - people placed further from their support networks. 	<ul style="list-style-type: none"> - increased costs of placements - prevention of other developments - increased staff time - additional legal costs - damage to reputation 	R		9  09-Jan-2019	We are targeting the market to fill the gap in complex placements- we try to utilise homes within the borough but at times due to availability we need to look further afield. All decisions regarding appropriateness and sufficiency of support are taken through the ASC outcomes forum.	01 Oct 2018
								9  26-Sep-2018		
								9  27-Jun-2018		
								9  29-Mar-2018		
Lorraine Henry	ASC21 / KSR77 Increase in number of DoLS and Community DoL	Key Strategic Risk	We may not be able to manage the rise in Deprivation of Liberty Safeguards (DOLS) and Community DOL effectively	<ul style="list-style-type: none"> - A court ruling in 2014 known as 'Cheshire West' widened the criteria for people that can be subject to a DoLS or Community DoLS (CDoLS) - The Government has not made any additional resources available 	<ul style="list-style-type: none"> - Existing backlog of assessments awaiting completion - Cost pressure in relation to DoLS assessments which need to be undertaken - Potential of legal challenge if DoLS authorisation requests are not completed 	FI		9  03-Jan-2019	Following a paper to DMT a robust system is now in place to manage current Dols and historic cases. This is being monitored at DMT level. The backlog has reduced from 500 in Sept 17 to 380 in January 18 to 210 in September 18 and 147 in December 18. Community DoL- A system is in place to screen and prioritise Community DoL and this will also be reported to DMT. Training is being organised, and a RAG system is being developed to identify clients that pose the most risk to the Local Authority External training has	09 Jan 2019
								9  26-Sep-2018		
								9  15-Jun-2018		
								12  03-Apr-2018		

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
									been commissioned for the the Best Interest Assessors (BIAs) The backlog is now reduced further to 169. Community DOL training currently being reviewed.	
Paul Evans	CG25 / KSR79 GDPR	Key Strategic Risk	LB Merton may not be compliant with the General Data Protection Regulation (GDPR) or Data Protection Act 2018 that came into effect on 25th May 2018	<ul style="list-style-type: none"> - insufficient time or resources to fully comply - Weaknesses in some existing and legacy IT systems - technical barriers to compliance - reliance on external suppliers 	<ul style="list-style-type: none"> - LB Merton is fined by the Information Commissioner's Office - reputational damage - key stakeholders lose confidence & may not share information / work with the Council. 	FI		12  07-Dec-2018	Progress is slow in updating the action plan and significant work areas such as IARs, contracts etc. due to resource issues. However work is ongoing in all BAU areas such as advising staff on a daily basis throughout the organisation on DPA issues e.g. Information Sharing Agreements and dealing with data security issues.	07 Dec 2018
								12  17-Sep-2018		
								12  11-Jun-2018		
								15  23-Mar-2018		
Sophie Ellis	CPI18 / KSR68 TOMs delivery	Key Strategic Risk	We may not be able to deliver our TOMs across the organisation in the way we have planned	<ul style="list-style-type: none"> - Inadequate delivery planning for TOM's across the organisation - Unanticipated changes in delivery context - additional financial reductions. 	<ul style="list-style-type: none"> - Ambition set out in TOM is not achieved - Our objectives are not met 	O		4  10-Dec-2018	CRMG 9 Jan agreed risk can be requested for removal assuming score remains green at Q4	28 Jan 2019
								4  17-Sep-2018		
								4  14-Jun-2018		
								4  20-Mar-2018		
Sophie Ellis	CPI39 / KSR74 Inadequate consultation	Key Strategic Risk	We may fail to adequately consult over changes to Council services and policies, and/or the design and implementation of projects (formerly CS17/KSR74)	<ul style="list-style-type: none"> - inadequate consultation - not meeting expected standards - insufficient training 	<ul style="list-style-type: none"> - increasingly robust scrutiny and challenge - possibility of Judicial Reviews 	R, FI		8  11-Dec-2018	The standards expected for consultation are described in the Community Engagement Strategy ("Get Involved") which was agreed by the Merton Partnership in 2010 and refreshed in 2014. All Council consultations should be	11 Dec 2018
								8  17-Oct-2018		
								8  19-Sep-2018		
								8  13-Jul-2018		


Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
									listed on the Council's online consultation database, having been approved by the Consultation and Community Engagement Team. Support for services is available including training around the need for consultation, design, and legal obligations.	
Page 156 Rachael Wardell	CSF01 / KSR35 Safeguarding children	Key Strategic Risk	We may fail to adequately safeguard children	Because of: - Less effective inter-agency working - Changing expectations & updated regulatory framework - Ongoing budget pressures across all agencies	Resulting in: - Child protection & safeguarding consequences including possible child death or serious harm. - increasing costs of "high cost" interventions - undermining of the Merton Model	R		12  23-Jan-2019	Strengthened MSCB governance and development of new partnership arrangements. Refreshed the Merton CYP and Family Wellbeing Model. Ongoing rigour in conversations with partner agencies and third sector to improve understanding and responsibility of safeguarding. Launched consultation on CSC Practice Model. Signs of Safety and Think Family approaches being rolled-out. Post-Ofsted action plan fully implemented. Refresh of CYPP for 2019-22 underway ensuring effective partner buy-in and engagement.	23 Jan 2019
								12  27-Nov-2018		
								12  30-Sep-2018		
								12  23-Aug-2018		

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Charles Baker; Anita Cacchioli	ER112 / KSR73 Waste disposal budget (Viridor)	Key Strategic Risk	We may be unable to meet financial budget for waste disposal	<ul style="list-style-type: none"> - Waste may not be adequately disposed of - Delays in moving over to ERF - Increase in waste forecasted - Reduction in recycling - Insufficient budget to cover disposal costs 	<ul style="list-style-type: none"> - increased costs for waste disposal - operational difficulties - performance may be affected (more landfill, less recycling and more missed bins) - political and reputational impact 	FI/R/O		8  25-Sep-2018	The commissioning phase of the new ERF facility is continuing. We are monitoring the level of general waste used as part of the commissioning phase which we anticipate will generate a significant reduction in our landfill disposal cost (c£450k). This has shown in the performance for November which showed recycling and composting at 44.87%. Full year effect will be delivered in 2019 / 2020. Risk to be reviewed once the impact of the service change can be measured.	21 Dec 2018
								8  13-Sep-2018		
								8  26-Jun-2018		
								8  21-Mar-2018		
Paul McGarry; James McGinlay	ER118 / KSR75 Crossrail 2	Key Strategic Risk	We may fail to minimise the negative impact of Crossrail2 on the Council's income and/or commercial activity in Wimbledon Town Centre and Weir Road	<ul style="list-style-type: none"> - inadequate preparation and planning on our part 	<ul style="list-style-type: none"> - financial impact on council and services - economic impact on Wimbledon Town Centre and the borough (potential loss of businesses and jobs) - Council reputation 	FI		12  02-Jan-2019	Consultation has been delayed because the Treasury is reviewing the Crossrail 2 business case before this project can proceed any further. No further progress at Quarter three.	21 Dec 2018
								12  13-Sep-2018		
								12  04-Jul-2018		
								12  21-Mar-2018		
Charles Baker; Anita Cacchioli	ER132 / KSR 81 Waste services contractor	Key Strategic Risk	Veolia may fail to deliver the street cleaning and/or waste collection services to the standard required by their contract	<ul style="list-style-type: none"> - insufficient capacity (Veolia) - disputed areas of responsibility - financial impact of recycling market changes which adversely affect Veolia - lack of ICT integration and real time information - poor management by Veolia 	<ul style="list-style-type: none"> - reputational damage to the Council - negative environmental impacts - negative public health impacts 	R		15  06-Feb-2019	Contract management by SLWP and LB Merton clienting team is in place. Monthly contract and performance meetings regularly review outputs and areas of rectification addressed	25 Sep 2018
								15  25-Sep-2018		
								12  26-Jun-2018		
								9  21-Mar-2018		

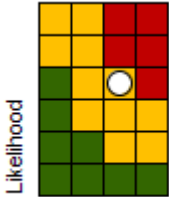




Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Mark Humphries	IT03 /KSR48 IT Systems	Key Strategic Risk	The 6th floor data centre may be rendered unusable	- major disruption in the civic centre	- IT failure - unavailability of IT services - negative impact on organisational service delivery.	SP		<div>4 28-Jan-2019</div> <div>8 04-Dec-2018</div> <div>8 12-Sep-2018</div> <div>8 13-Jun-2018</div>	Operational testing of IT DR arrangements has now been completed and verified as part of the Q4 planned maintenance works. Proposal to reduce risk likelihood to 1 (Almost impossible) approved at 9 January CRMG	28 Jan 2019
Caroline Holland; Mark Humphries	IT24 / KSR21 Public Contract Regulations/Contract Standing Orders	Key Strategic Risk	We might breach Public Contract Regulations 2015 and Contract Standing Orders (previously risk RE03)	- incorrect procurement (despite this being a tightly regulated area of council activity) - Lack of staff awareness - insufficient training and guidance	- procurement exercises impacting on strategy and time - adverse budget and service implications if not carried out correctly - legal challenges - slower identification, capture and delivery of savings - reputational risk.	R		<div>15 04-Dec-2018</div> <div>15 12-Sep-2018</div> <div>15 13-Jun-2018</div> <div>15 05-Mar-2018</div>	An online procurement 'toolkit' was formally launched in September 2018. This will be supported by staff training sessions in order to promote use of the Councils procurement portal and the suite of new documents and templates. This will promote and embed good practice across the organisation and significantly reduce the risk of a legal challenge due to a failure to meet the requirements of the Public Contract Regulation or Contract Standing Orders. The Operational Procurement Groups (Within each Department) are responsible for providing Governance, appropriate challenge, assurance and management of key activities within the procurement process, and work in conjunction with the Council's Procurement Board to ensure adherence to	05 Feb 2019

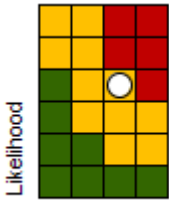




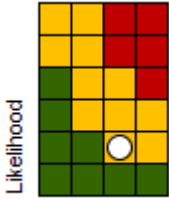




Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
									Public Contract Regulations & Contract Standing Orders	
Zoe Church; Caroline Holland	RE02 / KSR49 Corporate Business Plan & balanced budget	Key Strategic Risk	We may fail to develop a corporate Business Plan & set a balanced budget for 19/23 & beyond	<ul style="list-style-type: none"> - Reduction in Government Grant - challenges of making accurate projections of Business Rate Retention due to lack of clarity over future of London Pilot Pool 	<ul style="list-style-type: none"> - negative impact on service provision - damage to council reputation - negative impact on staff morale - dissatisfaction of internal & external customers 	FI		12  18-Dec-2018	The Business Plan report to Cabinet in December 2018 presented savings of £9.7 million which will now be subject to scrutiny in January 2019. There is a balanced budget in 2019/20 which rises to a gap of £8.8 million in 2022/23. Work will continue in line with the approved Business Plan Timetable to set a Council Tax for 19/20.	18 Dec 2018
								15  08-Oct-2018		
								12  21-Sep-2018		
								12  13-Jun-2018		
Page 159 Caroline Holland	RE16 / KSR61 Annual Savings Programme	Key Strategic Risk	We might fail to deliver the savings of £30m which have been agreed for the period 2016/17 to 2019/20 (the period of budget decisions required by this council)	<ul style="list-style-type: none"> - we are unable to achieve planned and/or anticipated savings - projected outturns do not match actuality 	<ul style="list-style-type: none"> - adverse impact on the authorities ability to balance its budget in the medium to long term - gap is larger than the contingency - we are required to reinstate reserves 	FI		15  04-Dec-2018	The monthly monitoring report is forecasting a shortfall in savings in 18/19 of £1.28m (19% of savings target). In 17/18 savings of £2.4m were unachieved and £0.7m are an ongoing pressure and not expected to be achieved in 18/19. The projected outturn position for 18/19 is £1m overspend. Delivery of savings will continue to be monitored and reported in 18/19 as they are critical to balance the budget.	04 Dec 2018
								15  20-Sep-2018		
								15  28-Jun-2018		
								15  19-Mar-2018		
Corporate Management Team	RE24 / KSR80 Impact of Brexit	Key Strategic Risk	We might be unable to respond effectively to the changes brought about by Brexit	<ul style="list-style-type: none"> - A challenging withdrawal process - Changes to procurement frameworks - Other 	<ul style="list-style-type: none"> - Financial uncertainty - Impact on local economy, investment & growth - Employment & skills gaps 			12  05-Dec-2018	Officers are closely monitoring developments on the Brexit negotiations and the potential impact for the council, citizens and	05 Dec 2018
								12  18-Oct-2018		
								9  30-Aug-2018		

Likelihood
Impact

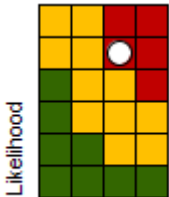




Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
				regulatory/statutory changes - Loss of regional aid funding - Changing eligibility of EU nationals to live &/or work in UK - potential impact on staff recruitment and retention - security of supplier network - short to medium term impact on LBM's pension investments - community cohesion	- Strain on resources - Impact on services esp. social care - Difficulty complying with statutory requirements - inability to capitalise on post-Brexit opportunities The risk profile assumes a Brexit deal. If no deal, the risk profile will significantly increase as a consequence of the uncertainty created.			9  13-Jul-2018	<p>businesses. This includes reviewing the Technical Notices, guidance from the LGA and other sector related assessments of possible implications. A session has been held with Collective DMT to identify risks. This has been reviewed by CMT and a task group of officers from across the council has been established to monitor developments and how the Council responds.</p> <p>Cabinet considered the implications of Brexit at their November meeting and the Overview and Scrutiny Commission are reviewing the implications for citizens. One outcome of the Cabinet meeting was to establish a corporate task group headed by the CS Director to review the implications of Brexit in detail and direct appropriate actions as required.</p>	

Issues Register ~ Key Strategic Issues ~ February 2019

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Sophie Ellis; Rachael Wardell	CPI41 / KSR53 Equalities duties	Key Strategic Issue	We may be in breach of Equalities legislation regarding new policy development, designing services and decision making (formerly RE11)	- insufficient evidence to demonstrate how equalities implications have been considered	- reputational impact for council - risk of judicial review & litigation - negative impact on service users - loss of savings.	R		12  17-Dec-2018	Implementation of the new Equality Strategy is going well. DMTs, CMT and OSC have all noted the good progress made on the revised outcomes. Given the financial pressures on the Council and the implementation of funding reductions there continues to be in our view an increased risk of scrutiny and challenge to these decisions (reflected in last quarter's increase in risk score) – as is evidenced by the recent JR. Following the workshop at Collective DMT there have been further discussions at DMT level on equality analysis particularly in relation to budget proposals. There are an increasing number of saving proposals that will have a negative impact on equalities groups as our funding continues to reduce.	17 Dec 2018
								12  31-Aug-2018		
								12  13-Jun-2018		
								9  13-Mar-2018		

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Rachael Wardell	CSF04 / KSR55 Demographic changes	Key Strategic Issue	We may fail to respond adequately to changing children's social care demands	Due to changing borough demographics including: - an increase in the total population in the borough - a particular increase in families with young children - a change in the mix of the population with respect to ethnicity, disability & deprivation - an increase in children with special educational needs and disabilities	This will lead to: - Additional demand for services for children with special educational needs & disabilities - pressure for growth in children's social care & child protection interventions - increasing level of support for families with no recourse to public funds.	SP		12  23-Jan-2019	UASC numbers have reached their limit under the National Transfer Scheme (although care leaver numbers will keep rising). CSF Service Plans identify current control measures, including: reviewing and strengthening the eligibility criteria; step up step down process; and consistently managing demand. A project is in train to try to improve prediction of future demand.	05 Feb 2019
								12  01-Oct-2018		
								12  21-Jun-2018		
								12  29-Mar-2018		
Jane McSherry	CSF05 / KSR34 Insufficient school places	Key Strategic Issue	Since Harris Wimbledon (Free School) opened in September 2018, and proposals for the permanent site achieved planning permission, there is no longer pressure for mainstream school places	This is because: - EHCP numbers are increasing significantly and we are reaching the limits on our in-borough capacity in ARPs and special schools	Insufficient special school places provided will result in: - inability to meet statutory duty to children with additional needs through local provision and more children needing to travel out of borough for their education - increased costs in independent sector special school places - increase transport costs to placements outside the borough - increased scrutiny - reputational damage	R		6  23-Jan-2019	Work in hand to deliver expansion of places at Cricket Green School. Proposals to the capital programme to increase places for SEMH and ASD through ARP and new special school places.	23 Jan 2019
								6  01-Oct-2018		
								6  05-Jul-2018		
								3  21-Jun-2018		

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Children, Schools & Families	CSF06 / KSR56 CSF funding & statutory services	Key Strategic Issue	CSF funding changes, budget savings & resource management may impact on our ability to provide statutory services, and this is exacerbated by the overspend on the DSG.	<p>Causes include:</p> <ul style="list-style-type: none"> - Right sizing of budgets has not taken place. - Savings for 20/21 have not yet been found. - Move to national funding formula for DSG and implications for overspends - continued uncertainty regarding changes to funding regimes & external grants - concurrent additional statutory duties - demographic pressures - the impact of maintained schools becoming academies - Insufficient funding for new burdens: C&F Act; NRPF; Leaving Care and housing for care leavers. - Requirement to make significant savings over the next 3-4 years - Need to balance competing & increasing demands at a time of contracting resources & extensive change. - High needs funding is not keeping track with demand and changes to rules on DSG overspend increase potential impact. 	<p>Leading to:</p> <ul style="list-style-type: none"> - DSG overspend would impact on council general fund budget - Negative impact on our ability to provide statutory services - undermining of the Merton Model, causing additional spend pressures in targeted services. - Low staff morale - Difficulties in managing the impact of the Workforce Management Strategy - Time & effort required to manage change & meet expectations of members & central government may lead to failures in the management of ongoing operational work - High Needs Block national funding formula allocated £5.5m through the funding floor factor for 2018/19 which means that Merton will not receive the required growth as EHCP numbers increase 	FI	<p>Likelihood</p> <p>Impact</p>	16 23-Jan-2019	Assessment of likely impact of changes through Government funding proposals. Additional burdens reported on monthly and demographic pressures identified. Feeds into the MTFS, TOM, Service Planning work and relevant strategies to deliver the required savings without adversely impacting on performance. Early help and prevention a key theme of our TOM coupled with our continued focus on our statutory services. Lobbying of central government by London Councils, Society of London Treasurers and National Audit Office around insufficient funding. CSF contribution to Cipfa and Children's Commissioner lobbying work. Independent review of CSF finances in train by Impower.	05 Feb 2019
								16 02-Nov-2018		
								12 19-Oct-2018		
								16 01-Oct-2018		

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Rachael Wardell	CSF09 / KSR62 Intervention/ prevention commissioning	Key Strategic Issue	We may fail to recommission appropriate intervention and prevention services	Due to: - reduction in contracting with local third sector - change in delivery reports of CSF	Resulting in: - Destabilisation of the Local Strategic Partnership & Children's Trust Board partnership arrangements - reduced service delivery - an increase in reactive, rather than pro-active, services - adverse reputational impact - political impact	R		<div>15  23-Jan-2019</div> <div>15  30-Sep-2018</div> <div>15  21-Jun-2018</div> <div>10  29-Mar-2018</div>	Better understanding of totality of commissioned / short breaks services. Regular review of commissioned services. Opportunities identified to commission differently focusing on early help, prevention and reducing the escalation of cases. SIB and FDAC implemented with high take up, further enhancing our preventative work. Understand impact on / implications for preventative services.	01 Oct 2018

Section D

Performance Management Framework

D. PERFORMANCE MANAGEMENT FRAMEWORK

Introduction

Merton launched its Performance Management Framework in 2004. Whilst the main principles of performance management remain the same, the framework undergoes annual review and updating when required, to ensure that it remains current and reflects changes within the organisation and outside.

Performance management enables us to ensure that we are constantly meeting our goals, whilst simultaneously allowing us to identify best practice and address areas of concern. It provides the framework for consistently planning and managing improvements to our services to ensure continuous improvement in line with our TOMS. Sustainable improvements in services are unlikely to happen without this framework.

We are committed to delivering customer-focused services. To achieve this, it is essential that we measure our performance, both against our own intentions and the performance of others, and that we use that information to improve local services. To this end, on 1 January 2019, the performance management and service planning functions relocated from Resources to the Policy, Strategy and Partnerships team within Customers, Policy and Improvement. This will better enable us to combine data on customers, customer feedback and performance in order to provide the organisation with deeper intelligence. This will support evidence driven service improvement, as well as championing and leading a better customer experience.

Everyone in the organisation has a part to play in monitoring our services and achieving the ambitions and objectives set out in our Community Plan.

Why measure performance?

- Timely and accurate performance data highlights areas where we are doing well, and areas which need improving
- It enables our managers to monitor performance, manage effectively, and plan for the future of the service
- It allows for early identification of problems and enables us to put actions in place to address/rectify the situation
- Performance data assists the decisions makers within the council and provides the evidence to inform their decisions and support change and improvement
- What gets measured is more likely to be actioned

Why do we need a Performance Management Framework?

Central Government introduced the Single Data List in April 2011. This reduced the burden of performance monitoring and audit and inspection by central government, placing greater responsibility for this on local government. As a result, it is even more important that we manage and monitor our performance. We must ensure that our Performance Measures are robust, challenging and realistic, enabling us to achieve and deliver our objectives.

What is our Performance Management Framework?

Our Performance Management Framework has been created to clarify the overall approach the

council takes to managing performance. The Framework should also be considered alongside the council's Risk Management and Data Quality Strategies.

Our framework will help us all to understand:

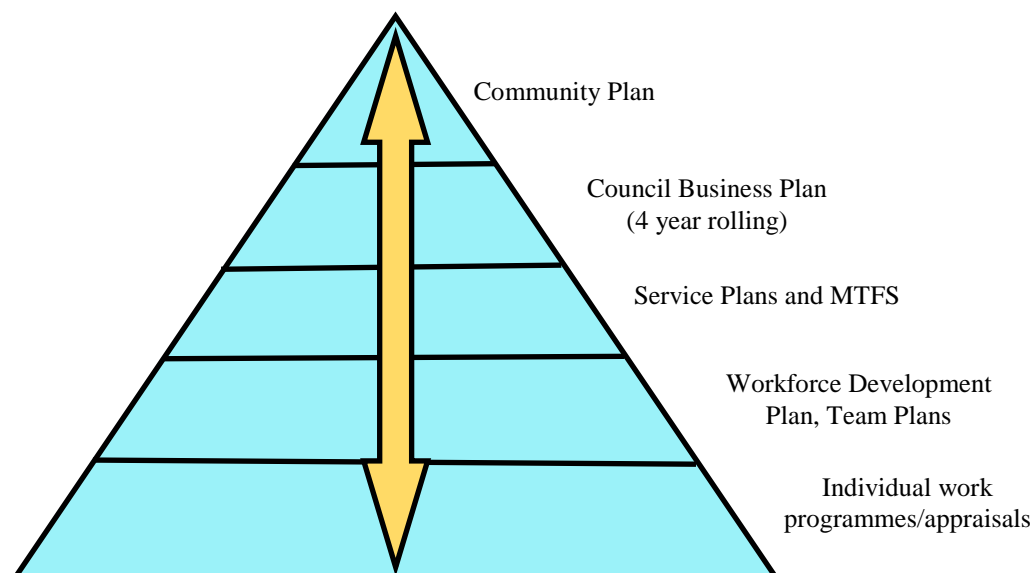
- what we are trying to achieve as an organisation
- how we intend to achieve this
- how we will monitor and report progress
- how the contribution of staff, managers, teams and departments relate to each other and help deliver the targets set for the whole organisation

The framework has three elements

- The planning framework
- The planning, monitoring and review cycle
- Taking responsibility for results

The planning framework

The performance management framework is represented by the performance triangle which shows how the plans align. We call this “the Golden Thread”.



The key aspects of the Golden Thread are:

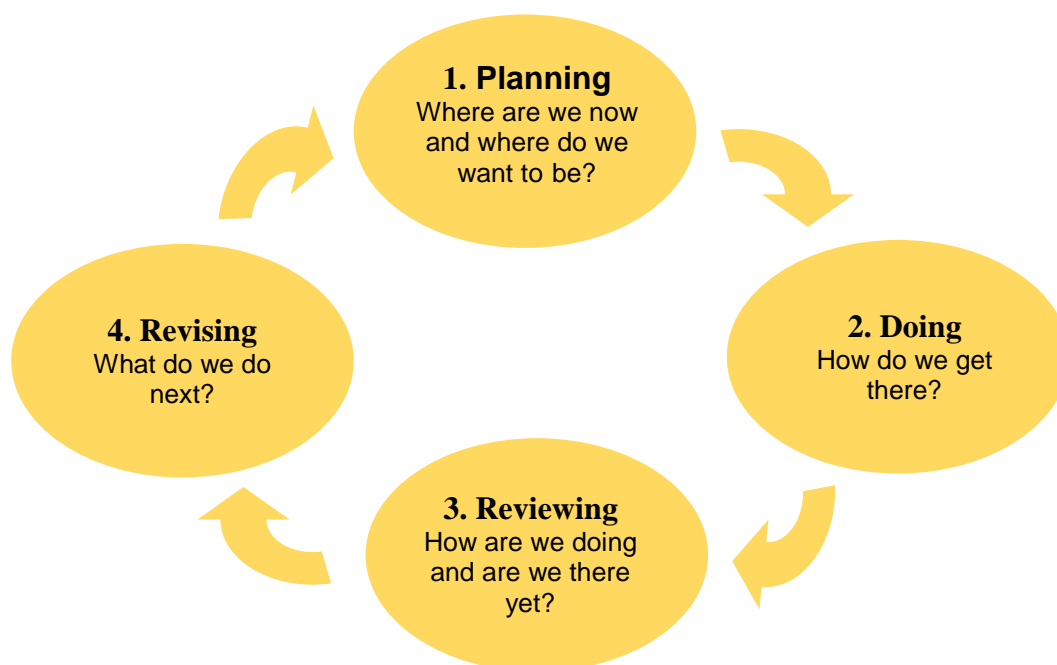
- The **Community Plan** has been developed by the Merton Partnership and sets the overall direction and vision for the borough. The current Community Plan expires in 2019, and the new plan for 2020-25 will be developed during the course of this year.
- The **Business Plan** sets out the Council's priorities for improvement over the next four years. The Business Plan is reviewed every year to ensure that it always reflects the most important improvement priorities.

- **Service Plans** are reviewed every year to ensure they outline the key issues and priorities for the department.
- The **Medium Term Financial Strategy** (MTFS) outlines how much money we expect to receive over the next four years and in broad terms what we expect to be spending this on.
- The **Workforce Development Plan** is focused on making the best use of the skills of staff to deliver the services residents demand and deserve
- **Individual Appraisals** take place twice a year and are used to agree individual work programmes and targets.
- **London's Best Council 2020** (LBC2020) is an additional Performance Management Framework which has been developed to support a process of continuous improvement over the period 2017/20. 39 targets have been agreed relating to service quality, Merton "the place", as well as customer and staff satisfaction against three key themes:
 1. What matters to our customers
 2. Taking pride in delivering key services
 3. How we're supporting you to do your job

There is a 40th measure which is variable. Each team across the council has its own internal London's Best Council 2020 measure, and one of these is selected each quarter for inclusion on the LBC2020 dashboard. The performance of the overall suite of 40 indicators is reported quarterly and the results disseminated widely throughout the organisation.

The planning, monitoring and review cycle

The planning, monitoring and review cycle shows how we continuously monitor, review and revise our performance in order to improve our services



The cycle has four phases and takes place on an annual basis to support the development of the next four year rolling Business Plan and agreement of the next year's budget.

- **Planning**

We identify where we are now by looking at the results we are achieving against our performance indicator targets detailed in our service plans, the results of satisfaction surveys such as the Annual Residents Survey (ARS), and other inspection results. Our corporate ambitions and objectives describing where we want to be are laid out in the Community Plan and the Business Plan, and are reflected at a more local level in service plans, and targets in annual appraisals.

- **Doing**

To get to where we want to be, we need to maximise our capacity to deliver the actions laid out in the various plans, and use our performance management and appraisals systems to ensure that we remain on course.

- **Reviewing**

By monitoring and managing performance, consulting with our partners and service users, and benchmarking against other providers, we can assess how we are doing, our progress towards achieving our ambitions, and what we can learn from the good practice of others.

- **Revising**

It is important that our services evolve to meet the needs of our residents. Having reviewed our performance we may find that we need to change what we are doing, or that we need to revise our ambitions and objectives in order to continuously improve as an organisation.

To maximise the cycle's effectiveness we have an agreed timetable for the process which takes into account both performance and financial considerations. This timetable enables Councillors to agree priorities, and allocate resources based on community views and needs, and accurate performance information. These priorities are translated into planned outcomes and performance targets.

Taking responsibility for results

Everyone has a responsibility to contribute towards improving Merton, working within the performance management framework. This ensures that measurable activities at individual, team and service levels translate into outcomes.

It is the responsibility of the owner of each performance measure to ensure that details of the measure are clearly articulated. They must also ensure that adequate collection, recording and validation processes are in place to enable effective monitoring and reporting in line with the council's Data Quality Strategy.

Performance Management Systems and Collection Arrangements

Since June 2013, performance against service plan measures has been captured and reported via our Performance Management System (Pentana, formerly known as Covalent).

On the first working day of each month, departmental performance leads are notified that performance data must be uploaded onto the system by a specified deadline.

Performance Monitoring reports are presented to CMT on the fourth Tuesday of every month, Cabinet receives quarterly performance reports, and Full Council an annual report. In addition, a monthly performance dashboard is published on both the internet and intranet giving staff, Members, residents and the public access to up to date performance data detailing how the council is performing against its targets.

Roles and responsibilities

The roles and responsibilities are outlined below:

Individuals	All staff have a responsibility to deliver the tasks/actions which have been agreed in their appraisal, and to understand how their work contributes to team, departmental and council goals.
Managers	All managers have responsibility for supporting their staff through the appraisal process and regular reviews. They must also show commitment and accountability by leading through example. Managers should ensure that their team have regular meetings to share information, review progress of their divisional and team plans, develop ideas, identify areas for the next plan and agree the way forward on a variety of team and work issues. Managers should use these meetings to raise issues around corporate priorities, tell staff about developments within the
Heads of service	Heads of service report to Directors and are responsible for overseeing the performance of service units within their remit. They take a key role in the development and monitoring of their service plan at their DMT. They may also take on or contribute to wider corporate projects.
Departmental Management Teams (DMT's)	DMT's monitor their department's performance information and are responsible for identifying appropriate actions address under-performance. DMT's make sure that every manager in the department knows and understands the planning cycle and performance
Directors	Each Director is responsible for the performance of their department. They must make sure that appropriate reporting arrangements are in place with their DMT's to enable them to monitor performance. Directors demonstrate commitment to the performance management framework by leading its implementation within their department. They make sure their service plans are monitored at least every two months and regularly provide progress reports to the Chief Executive and appropriate Cabinet portfolio holder(s). Directors also have collective responsibility for corporate improvement, as members of Corporate Management Team (CMT)

Corporate Management Team (CMT)	CMT comprises the Chief Executive and the Directors of the four departments. Its role is to focus on the 'big issues' facing the council and develop the organisation's strategic approach and service delivery. CMT reviews performance monthly and it can ask DMT's to review areas of concern and agree management action to address under-performance.
Cabinet and Elected Members	Ultimately, councillors are responsible for setting the direction of the Council and developing and agreeing its priorities. They do this by developing policy, setting strategic targets, monitoring progress, and agreeing the framework for continuous improvement.
Full Council	Members receive regular reports on progress against the strategic themes, including any relevant performance information and can use these meetings as an opportunity to ask Cabinet members questions about performance issues.
Overview and Scrutiny	Overview and Scrutiny panels have regular performance monitoring task groups to examine performance data, detect trends and identify key areas of concern. They are responsible for challenging Cabinet to ensure that they are fulfilling their responsibilities. If they identify any areas of concern, then they can ask Cabinet members and officers to attend meetings to answer questions. If they have wider concerns about the performance of a service area then they can carry out a scrutiny review into a particular area.

Help and advice

If you require any guidance or advice with regards to Performance Management or have any queries please contact a member of the Policy, Strategy & Partnerships team.

Corporate Indicator Set

The Corporate Indicator set is a set of key measures from each of the four departments, which are monitored on a monthly basis by the Corporate Management Team (CMT). The corporate set for 2019/20 is shown in the table below together with the 2018/19 and 2019/20 performance targets.

Performance Indicators highlighted in purple are also London's Best Council 2020 indicators.

Corporate Indicator Set for 2019/20 – Monthly

Dept	Monthly PI Codes & Description	Polarity	2018/19 Target	2019/20 Target
Corporate Services	CRP 013 / SP 431 % of positive and neutral coverage tone	High	92%	85%
Corporate Services	CRP 014 / SP 426 % Ombudsman complaints answered in time	High	90%	90%
Corporate Services	CRP 018 / SP 154 % Council Tax collected	High	97.25%	97.25%
Corporate Services	CRP 036 / SP 155 % Business Rates collected	High	97.5%	97.5%
Corporate Services	CRP 041 / SP 192 % FOI requests dealt with in time	High	85%	90%
Environment & Regeneration	CRP 044 Parking services estimated revenue	High	£16,884,190	£19,002,690
Environment & Regeneration	CRP 045 / SP 118 Income (Development and Building Control)	High	£1.888m	£1.886m
Environment & Regeneration	CRP 048 / SP 455 % of sites surveyed on local street inspections for litter that are below standard	Low	8%	6%
Environment & Regeneration	CRP 051 / SP 114 % Major applications processed within 13 weeks	High	67%	68%
Environment & Regeneration	CRP 052 / SP 115 % of minor planning applications determined within 8 weeks	High	67%	71%
Environment & Regeneration	CRP 053 / SP 116 % of 'other' planning applications determined within 8 weeks (Development Control)	High	80%	82%
Community & Housing	CRP 054 / SP039 % People with 'long term' services receiving Self-Directed Support (SDS)	High	95%	95%
Community & Housing	CRP 056 / SP 054 No. of Carers receiving services and / or information and advice	High	1,010	1,020
Community & Housing	CRP 057 / SP274 % people receiving 'long term' community services	High	72%	72%
Community & Housing	CRP 059 / SP 008 No. of people accessing the library by borrowing an item or using a peoples network terminal at least once in the previous 12 months	High	56,000	56,500
Community & Housing	CRP 060 / SP 009 No. of visitors accessing the library service on line	High	220,000	235,000

Dept	Monthly PI Codes & Description	Polarity	2018/19 Target	2019/20 Target
Community & Housing	CRP 061 / SP 036 No. of households in temporary accommodation	Low	230	230
Community & Housing	CRP 062 / SP 035 No. of homelessness preventions	High	450	450
Children, Schools & Families	CRP 64SP075MP030 % of children who become subject of a Child Protection Plan for a second or subsequent time (target range of between 12% and 20%)	Low	12% - 20% target range	12% - 20% target range
Children, Schools & Families	CRP 69SP078MP052 % outcome of Ofsted Inspection schools rated Good or Outstanding	High	91%	91%
Corporate Services	CRP 080 / SP 413 No. of working days per FTE lost to sickness absence excluding schools	Low	7.5	7
Children, Schools & Families	CRP 081 / SP 415 % of Looked After Children (2.5 years or more) in same placement for 2 years	High	65%	65%
Corporate Services	CRP 085 / SP 410 % of on-line transactions (HB Claims)	High	63%	64%
Corporate Services	CRP 086 / SP 411 Time taken to process new Housing Benefit claims	Low	15 days	14 days
Corporate Services	CRP 087 / SP 412 Time taken to process Housing Benefit change of circumstances	Low	9 days	8 days
Children, Schools & Families	CRP 92SP467MP072 % 16-17 year olds Not in Education, Employment or Training (NEET)	Low	3%	3%
Environment & Regeneration	CRP 093 / SP 478 No. of refuse collections including recycling and kitchen waste missed per 100,000	Low	50	40
Environment & Regeneration	CRP 094 / SP 485 No. of fly-tips in streets and parks recorded by Contractor	Low	8,400	8,400
Community & Housing	CRP 095 / SP 486 No. of DTOCs - Adult Social Care delays only	Low	1,424	595

Corporate Indicator Set for 2019/20 – Quarterly

Dept	Quarterly PI Codes & Description	Polarity	2018/19 Target	2019/20 Target
Corporate Services	CRP 037 / SP 352 % complaints progressed to stage 2	Low	9%	9%
Children, Schools & Families	CRP 066 / SP 290 % fostered LAC in independent agency FC placements	Low	40%	40%
Corporate Services	CRP 074 / SP 221 No. of staff working from Civic Centre	High	1,200	1,300
Children, Schools & Families	CRP 077 / SP 374 No. of in-house foster carers recruited	High	15	15
Corporate Services	CRP 082 / SP 427 % FOI refusal notices which are not upheld at review stage	Low	4%	4%
Corporate Services	CRP 083 / SP 428 % Ombudsman complaints partially or fully upheld	Low	40%	40%
Children, Schools & Families	CRP 88SP404MP053 % New EHCP requests completed within 20 weeks	High	55%	65%

Corporate Indicator Set for 2019/20 – Annual

Dept	Annual PI Codes & Description	Polarity	2018/19 Target	2019/20 Target
Corporate Services	CRP 016 / SP 401 The level of CO2 emissions from the council's buildings (tonnes)	Low	7,434	7,128.8
Children, Schools & Families	CRP 073 / SP 109 % vacancies in reception year of primary school	Low	8%	8%
Children, Schools & Families	CRP 089 / SP 288 % Secondary School Year 7 surplus places inc Academies	Low	5%	5%
Children, Schools & Families	CRP 090 / SP 433 Merton pupil average Attainment 8 score	High	51	51
Children, Schools & Families	CRP 091 / SP 434 Merton pupil average Progress 8 score	High	0.51	0.51

Section E

Service Planning

E. SERVICE PLANNING

Our proposed 20 Final Service Plans, and three Final Commissioning Plans for our commissioned services, are set out in the following pages.

The three Commissioning Plans are:

- Merton Adult Education
- Parks and Green Spaces
- Waste Management and Cleansing

Service Plans were developed by service departments during the 2019/23 Business Planning process. Second Draft Service Plans were considered by Cabinet on 10 December 2018 and incorporated into the Information Pack for scrutiny by the Overview and Scrutiny Commission and Panels during the January 2019 cycle of meetings.

The proposed Final Service Plans being presented here will be considered for approval by Council on 6 March 2019.

The service plan is designed to be a two page document. The first page summarises key resources, drivers, performance and budgets and the second page focuses on the outcomes and benefits of major projects.

Departmental managers were issued with guidance to clarify their understanding of the process and to ensure quality and consistency of submitted plans, and each department reviewed the appropriateness of their service plans during the process. An overview of this guidance is provided below:

Front Page

- Service description: Concise description of the service's key activities and how they might change over the next four years
- Anticipated demand: Details of the demands on the service
- Anticipated non-financial resources: Details of the key resources used to deliver the service
- Corporate strategies: The key strategies to which the service contributes
- Performance indicators: The key monthly, quarterly, or annual performance indicators for the service including their targets
- Budget information: Full details of previous, current and future years' budget, including future anticipated budgetary changes

Back page

Details of major projects and/or procurement being undertaken during 2019/20 including:

- Project timeframe
- Project description
- Major expected benefits of the project (consistent with the benefit categories used by the Merton Improvement Board)
- Risk assessment relating to the project's completion

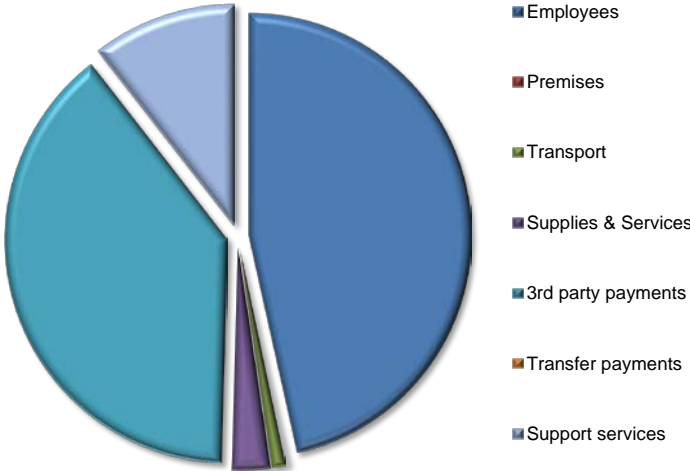
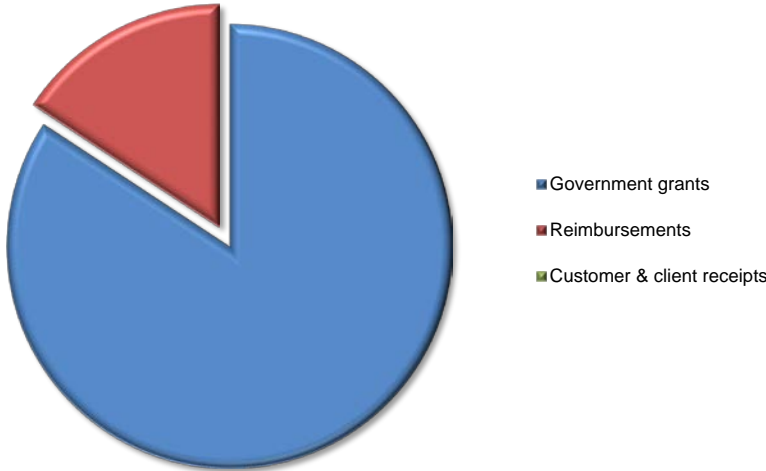
Below are our Service Plans for 2019/23 in departmental order:

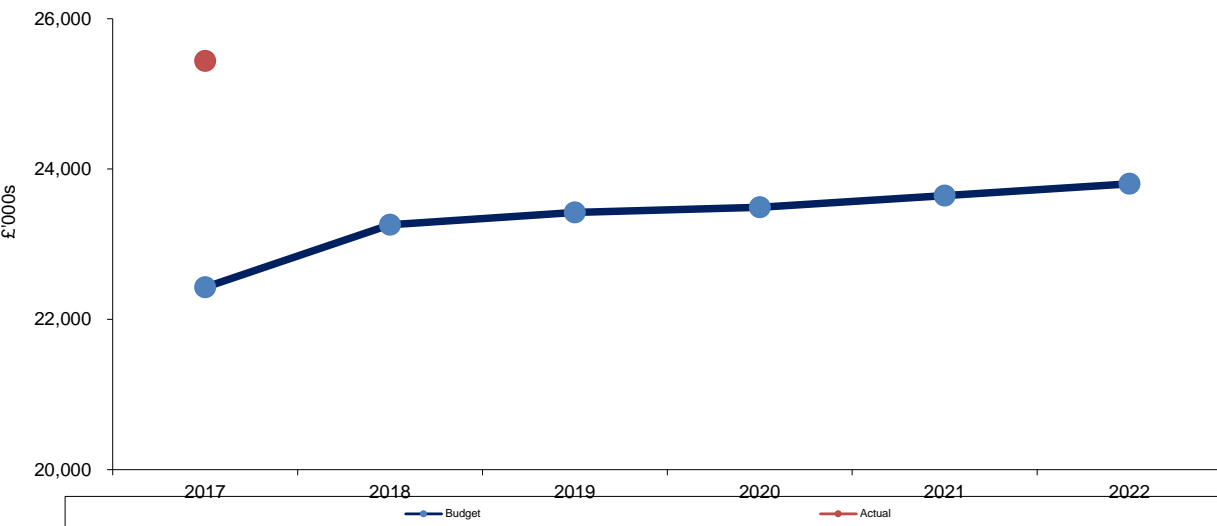
Index of Departmental Service and Commissioning Plans

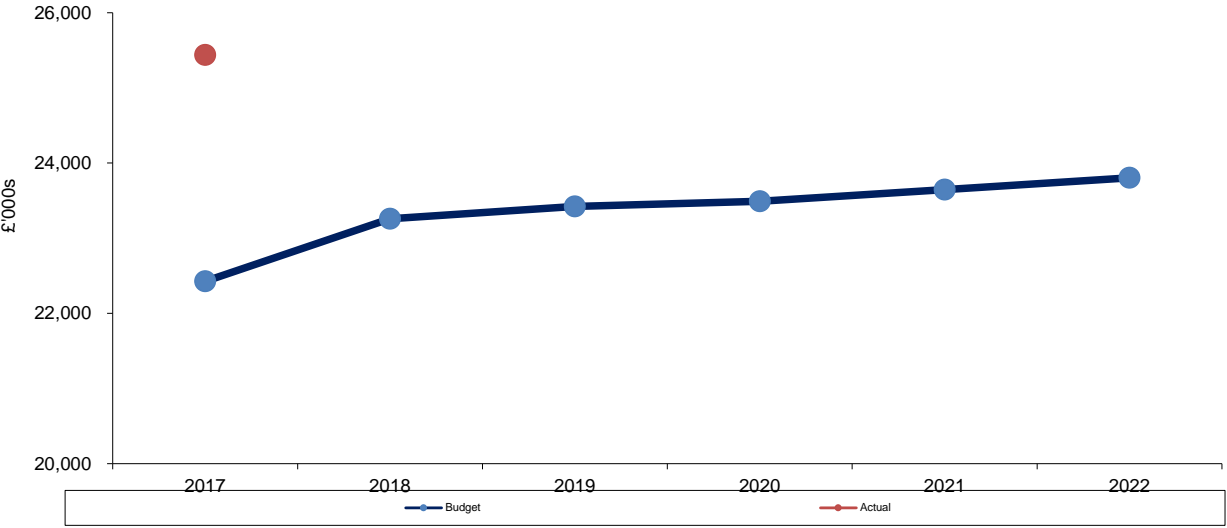
Children, Schools and Families	Community and Housing	Corporate Services	Environment and Regeneration
Children's Social Care	Adult Social Care	Corporate Governance	Development & Building Control
Education	Housing Needs & Enabling	Customers, Policy and Improvement	Future Merton
	Libraries	Human Resources	Leisure & Cultural Development
	Merton Adult Education*	Infrastructure & Transactions	Parking
	Public Health	Resources	Parks & Green Spaces*
		Shared Legal Services	Property
			Regulatory Services Partnership
			Safer Merton
			Transport
			Waste Management and Cleansing *

**Commissioning Plan*

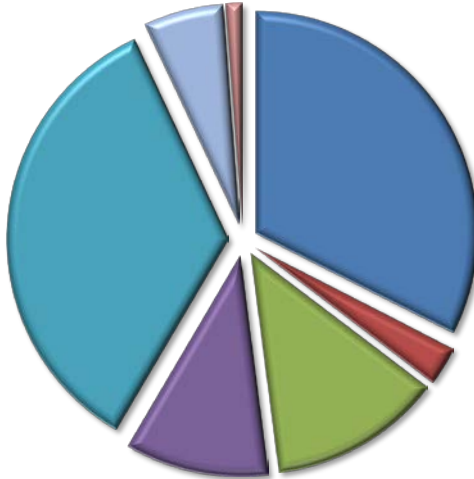

Children Schools & Families

Children's Social Care & Youth Inclusion					Planning Assumptions							The Corporate strategies your service contributes to								
Cllr Kelly Braund: Cabinet Member for Children's Services					Anticipated demand		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23								
Enter a brief description of your main activities and objectives below					Population growth - Care leavers		30	30	40-60		30	30	looked after Children & Care Leavers Strategy							
Children's Social Care (CSC) delivers a range of government prescribed & legislated functions to children at risk of harm, children in care, children with disabilities, care leavers & young offenders, as well as wider services for families.	Population growth - Child Protection Plans		60	60	60		60	60	Safeguarding Children's Board Annual Plan											
	Increase in 0-19 population		900	900	3,210		900	900	Children and Young People's Plan											
	UASC - increased numbers and impact on resources		15	15	30-32		15	15												
	Anticipated non financial resources		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23												
CSC works within an integrated context co-ordinating multi agency support to those families at all levels of Merton's Children's Well-being Model. The service works with approximately 1,300 children at any one time who have the greatest needs in the borough across a range of outcomes: safety, well-being, health, education & life chances.					Staff (FTE subject to change as a result of restructures)		216	220	214	214	214	214								
Merton's Children's Well-being Model sets out Merton's approach to supporting families which seeks to provide services at the time they are needed to prevent further need arising & escalation up the model. This is the most efficient use of resources & CSC undertakes a range of family support activity to prevent children entering either child protection or care systems at every stage of childhood. This necessitates a strong commitment to robust assessment & thresholds, which require a quality assurance function to ensure on-going success of the model.	Performance indicator (LBC2020 indicators highlighted in purple)		Actual Performance (A) Performance Target (T) Proposed Target (P)				Polarity	Reporting cycle	Indicator type	Main impact if indicator not met										
			2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)					2021/22(P)	2022/23 (P)								
	% children subject of a timely safeguarding assessment		N/A	93	93	95	95	95	High	Monthly	Business critical	Safeguarding issues								
	Average duration for care and supervision (s31) applications		31	26	26	26	26	26	Low	Quarterly	Quality	Safeguarding issues								
	% CYP on Child Protection Plan for 2nd or subsequent time		13%	16	16	13	13	13	Low	Monthly	Quality	Safeguarding issues								
	% NEET aged 16-17		1.6%	3	3	3	3	3	Low	Monthly	Outcome	Social exclusion								
	Number YJS first time entrants		47	50	48	45	45	45	Low	Monthly	Outcome	Social exclusion								
	% LAC (2.5 years or over) in same placement for 2 years		N/A	65	65	70	70	70	High	Monthly	Outcome	Safeguarding issues								
	% LAC experiencing 3 or more placements moves		N/A	11	10	10	10	10	Low	Monthly	Outcome	Social exclusion								
	% fostered LAC in independent agency FC placements		N/A	40	40	38	38	38	Low	Quarterly	Business critical	Increased costs								
	Number of in house foster carers recruited		11	15	15	20	20	20	High	Quarterly	Quality	Increased costs								
	Care Leavers who are ETE (17-21 year olds)		N/A	70	70	70	70	70	High	Quarterly	Outcome	Social Exclusion								
	% of care leavers in touch (17-21 year olds)		N/A	90	90	95	95	95	High	Quarterly	Outcome	Social exclusion								
	% of care leavers (aged 19-21) in suitable accommodation		N/A	91	91	95	95	95	High	Quarterly	Outcome	Safeguarding issues								
	DEPARTMENTAL BUDGET AND RESOURCES									2019/20 Expenditure				2019/20 Income						
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23												
Expenditure	23,903	27,022	24,385	2,776	24,712	24,779	24,936	25,092												
Employees	10,918	11,461	11,375	177	11,494	11,496	11,497	11,498												
Premises	55	74	57	2	60	61	61	62												
Transport	244	273	238	30	235	238	242	245												
Supplies & Services	795	1,042	668	794	676	684	693	702												
3rd party payments	9,592	11,751	9,495	1,767	9,650	9,703	9,845	9,987												
Transfer payments	0	1	0	5																
Support services	2,299	2,420	2,552		2,597	2,597	2,597	2,597												
Depreciation	0		0		0	0	0	0												
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23												
Income	1,477	1,584	1,127	(198)	1,289	1,289	1,289	1,289												
Government grants	1,126	909	1,086	113	1,086	1,086	1,086	1,086												
Reimbursements	205	401	41	(122)	203	203	203	203												
Customer & client receipts	146	274	0	(189)																
Reserves																				
Capital Funded																				
Council Funded Net Budget	22,426	25,438	23,257	2,578	23,423	23,490	23,647	23,803												
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Summary of major budget etc. changes											
									2019/20											
									Reduced costs/offer through the national centralised adoption initiative - £30,000. Reorganisation of the Children with Disability (CWD), Fostering & Access to Resources (ART) teams & review of the Common and Shared Assessment service £130,000. Delivery of preventative services through the Social Impact Bond - £45,000. South London Family Drug and Alcohol Court commissioning - £45,000. Reduction in staffing at Bond Road - £71,000.											
									2020/21											
									Delivery of preventative services through the Social Impact Bond - £45,000. South London Family Drug and Alcohol Court commissioning - £45,000. Radically reduce some statutory education functions - £200,000. Review of CSF admin structure - estimate for children social care - £150,000.											
									2021/22											
									2022/23											





DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD								
Children's Social Care & Youth Inclusion								
PROJECT DESCRIPTION				MAJOR PROJECT BENEFIT		Risk		
Project 1		Project Details:	Well Being Model CSC & CYPWB/TOM	Improved effectiveness		4	3	12
Start date	2016-17		The review of the well being model is now complete, the next phase is to embed agreed structure changes in CSC, our Early Help model and points of access. we will deliver the CSC and EH TOM programme through a range of projects and programmes including: recruitment and retention strategy; restructuring of central teams; Flexible working ; Care proceedings as outlined in the relevant TOM; rationalising access points; raising thresholds; increased targeting and practice.					
End date	2019-20							
Project 2		Project Title:	Contextual Safeguarding	Improved effectiveness		4	3	12
Start date	2019-19	Project Details:	Delivery of key priorities: Address growing concerns about the needs of children at risk of exploitation through sexual exploitation, gang activity, serious youth violence and harmful sexual behaviour. To develop processes, pathways and capacity to work across the council to share intelligence and information about vulnerable children. Key deliverables: refined pathway, IT systems that support information sharing, processes (e.g. MARVE panel) that allow shared risk management. Resources being identified from Early Intervention Fund grants and national contextual safeguarding innovation funding to support this project.					
End date	2020-21							
Project 3		Project Title:	IT - MOSAIC Phase 2/Careworks Review	Improved efficiency (savings)		3	3	9
Start date	2018-19	Project Details:	To provide social workers with the tools to enable them to work more smartly and efficiently with clients. The project will help embed the practice model into IT systems. It will also ensure that social workers will get support in not having to duplicate records. We will work with colleagues in IT to review the fitness of careworks beyond 2018-19, and consider if and when further procurement is required.					
End date	2019-20							
Project 4		Project Title:	Workforce development	Improved staff skills and development		4	3	12
Start date	2015-16	Project Details:	We will continue to work towards our ambition to be London's Best Council, as part of this aspiration all our managers are engaged in a differentiated leadership programme. Strong focus remains on our recruitment and retention strategy and to support this we have developed a 'Practice Model' which is now established. We have continued the development and delivery of Signs of Safety/Signs of Well Being and this is being rolled out across the department. We are supporting/complementing this with a programme to deliver both Systemic Practice and Motivational Interviewing across the department. We have a clear time line for this programme with appropriate milestones to ensure we have a strong, highly skilled workforce. Our workforce strategy alongside our overarching practice model has been developed to support our transformation plan.					
End date	2019-20							
Project 5		Project Title:	Innovation work streams	Improved effectiveness		3	2	6
Start date	2016-17	Project Details:	Regionalisation of Adoption. The government requires Local Authorities to establish regional arrangements for some elements of adoption services. Merton is part of the developing Pan London Approach approved by Cabinet (Sept 2016). The Social Impact Bond (SIB) will provide upfront social capital to deliver services, designed to keep young people out of care, using the Multi-Systemic (MST) and Functional Family Therapy (FFT) methodologies. The Council will repay the investors for their initial investment plus a return for the financial risks taken. 48 referrals to be provided within the first 3 years of the contract. Longer term savings to the council will be made through avoidance of care costs. The Family Drug and Alcohol Court (FDAC) is a specialist problem-solving court approach to improving outcomes for children involved in care proceedings. it offers an alternative way of supporting parents overcome the substance misuse, mental health and domestic abuse which have put their children at serious risk of harm. The Transforming Families (TF) is moving to the next phase in its Maturity Model development and is planning to bid as part the 'Earned Autonomy' initiative.					
End date	2019-20							
Project 6		Project Title:	Think Family	Improved effectiveness		3	2	6
Start date	2016-17	Project Details:	Embed the Think Family approach and strategy within CSC & YI. Reviewing of current approaches which support increased family resilience and support for the most vulnerable families. Provide leadership across the Children's and Adults systems in bringing practice, pathways, training and joint delivery together.					
End date	2019-20							

Education	Planning Assumptions							The Corporate strategies your service contributes to			
Cllr Kelly Braund: Cabinet Member for Children's Services	Anticipated demand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Children and Young People's Plan			
Cllr Caroline Cooper-Marbiah: Cabinet Member for Education	Enter a brief description of your main activities and objectives below	Early Years population (0-3) (mid year 2016 based BPO)	12,531	12,522	12,413	12,386	12,390	12,405	SEN and Disabilities Strategy/ASD Strategy		
	Merton School Improvement (MSI) · monitor, analyse & evaluate pupil & school performance · developing skills in planning, teaching, assessment, leadership & management · working with schools to reduce inequality & improve achievement for vulnerable groups strengthening partnership working and school to school support Special Education Needs & Disabilities Integrated Service (SENDIS) building early help capacity in schools & settings, families & the community · focus on safeguarding, early intervention & prevention as well as direct support for families · implementing the requirements of the Children and Families Act ensuring that families are central Specialist placement provision for pupils with SEN. Early Years Services <input type="checkbox"/> · ensure the supply of good quality funded early education provision for children aged 2, 3 and 4 in accordance with statutory duties · delivering Children's Centre services through a locality model with a focus on early help & targeted services for vulnerable families · working with the early years sector to improve quality, reduce inequality and improve outcomes for vulnerable children and their families · Developing the work force to deliver holistically to vulnerable families and young children Education Inclusion · providing universal & targeted in house & commissioned services for YP & schools · providing support to prevent bullying, substance misuse & teenage pregnancy, to improve attendance · developing alternative education offerings to enable YP to stay in ETE · leading on the council's partnership with the police & CAMHS for education · improving attendance and reduce P Excl in Merton schools · My Futures Service - Participation of young people in local democracy and service design School Organisation Pupil place planning, & schools admissions; School expansion & capital programme management. Contracts including SEN Transport commissioning and PFI Policy, Planning and Performance Service Planning, Performance Information and Performance Management, Policy and Communications	Primary age Population (4-11)	23,069	23,184	23,065	22,895	22,704	22,476	School Expansion Strategy		
		Secondary age population including post-16 (12-18)	14,863	15,269	15,671	16,254	16,884	17,426	LAC and Care Leavers Straetgy		
		Children & Y/P with EHCP (NB 17/18 is Jan 17 and so on)	1,264	1,486	1,740	1,900	2,050	2,150	Early Help and Prevention Strategy		
		Expansion for secondary school (total across all schools)	2 foe (cumulative)	6 foe (cumulative)	8 foe (cumulative)	Review	Review	Review	Participation Strategy		
		Increased demand for special school places (total across all schools)	40	60 more SEN places by 19-20			60 further SEN	Safeguarding Board Strategies			
									Anti-Bullying Strategy		
		Anticipated non financial resources	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Health and Wellbeing Strategy		
		Staff (FTE subject to change as a result of restructures)	286	285	275	262	262	262			
		Performance indicator (LBC2020 indicators highlighted in purple)	Actual performance (A) Performance Target (T) Proposed Target (P)						Polarity	Reporting cycle	Indicator type
2017/18(A)	2018/19(T)		2019/20(P)	2020/21(P)	2021/22(P)	2022/23 (P)					
	Merton pupil average Attainment 8 score	50.2	51	51	52	53	54	High	Annual	Outcome	Reputational risk
	Merton pupil average Progress 8 score	0.5	0.51	0.51	0.51	0.51	0.51	High	Annual	Outcome	Reputational risk
	% outcome of Ofsted school inspections good or outstanding	93	91	91	93	95	95	High	Monthly	Outcome	Inspection outcomes
	% secondary school attendance	95.2	95.6	95.6	95.6	95.6	95.6	High	Annual	Outcome	Increased costs
	% primary school attendance	96.1	96.2	96.2	96.2	96.2	96.2	High	Annual	Outcome	Breach statutory duty
	% of new EHCP requests completed within 20 weeks	42.25	55	65	75	85	85	High	Quarterly	Outcome	Safeguarding issues
	% reception year surplus places	7.7	8	8	10	10	10	Low	Annual	Business critical	Parental choice
	% secondary school Yr7 surplus places Inc. Academies	9.6	5	5	5	5	5	Low	Annual	Business critical	Parental choice
	% reaching the expected standard at Key Stage 2 in reading, writing and maths	69	70	71	72	73	74	Low	Annual	Outcome	Inspection outcomes
	% spend on approved capital programme	73	80	80	80	80	80	High	Annual	Business critical	Increased costs
DEPARTMENTAL BUDGET AND RESOURCES											
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	<div>2019/20 Expenditure</div> 		
Expenditure	38,651	39,368	38,255	5,241	38,612	38,234	38,356	38,478			
Employees	12,495	11,631	12,546	(553)	12,549	12,199	12,200	12,200			
Premises	1,186	950	1,133	(204)	1,094	1,105	1,115	1,126			
Transport	4,211	4,614	4,251	841	4,874	4,936	4,999	5,062			
Supplies & Services	4,372	3,810	3,834	607	4,057	3,951	3,995	4,038			
3rd party payments	13,605	15,674	13,971	4,549	13,346	13,351	13,356	13,361			
Transfer payments	10	10	0		0	0	0	0			
Support services	2,464	2,371	2,212		2,234	2,234	2,234	2,234			
Depreciation	308	308	308	0	457	457	457	457			
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	<div>2019/20 Income</div> 		
Income	5,993	5,135	5,483	133	5,475	5,520	5,520	5,520			
Government grants	724	(101)	553	(92)	604	604	604	604			
Reimbursements	2,152	2,336	2,134	201	2,137	2,137	2,137	2,137			
Customer & client receipts	3,117	2,900	2,796	24	2,734	2,779	2,779	2,779			
Interest											
Reserves											
Capital Funded											
Council Funded Net Budget	32,658	34,233	32,772	5,373	33,137	32,714	32,836	32,958			
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23			
Primary Schools		1,045	835	(1)	1,900	1,900	1,900	1,900			
Secondary Schools		3,083	4,984	0	3,154	0	0	0			
Special Schools		1,542	2,388	0	4,852	3,718	1,250	0			
Other		366	412	0	298	0	0	0			
		6,036	8,619	(1)	10,204	5,618	3,150	1,900			
DEPARTMENTAL BUDGET AND RESOURCES											
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	<div>2020/21</div> <div>Review schools trade offer, raise charges or consider ceasing services from 2020 - £60,000. Review Early Years service: radically reduce some services and/or consider withdrawing the Early Years offer - £150,000. Radically reduce some statutory education functions - £200,000. Review of CSF admin structure - estimate for education - £150,000</div>		
DEPARTMENTAL BUDGET AND RESOURCES											
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	<div>2021/22</div>		
DEPARTMENTAL BUDGET AND RESOURCES											
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	<div>2022/23</div>		

2017

2018

2019

2020

2021

2022

31,500

32,000

32,500

33,000

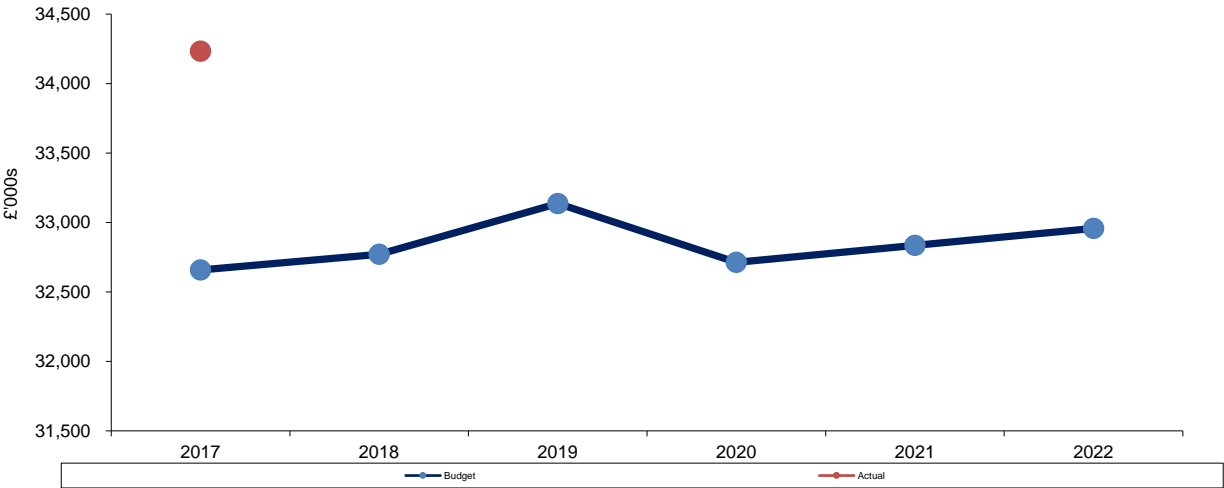
33,500

34,000

34,500

— Budget

— Actual



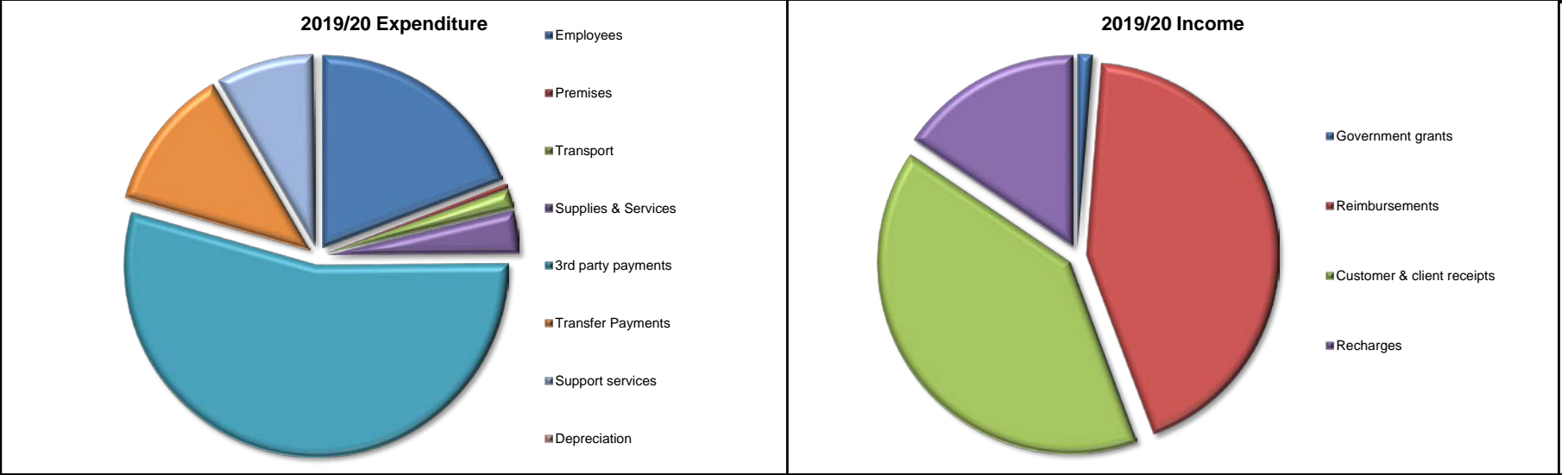
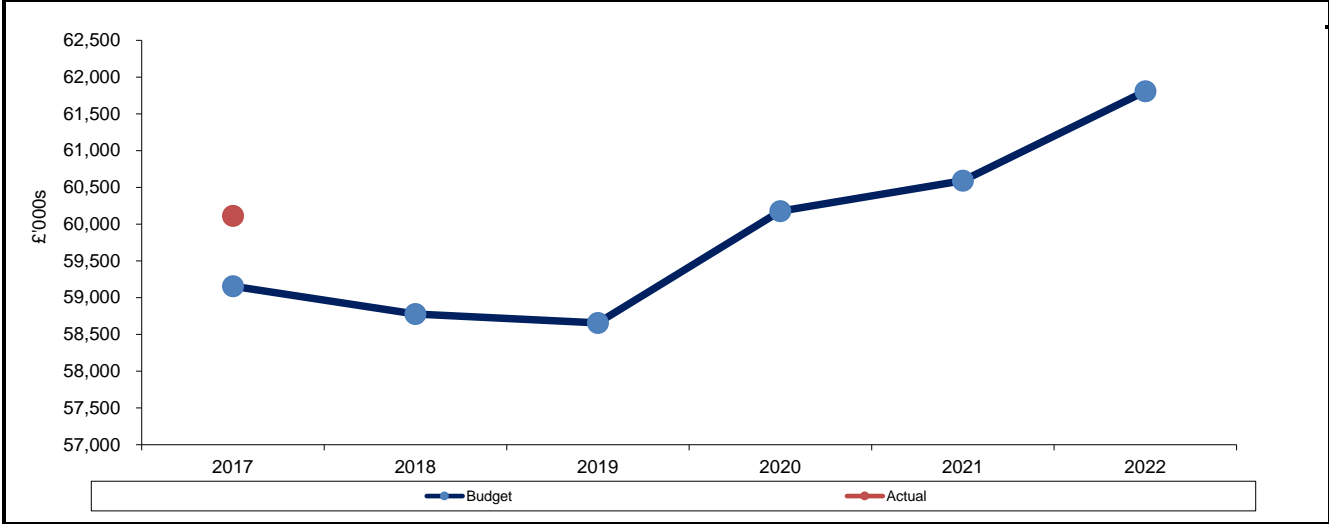
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD										
Education										
PROJECT DESCRIPTION						MAJOR PROJECTS BENEFITS		Risk		
								Likelihood	Impact	Score
Project 1		Project Title:	Well Being Model - CSC & CYPWB/TOM			Improved effectiveness		4	3	12
Start date	2016-17	Project Details:								
End date	2019-20									
Project 2		Project Title:	Improving pupil outcomes at KS5 & School Improvement through partnership with schools(Edn TOM)			Improved effectiveness		2	3	6
Start date	2018-19	Project Details:								
End date	2020-21									
Project 3 3		Project Title:	Transforming Early Years (EY's TOM)			Improved effectiveness		2	3	6
Start date	2013-14	Project Details:								
End date	2019-20									
Project 4		Project Title:	Implementation of requirements of Children & Families Act (Edn TOM & CYPWB) & Education TOM/CYPWB Model & Personal Budgets (Education TOM/C+F Act)			Improved customer experience		3	3	9
Start date	2013-14	Project Details:								
End date	2019-20									
Project 5		Project Title:	Implementation of EHCP Hub			Improved effectiveness and customer expereince		4	3	12
Start date	2018-19	Project Details:								
End date	2020-21									
Project 6		Project Title:	Implementation of Secondary & Special School (SEN) Places Strategy (EducationTOM)			Infrastructure renewal		4	3	12
Start date	2015-16	Project Details:								
End date	2021-22									
Project 7		Project Title:	Workforce development			Improved staff skills and development		4	3	12
Start date	2015-16	Project Details:								
End date	2019-20									
Project 8		Project Title:	SEN Transport commissioning review			Improved efficiency (savings)		4	3	12
Start date	2019-20	Project Details:								
End date	2021-22									

Community & Housing

Adult Social Care	Planning Assumptions							The Corporate strategies your service contributes to			
Cllr Tobin Byers: Cabinet Member for Adult Social Care	Anticipated demand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23				
Enter a brief description of your main activities and objectives below	No. of people requiring services	3,278	3,252	3,191	3,170	3220	3220	Health & Wellbeing Strategy			
The Care Act 2014 is the legislation that underpins the statutory function of ASC; the Act came in to force on 1 April 2015. ASC works with people 18 and above and their carers who are in need of support. The Act sets a new national eligibility criteria to define eligibility for services. The Act gives new duties around safeguarding with a greater emphasis on protecting the most vulnerable people in our society from abuse or neglect. The Act also puts prevention at the heart of the work we undertake and we are well placed with our reablement team in fulfilling this duty.	People aged 85-89	358	335	315	293	315	315	Care Leaver Strategy			
	People aged 95+	190	185	180	175	175	175	Community Plan			
	No. of people aged 65+ with dementia	407	419	431	448	500	500	Early Intervention and Prevention Strategy			
	Anticipated non financial resources	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Employment and Skills Action Plan			
	Staff (FTE)	324.50	340.59	357.69	357.69	357.69	357.69	Workforce Strategy			
Our approach to the redesign of services is to keep the customer as independent as possible, for as long as possible in their own home. We aim to keep people in their communities with their friends and family network around them and out of institutionalised care or hospital. We aim to maximise people's independence with the use of equipment, telecare, reablement, utilising the voluntary sector to limit isolation and loneliness, working with CLCH and our partners in health to ensure that people's health needs are met keeping people healthy and out of hospital. We will work with our partners in health and the voluntary sector to integrate services where possible and limit duplication. We aim to complete our duties by putting the customer at the heart of the assessment and maximising and utilising their strengths to ensure that they are enabled to be as independent as possible with minimum, or no, support from the council.	Performance indicator (LBC2020 indicators highlighted in purple)	Actual Performance (A) Performance Target (T) Proposed Target (P)					Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
		2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)					2022/23(P)
	No of carers receiving a service	1120	1010	1020	1040	1050	1050	High	Monthly	Business critical	Breach statutory duty
	% Older people still at home following Reablement	84	78.8	78.8	78.8	80	80	High	Annual	Outcome	Increased costs
	% People receiving 'long term' Community Services	77	72	72	72	75	75	High	Monthly	Business critical	Increased costs
	% people with 'long term' services receiving Self Directed Support	100	95	95	95	95	95	High	Monthly	Unit cost	Government intervention
	% of MASCOT calls answered in 60 seconds	N/A	97.5	97.5	97.5	97.5	97.5	High	Monthly	Quality	Increased waiting times
	No. of DToCs - Delayed Transfers of Care (delayed bed days) Adult Social Care delays only	N/A	1424	595	TBC	TBC	TBC	Low	Monthly	Business critical	Increased costs
	Social care-related quality of life	18.3	18.5	18.5	18.5	18.5	18.5	High	Annual	Perception	Quality of life
	Proportion of people who use services who feel safe	N/A	68%	68%	68%	70	70	High	Annual	Perception	Social exclusion

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Expenditure	80,159	83,067	81,751	1,594	81,287	82,809	83,223	84,439
Employees	13,614	14,154	13,597	507	15,600	15,470	15,486	15,505
Premises	346	380	351	(52)	351	357	363	368
Transport	1,507	1,697	1,379	196	1,358	1,380	1,401	1,422
Supplies & Services	3,121	4,293	3,281	(34)	2,914	3,452	3,501	3,551
3rd party payments	45,354	46,619	46,992	912	44,331	44,965	44,837	45,509
Transfer Payments	9,954	9,296	9,857	65	9,894	10,345	10,796	11,246
Support services	6,152	6,517	6,183	-	6,681	6,681	6,681	6,681
Depreciation	111	111	111	-	158	158	158	158
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Income	21,003	22,954	22,974	(1,936)	22,630	22,632	22,632	22,632
Government grants	17	387	1,417	(323)	282	282	282	282
Reimbursements	9,176	9,454	9,544	(2,873)	9,746	9,746	9,746	9,746
Customer & client receipts	8,962	10,199	9,100	1,260	9,085	9,088	9,088	9,088
Recharge	2,849	2,915	2,913	-	3,516	3,516	3,516	3,516
Reserves	-	-	-	-	-	-	-	-
Capital Funded	-	-	-	-	-	-	-	-
Council Funded Net Budget	59,156	60,112	58,777	(342)	58,657	60,177	60,591	61,807

Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
ASC IT Equipment		34						
LD Supported Living						488	633	462
Telehealth			44	-				
		34	44	0	0	488	633	462

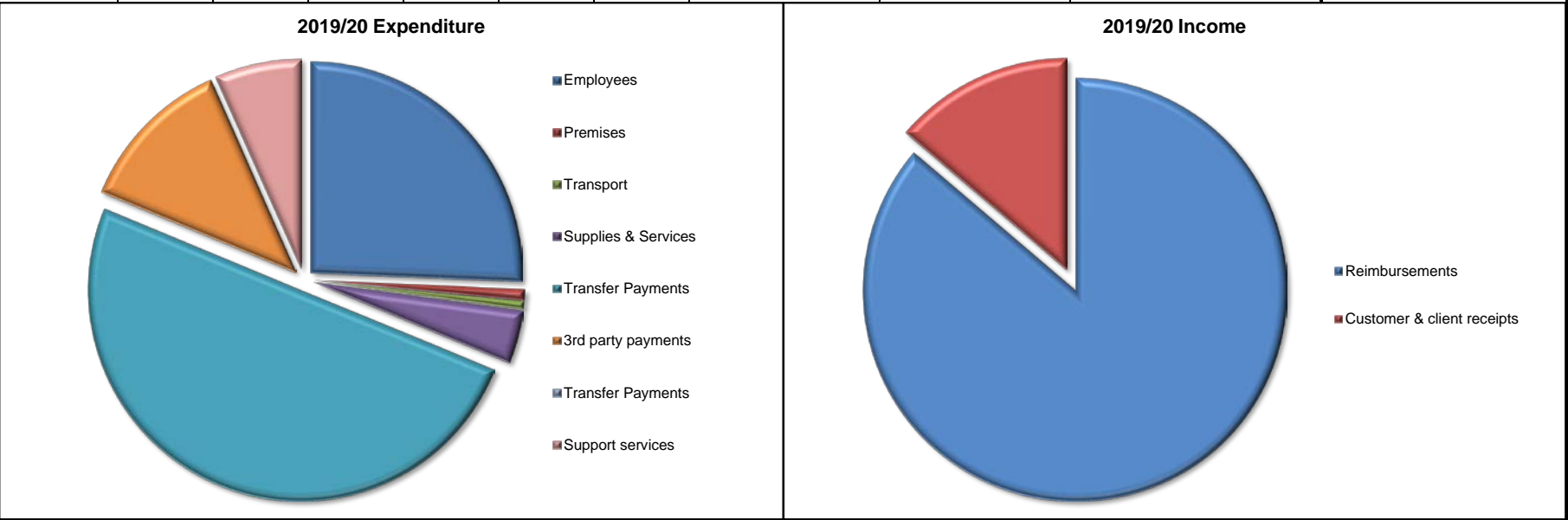


Summary of major budget etc. changes 2019/20	
Growth for Concessionary fares increase - £37k, and Winter Pressures Grant £748k. Savings previously identified of £301k (CH70) Total Savings target- £1.5m for the year. Savings from home care efficiencies and Merton Art Space income are planned to proceed. Savings proposed in relation to Extra Care contracts has been reduced from £99k to £57k. Previously proposed savings in Public Health spend of £500k are to be replaced. It is proposed that the balance will be found from the full year effect of reductions in placements costs this year, increasing MASCOT income and reviewing community day activities for older people. One off grant for the year was announced in the Autumn Budget, but the details are not yet clear. Budget includes £1.8m Council Tax percept £ 1m Improved Better Care Fund	
2020/21	
Growth for Concessionary fares increase - £0.450m. Total savings target is £5,851 We are awaiting the Adult Social Care Green Paper and the Comprehensive Spending Review in 2019 to understand the medium and longer term funding of that service. We are also waiting for the CSR to understand general funding, and in particular the future of Public Health Grant and housing grants. Budget includes £753k additional of Council Tax percept and £1.5m is IBCF is removed.	
2021/22	
Growth for Concessionary fares increase - £0.450m. Total savings target is £762. Additional budget includes £197kk additional of Council Tax percept.	
2022/23	
Growth for Concessionary fares increase - £0.450m. Total savings target is £600	

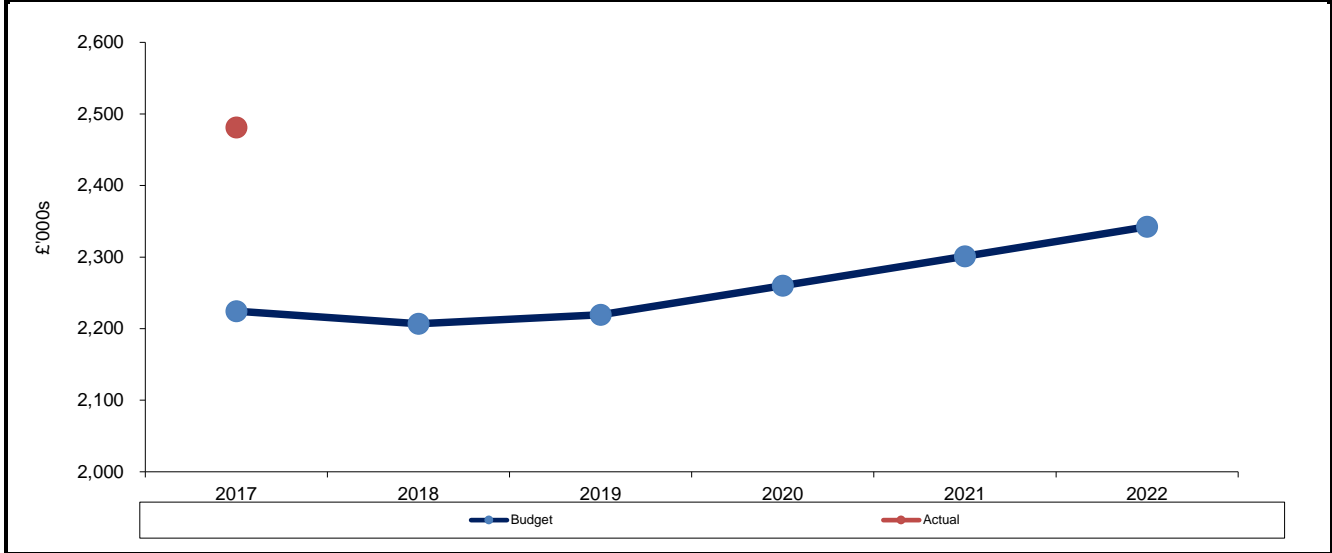
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD								
Adult Social Care								
PROJECT DESCRIPTION				MAJOR PROJECTS BENEFITS		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Adult Social Care Customer Journey: Pathways	Improved customer experience				
Start date	2019-20	Project Details:	Reorganisation and alignment of the Adult Social Care access points and pathways within the context of the Care Act Principles of Wellbeing and Prevention and within the context of the principles of Merton Health and Care Together (the former being the main driver for better management of demand for more formal adult social care services). The latter has emphasis on whole system integrated working in order to provide 'Right Care, Right Time, Right Place'. Refresh the skills and knowledge of all ASC staff in relation to the Care Act. Develop a training and development plan in line with the needs of the department as it revises its Target Operating Model.			4	2	8
End date	2020-21							
Project 2		Project Title:	Commissioning , Market Capacity & Capability	Improved sustainability				
Start date	2019-20	Project Details:	Following an ADASS led Peer Review, we will develop the commissioning, contract management and quality assurance functions necessary to ensure Merton has sufficient supply of diverse and sustainable care provider markets to meet the care and support needs of borough residents either through direct commissioning activity or indirect market shaping activity. This project will also incorporate current commissioning and procurement activity for a range of services provided by third party suppliers			4	2	8
End date	2021-22							
Project 3		Project Title:	Learning Disability Offer	Improved efficiency (savings)				
Start date	2019-20	Project Details:	A review of our offer to adults with Learning Disabilities to ensure that we can meet the needs of those transitioning into adulthood and those of current service users and their carers within the resources we expect to be available. The project will review all aspects of the local learning disability pathways into Adult Social Care, through transition and preparation for adulthood; the role of the Community Learning Disability Team and the commissioning of services aimed at meeting the needs of people with a learning disability. This will require continual engagement and consultation, in which we will look to enlist the support of a local strategic engagement partner. A full review of housing, accommodation and support for people with Learning Disabilities will aim to reduce the use of out of borough placements and support people to remain living in Merton, connected to their community and supported to live the life they want.			5	3	15
End date	2022-23							
Project 4		Project Title:	Merton Prevention Offer	Improved efficiency (savings)				
Start date	2019-20	Project Details:	A review of the current preventative offer, ensuring that we are investing in interventions that deliver improvements in health and reduced demand. This project is in conjunction with Public Health initiatives and will involve the voluntary and community sector as critical partners. The Wellbeing Programme of grant funded prevention and early intervention will be recommissioned and commence in April 2019 as a three year programme. We will review day activities and opportunities for older people, including the role of day care, lunch clubs and similar activities and access to transport.			2	2	4
End date	2021-22							
Project 5		Project Title:	Merton Health & Care Together	Improved effectiveness				
Start date	2018-19	Project Details:	This is the emerging integrated care model within the context of national policy requirements to move towards integrated services. The promised ASC funding Green Paper and NHS Five Year Forward View are expected to reinforce this. Good progress is being made on front line integration and we are also engaged in regional and sub-regional developments. A recent round table discussion with the Merton CCG, CEOs across the Acute Hospitals, SWL&ST Georges Mental Trust and our community provider CLCH make a firm commitment to working with Merton in identifying opportunities for joined up care ensuring the best outcomes for Merton residents. The local authority and Merton & Wandsworth CCG are the co-owners of the programme of work, and the Programme Board is representative of the Merton health and care economy including statutory, voluntary and community partners			3	3	9
End date	2022-23							
Project 6		Project Title:	Community Transport	Improved efficiency (savings)				
Start date	2019-20	Project Details:	We will work with colleagues in E&R and CSF to review the Council's approach to community transport, reframing the offer of transport within Adult Social Care and ensuring it is delivered in the most efficient and effective way. This review will take into account the clean air strategy for the borough, the effective use of resources when planning community transport, and the flexibility of transport provision to support people to be independent and travel independently around the borough.			5	2	10
End date	2020-21							
Project 7		Project Title:	Market Management	Improved effectiveness				
Start date	2019-20	Project Details:	In line with our Care Act 2014 market shaping duties, we will review our approach to commissioning and delivering care at home and re-ablement, residential and nursing care and supported living. The reviews will seek to ensure that we are able to secure continuity of supply of appropriate quality at an affordable price.			4	3	12
End date	2019-20							

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DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Expenditure	4,619	6,131	4,621	1,247	4,728	4,769	4,810	4,851
Employees	1,014	1,061	1,024	10	1,213	1,213	1,213	1,213
Premises	39	21	40	7	40	41	41	42
Transport	29	19	29	(8)	30	30	31	31
Supplies & Services	383	381	189	(49)	192	194	197	200
Transfer Payments	2,296	3,099	2,475	689	2,368	2,405	2,442	2,479
3rd party payments	571	1,261	571	598	571	571	571	571
Transfer Payments	0	0	0	0	0	0	0	0
Support services	287	288	293	0	315	315	315	315
Depreciation								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Income	2,395	3,650	2,414	(1,038)	2,508	2,508	2,508	2,508
Government grants	197	582	144	(485)	77	77	77	77
Reimbursements	2,020	2,259	2,010	33	2,097	2,015	2,015	2,015
Customer & client receipts	178	810	260	(586)	335	416	416	416
Recharge	0	0	0	0	0	0	0	0
Reserves	0	0	0	0	0	0	0	0
Capital Funded	0	0	0	0	0	0	0	0
Council Funded Net Budget	2,224	2,481	2,207	209	2,219	2,260	2,301	2,342
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Disabled Facilities Grant		820	918	-	280	280	280	280
Affordable Housing Projects								
		820	918	0	280	280	280	280



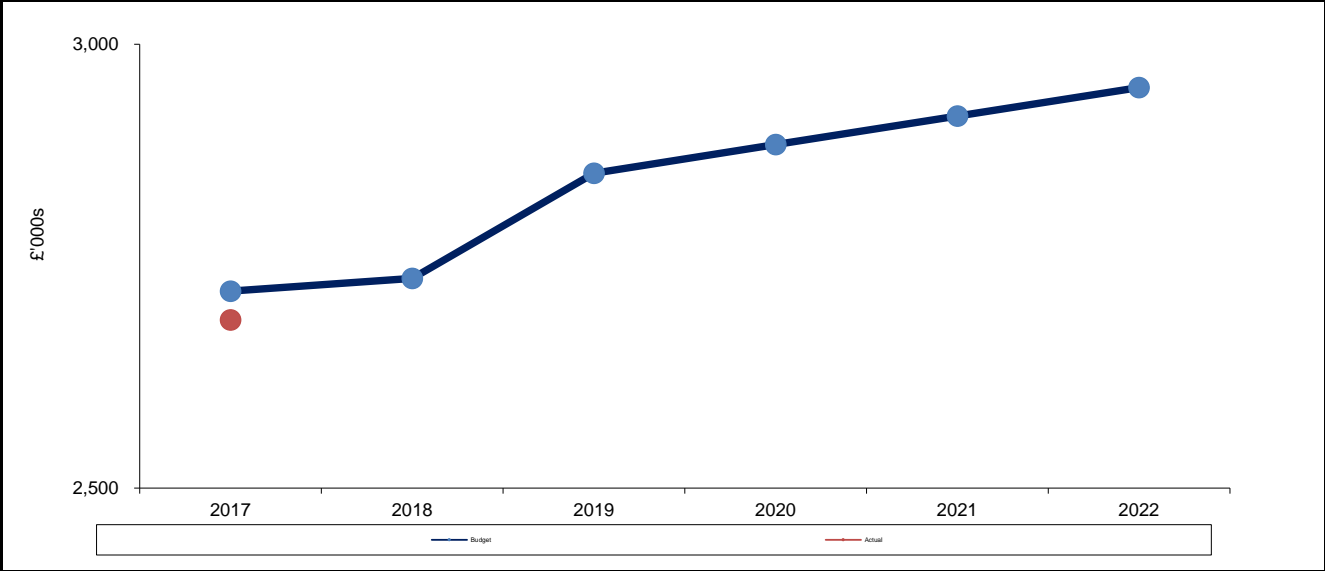
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Summary of major budget etc. changes 2019/20 Homelessness reduction grant with new responsibilities £136, 288 and flexible homelessness support grant of £715,812 Increased income from Extended HMO Mandatory Licencing Scheme and revised fee structure Disabled facilities grant
Disabled Facilities Grant		820	918	-	280	280	280	280	
Affordable Housing Projects									
		820	918	0	280	280	280	280	2020/21



DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD								
Housing Needs and Enabling Services								
PROJECT DESCRIPTION				MAJOR PROJECTS BENEFITS		Risk		
						Likelihood	Impact	Score
Project 1		Project Title: Project Details:	Homeless Reduction Act - Review Review impact of Homelessness Reduction Act on business, performance, customers and staff and amend any processes where necessary and appropriate.	Risk reduction and compliance		2	2	4
Start date	2018-19							
End date	2019-20							
Project 2		Project Title: Project Details:	Housing Enforcement Policy Introduce and monitor Civil Penalties, Rent Repayment Orders by implementation of Housing Enforcement Policy	Improved effectiveness		2	2	4
Start date	2018-19							
End date	2019-20							
Project 3		Project Title: Project Details:	Public ProtectionTechnology Upgrade Work with IT / E&R on re-procurement / replacement of M3PP, cloud hosting and subsequent upgrade of M3PP to Assure.	Improved effectiveness		2	1	2
Start date	2016-17							
End date	2019-20							
Project 4		Project Title: Project Details:	Extended HMO Mandatory Licencing Scheme Monitor the implementation of the Extended HMO Mandatory Licencing Scheme and new Licence fee structure.	Economic outcomes		2	2	4
Start date	2018-19							
End date	2019-20							
Project 5		Project Title: Project Details:	EDRMS Workflow Work with Corporate to implement EDRMS in Housing and then update workflow processes accordingly	Improved effectiveness		2	2	4
Start date	2016-17							
End date	2019-20							
Project 6		Project Title: Project Details:	Housing Related Support Implement and monitor revised commissioning plans for Housing Related Support	Improved efficiency (savings)		2	1	2
Start date	2018-19							
End date	2019-20							
Project 7		Project Title: Project Details:	Housing IT software re-procurement Re-procure all IT Software solutions for Housing Needs (Homelessness, Temporary Accommodation & Rent Accounts, Housing Register and Choice Based Lettings.)	Improved effectiveness		2	2	4
Start date	2018-19							
End date	2020-21							
Project 8		Project Title: Project Details:	Homelessness Strategy Re-draft the Homelessness Strategy to reflect the impact of the Homelessness Reduction Act and the Government's Rough Sleeper strategy	Improved reputation		2	1	2
Start date	2018-19							
End date	2019-20							

Libraries	Planning Assumptions							The Corporate strategies your service contributes to			
Cllr Nick Draper: Cabinet Member for Community & Culture	Anticipated demand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23				
Enter a brief description of your main activities and objectives below	Active users	56,000	56,000	56,500	57,000	57,500	58,000	Customer Contact Strategy			
The purpose of the service is to provide a 'comprehensive and efficient' library service, addressing the 'needs of adults and children' according to the Public Libraries and Museums Act 1964.	Stock issues	950,000	900,000	900,000	900,000	900,000	900,000	Children and Young People's Plan			
	Registered members	135,000	135,000	135,000	135,000	135,000	135,000	Community Plan			
	Visitor figures	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	Equality and Community Cohesion Strategy			
	Anticipated non financial resources	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Health & Wellbeing Strategy			
Local authorities have a statutory duty to make provision for a library service but may decide on how this is delivered.	Staff (FTE)	33.30	31.35	29.65	26.65	29.65	29.65	Heritage Strategy			
	Accommodation (Libraries)	7	7	7	7	7	7	Procurement Strategy			
	Equipment (PC's)	144	152	159	159	159	159	Voluntary Sector and Volunteering Strategy			
Certain aspects of the service must be provided for free: - Free lending of books - Free access to information - Free library membership The Library Service aims to provide a modern, high quality and cost effective service that is responsive to the needs of customers. Our vision is to remain the most efficient library service in London whilst continuing to achieve some of the highest customer satisfaction and usage levels.								Workforce Strategy			
	Performance indicator (LBC2020 indicators highlighted in purple)	Actual Performance (A) performance target (T) Proposed Target (P)					Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
		2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)					2022/23(P)
	Number of visitors accessing the library service online	250,011	220,000	235,000	240,000	245,000	250,000	High	Monthly	Quality	Reduced uptake of service
	Active users - peoples network terminal	65,154	56,000	56,500	57,000	57,500	58,000	High	Monthly	Outcome	Reduced uptake of service
	% self service usage for stock transactions	98	97	97	98	98	98	High	Monthly	Business critical	Increased costs
	Active volunteers in libraries	293	230	230	230	230	230	High	Monthly	Business critical	Reduced service delivery
	Maintain Income	£401,422	£376,000	£414,000	£414,000	£414,000	£414,000	High	Monthly	Unit cost	Increased costs
	Visitor figures - physical visits to libraries	N/A	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	High	Monthly	Quality	Reduced service delivery
	% customer satisfaction (Libraries' own survey)	N/A	95%	95%	95%	95%	95%	High	Annual	Perception	Reduced customer service

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Expenditure	3,204	3,215	3,195	6	3,307	3,323	3,342	3,374
Employees	1,117	1,150	1,092	6	1,065	1,066	1,066	1,065
Premises	322	439	445	17	494	501	508	514
Transport	5	5	4	(1)	4	4	4	4
Supplies & Services	694	607	587	(16)	571	580	592	617
3rd party payments	18	18	31	0	18	19	19	20
Transfer payments	0	0	0	0	0	0	0	0
Support services	688	637	677	0	669	669	669	669
Depreciation	359	359	359	0	485	485	485	485
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Income	482	525	459	7	452	436	423	423
Government Grants	0	0	0	0	0	0	0	0
Reimbursements	175	144	139	8	96	96	96	96
Customer & client receipts	307	381	321	(1)	356	340	327	327
Recharges	0	0	0	0	0	0	0	0
Reserves	0	0	0	0	0	0	0	0
Capital Funded	0	0	0	0	0	0	0	0
Council Funded Net Budget	2,722	2,690	2,736	13	2,855	2,887	2,919	2,951
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Colliers Wood Library Re-fit		183	17	17	0	0	0	0
West Barnes Library Re-fit		0	0	0	200	0	0	
Public Toilets Mitcham Library					35			
Library Self-Service		30				350		
Libraries Opportunities Fund		43						
Library Management System			140	140				140
		256	157	157	235	350	0	140



2019/20 Expenditure

- Employees
- Premises
- Transport
- Supplies & Services
- 3rd party payments
- Transfer payments
- Support services
- Depreciation

2019/20 Income

- Reimbursements
- Customer & client receipts

Summary of major budget etc. changes

2019/20
Allocated savings for 2019/20 is Merton Art Space £38k reference CH67. Capital: West Barnes Library £200k Capital: Installation of Public Toilets Mitcham Library £35k
2020/21
Capital: Library Self-Service £350k
2021/22
2022/23
Capital: Library Management System £140k

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DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD											
Libraries											
PROJECT DESCRIPTION					MAJOR PROJECTS BENEFITS			Risk			
								Likelihood	Impact	Score	
Project 1		Project Title:	Partnership development			Improved customer experience			3	1	3
Start date	2015-16	Project Details	Continue to develop partnership approach to delivering services in libraries. Increase health partnerships and lead on key actions agreed within the C&H TOM relating to prevention.								
End date	2020-21										
Project 2		Project Title:	Heritage Strategy			Improved effectiveness			3	1	3
Start date	2015-16	Project Details	Promote the Heritage Strategy and increase community participation in heritage activities. Continue to draw in external funding, improve income streams and undertake work to revise the Heritage Strategy.								
End date	2020-21										
Project 3		Project Title:	London Libraries Consortium			Improved effectiveness			3	2	6
Start date	2015-16	Project Details	Complete the procurement of the new library management system with LLC colleagues and deliver enhanced digital services for customers.								
End date	2019-20										
Project 4		Project Title:	Children & Young People's projects			Improved customer experience			3	1	3
Start date	2018-19	Project Details	Continue to develop the Schools and Libraries Membership schemes for primary and high schools. Further develop the youth offer in libraries and further develop staff skills in youth engagement.								
End date	2021-22										
Project 5		Project Title:	Customer consultation, marketing and promotion			Improved customer experience			2	1	2
Start date	2016-17	Project Details	Undertake customer surveys to gain user views and consult on any significant changes to service delivery. Continue to develop e-marketing services and undertake promotional activities such as Library Connect.								
End date	2020-21										
Project 6		Project Title:	Income Generation			Improved efficiency (savings)			3	2	6
Start date	2016-17	Project Details	Implement agreed savings from the rollout out of coffee shops in libraries and further develop income sources such as Merton Arts Space whilst identifying new opportunities.								
End date	2019-20										
Project 7		Project Title:	Assisted digital support			Improved customer experience			2	2	4
Start date	2018-19	Project Details	Increase volunteer numbers and skills in supporting customers with more complex IT needs and promote 'channel shift' to online services.								
End date	2020-21										
Project 8		Project Title:	Security services contract			Improved efficiency (savings)			3	2	6
Start date	2015-16	Project Details	On-going monitoring of performance. Develop security guard services to play a more active role in service transformation and to facilitate lone working arrangements.								
End date	2019-20										
Project 9		Project Title:	Library redevelopments			Improved customer experience			3	2	6
Start date	2015-16	Project Details	Continue to develop the new Colliers Wood Library and maximise the use of space in existing libraries. Work with other departments to identify new development opportunities.								
End date	2019-20										

Commissioned Service				<div>Description of main activities and objectives</div> <div>The London Borough of Merton is committed to providing high quality and sustainable adult learning in order to improve the social, economic, health and wellbeing of our residents. The service is delivered through a commissioning model, contracting services to the best providers in the field and by developing sophisticated evidence based approaches to what we deliver.</div> <div>The service will continue to provide popular courses whilst expanding provision for families and enhancing our range of maths, English and employability courses.</div>							
Merton Adult Learning											
Cllr Nick Draper: Cabinet Member for Community & Culture											
<div>Service Providers:</div> <div>South Thames College</div> <div>Groundwork London</div>											
Planning Assumptions											The Corporate strategies the service contributes to
Anticipated demand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23					
Total number of learners	3285	3285	3285	3285	3285	3285	Culture and Sport Framework				
Number of accredited learners	1467	1467	1467	1467	1467	1467	Employment and Skills Action Plan				
Total number of enrolments	3964	3964	3964	3964	3964	3964	Special Educational Needs and Disabilities Strategy				
							Medium Term Financial Strategy				
Anticipated non financial resources	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23					
Staff (Commissioning Team)	3.75	3.75	3.75	3.75	3.75	3.8					
Staff (LDD Curriculum manager)	1	0	0	0	0	0					
South Thames College	Sufficient resources to provide service										
Global Solution Services	Sufficient resources to provide service										
Performance indicator	Actual Performance (A) Performance Target (P) Proposed Target (T)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
	2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)	2022/23(P)					
Number of enrolments per annum	3598	3964	3964	3964	3964	3964	High	Annual	Outcome	Reduced uptake of service	
Number of new learners per annum (not registered as learners in previous year)	2032	45%	40%	40%	40%	40%	High	Annual	Outcome	Reduced uptake of service	
Number of completers (% retention rate per annum)	96%	94%	95%	95%	95%	95%	High	Annual	Outcome	Reduced service delivery	
% overall success rate of accredited courses per annum	74% (TBC)	86%	88%	90%	90%	90%	High	Annual	Outcome	Reduced uptake of service	
% of end of course evaluations where teaching and learning is rated as good or above	99%	95%	95%	95%	95%	95%	High	Annual	Perception	Reduced service delivery	
% of learners from deprived wards	29%	30%	32%	35%	35%	35%	High	Annual	Quality	Reduced uptake of service	
Average cost per learner	£374	£247	£247	£247	£247	£247	Low	Annual	Unit cost	Reduced uptake of service	
Financial Information								Additional Expenditure Information			
Revenue	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Due to change of contract, part salary budget for Curriculum manager moved to non-salary budget		
Expenditure	1,410	1,150	1,415	0	1,370	1,370	1,370	1,370			
Old Service	0	0	0	0	0	0	0	0			
Contractor's Fee	1,038	803	1,038	0	1,108	1,108	1,108	1,108			
Employees (Commissioning Team)	184	182	231	0	193	193	193	193			
Employees (LDD Curriculum Manager)	122	42	77	0	0	0	0	0			
Support Service	28	28	31	0	31	31	31	31			
Other Costs	38	95	38	0	38	38	38	38			
Revenue	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23			
Income	1,378	1,125	1,380	0	1,347	1,347	1,347	1,347			
Adult Education Block Grant	1,346	1,111	1,346	0	1,347	1,347	1,347	1,347			
Adult Apprenticeships Grant	28	5	28	0	0	0	0	0			
Other Income	4	9	7	0	0	0	0	0			
Council Funded Net Budget	32	25	35	0	23	23	23	23			
Capital Expenditure	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23			

DETAILS OF MAJOR PROJECTS								
Merton Adult Learning								
PROJECT DESCRIPTION				MAJOR PROJECTS BENEFITS		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Improve Ofsted rating	Improved effectiveness		3	2	6
Start date	2016-17	Project Details:						
End date	2019-20							
Project 2		Project Title:	Embed employability, maths and English strands in courses where applicable	Economic outcomes		2	1	2
Start date	2016-17	Project Details:						
End date	2019-20							
Project 3		Project Title:	Promote and embed British Values and Prevent within the classroom	Risk reduction and compliance		2	1	2
Start date	2016-17	Project Details:						
End date	2019-20							
Project 4		Project Title:	Expand provision in deprived areas of the borough and / or amongst deprived communities	Improved effectiveness		3	1	3
Start date	2016-17	Project Details:						
End date	2019-20							
Project 5		Project Title:	Embed new evidence base and overhaul course provision	Improved customer experience		2	1	2
Start date	2017-18	Project Details:						
End date	2019-20							
Project 6		Project Title:	Embed new commissioning arrangements across all services	Improved effectiveness		3	2	6
Start date	2016-17	Project Details:						
End date	2019-20							

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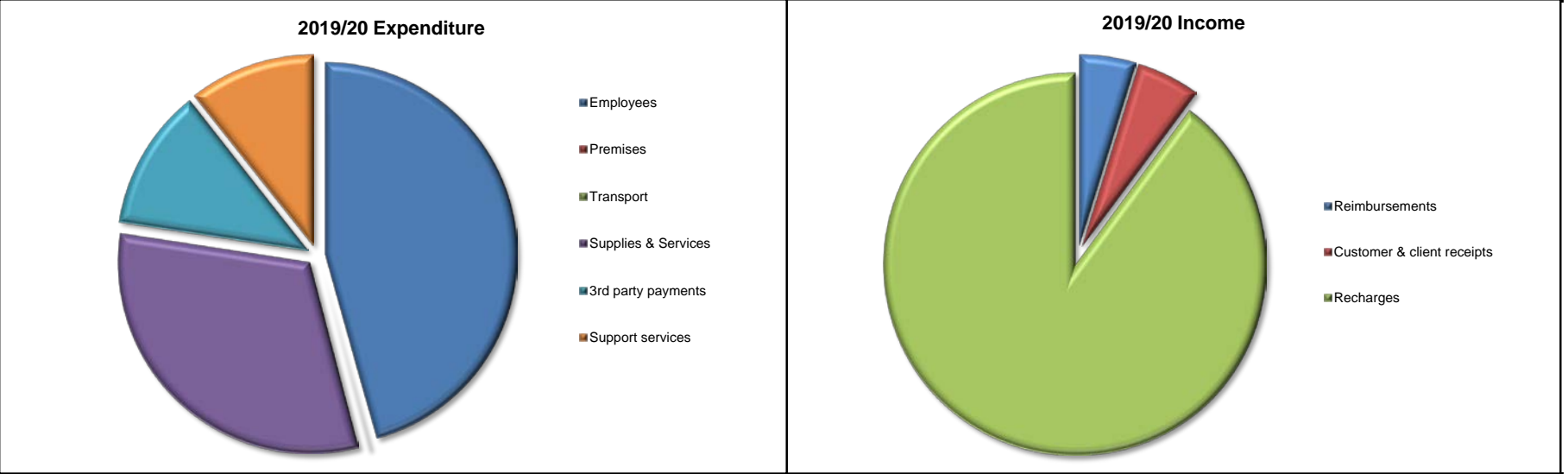
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD										
Public Health										
PROJECT DESCRIPTION						MAJOR PROJECTS BENEFITS		Risk		
								Likelihood	Impact	Score
Project 1		Project Title: Project Details:	East Merton Model of Health and Wellbeing and Wilson Development			Improved effectiveness		3	3	9
Start date	2018-19		EAST MERTON MODEL OF HEALTH AND WELLBEING AND WILSON DEVELOPMENT Public Health, Merton CCG and the East Merton GP Locality are working in partnership to develop and deliver the East Merton Model of Health and Wellbeing and Wilson health and community campus. This is a major programme aimed at co-creating a model for East Merton, incorporating design of health and community campus, community engagement, better use of wider public sector estate. the focus will be on the wellbeing offer and development of a social enterprise to enable this and build social investment funding models.							
End date	2021-22									
Project 2		Project Title: Project Details:	Embed Health and Wellbeing in all policies			Improved effectiveness		2	2	4
Start date	2018-19		HEALTH IN ALL POLICIES AND HEALTH AND WELLBEING STRATEGY Embed "health in all policies" (HIAP) as a relevant outcome across the whole council business (and partners) incl establish health as marker for good government and as investment rather than expenditure; This will be embedded in the development of the Health and Wellbeing Strategy 2019-2024 and further development of the Health and Wellbeing Board. Priorities for HIAP include healthy workplace; child healthy weight (see Project 7) and air pollution.							
End date	2020-21									
Project 3		Project Title: Project Details:	Sexual Health Strategy and Integrated sexual health services			Improved effectiveness		3	3	9
Start date	2018-19		PH SERVICE DEVELOPMENT AND PROCUREMENT Development and implementation of a Sexual health framework/strategy that takes a liefcourse approach and focuses on priorities for prevention; further developing integrated sexual health services; and suport for high risk and vulnerable groups; strategic approach to managing demand, working collaboratively with London Sexual Health Programme.							
End date	2021-22									
Project 4		Project Title: Project Details:	Whole System Approaches to Diabetes			Improved effectiveness		2	2	4
Start date	2018-19		PH SERVICE DEVELOPMENT AND PROCUREMENT WHOLE SYSTEM APPROACH TO DIABETES:Following a 'Diabetes Truth' programme, the Health and Wellbeing Board have agreed to develop a whole systems Diabetes Action Plan. This will be an exemplar for future work, and identify ideas and ways to tackle diabetes across partners. The Action Plan will have four key themes (diagnosis and treatment, prevention (population), prevention (personal) and holistic care. This will align with a whole systems approach to childhood obesity (Project 7):							
End date	2020-21									
Project 5		Project Title: Project Details:	Personal Prevention Offer for Adults			Improved effectiveness		2	2	4
Start date	2018-19		Personal Prevention offer and collaborative commissioning for adults: a strategic approach to personal prevention offer will be developed with partners including adult social care and Merton CCG.This will focus on 5 themes: knowledge and information; connecting and improving access to services; embedding prevention in pathways; healthy workplaces and staff; exploring new financial models e.g. social impact bonds. Social prescribing is part of the programme and a major component in the CCG's Primary Care Strategy and the development of the model of multi-speciality community provider, which will strengthen relationships between primary care and the voluntary and community sector and services.							
End date	2020-21									
Project 6		Project Title: Project Details:	Development of integrated Children's Services			Improved effectiveness		2	3	6
Start date	2016-17		COLLABORATIVE COMMISSIONING ARRANGEMENTS (CYP) Lead transformation of Community health services for children and young people: undertake a review of community health services, develop vision and development of closer integration of services to provide seamless care pathways for children and young people; develop plans for procurement of integrated services from 2021/22; continue to develop a CYP integrated commissioning function between PH, CSF and MCCG, towards fully integrated commissioning by 2021/22.							
End date	2020-21									
Project 7		Project Title: Project Details:	Whole System Approaches to Childhood obesity			Improved effectiveness		2	2	4
Start date	2018-19		Childhood obesity is a complex problem and the evidence is clear that a preventative, whole systems approach to tackling obesity is needed. The implementation of a refreshed Child Healthy Weight Action Plan (CHWAP) 2019/22, will build on implementation of the first CHWAP; extensive community engagement (Great Weight Debate Merton) and national evidence. The CHWAP has 4 key themes (1) Communication, leadership and engagement, (2) Food environment and increasing the availability of healthy food, (3) Physical environment and physical activity promoting environments, (4) Early years, school-age settings and pathways . This aligns with the WHOLE SYSTEMS APPROACH TO DIABETES (Project 4).							
End date	2021-22									

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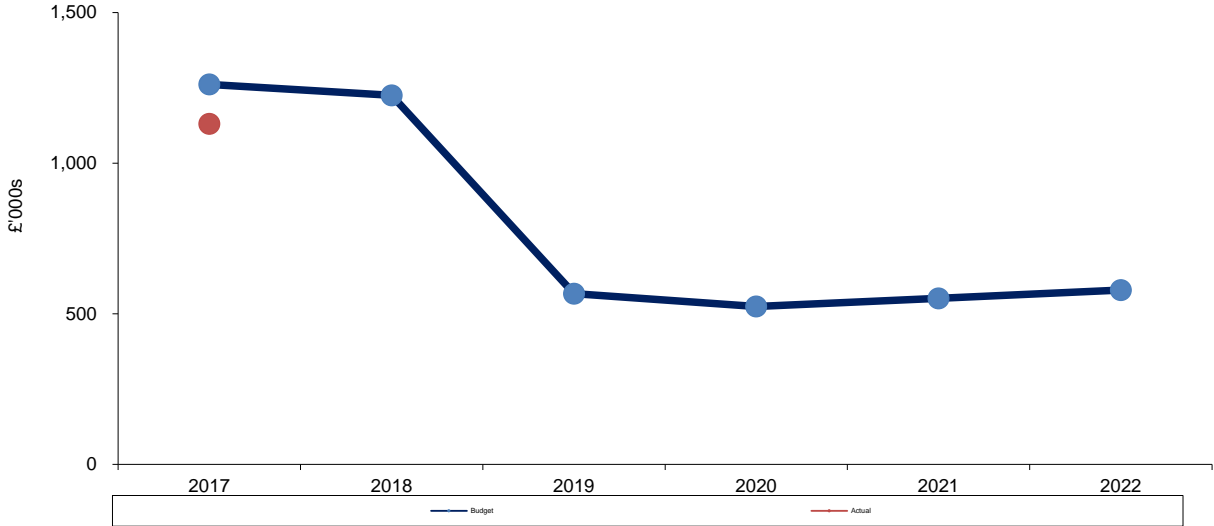
Corporate Services

Corporate Governance	Planning Assumptions							The Corporate strategies your service contributes to			
Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance	Anticipated demand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23				
Enter a brief description of your main activities and objectives below	Residents	207,410	209,421	210,452	212,658	214,740	216,661	Information Governance Policy			
Corporate Governance is made up of 5 core services:	Officers	↓	↓	↓	↓	↓	↓	Equality Strategy			
	Councillors (numbers from 2020 onwards subject to Boundary Commission Review)	60	60	60	60	60	60	Risk Management Strategy			
	Elections	1	1		1		2	Procurement Strategy			
	Anticipated non financial resources	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23				
	Staff (FTE)	28.9	28.8	28.9	27.9	27.9	27.9				
Democracy Services - maintains independent scrutiny function, support to Councillors and Mayor & ensures council has robust decision making arrangements.	Staff - Election	800	800	0	500	0	1,600				
	Staff - Canvas	150	150	150	150	50	50				
	Electoral Services - Electoral Services carries out the statutory maintenance of the register of electors, administers elections and referendums and undertakes the work needed on boundary and electoral reviews. The move to a system of individual electoral registration has provided new challenges to the way the UK's electoral offices work and has resulted in a significantly increased work load.	Performance indicator (LBC2020 indicators highlighted in purple)	Actual Performance (A) Performance Target (T) Proposed Targets (P)					Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
2017/18(A)			2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)	2022/23(P)				
Audit actions implemented by agreed date		91.1%	90%	90%	90%	90%	90%	High	Quarterly	Business critical	Increased fraud
Audits completed against plan		98.11%	90%	90%	90%	90%	90%	High	Quarterly	Business critical	Increased fraud
Complaints - dealt with in time		67.96%	85%	90%	90%	90%	90%	High	Monthly	Perception	Reduced customer service
Complaints progressed to stage 2		5%	9%	9%	9%	9%	9%	Low	Quarterly	Perception	Reduced customer service
FOI requests - dealt with in time		75.95%	85%	90%	90%	90%	90%	High	Monthly	Perception	Reduced customer service
Number of supplementary agendas issued		19	18	16	14	14	12	Low	Quarterly	Perception	Government intervention
% of councillors who agree scrutiny function effective		89%	75%	80%	80%	89%	75%	High	Annual	Perception	Poor decision making
Ombudsman complaints answered in time		66.28%	90%	90%	90%	90%	90%	High	Monthly	Quality	Rework
Ombudsman complaints partially or fully upheld		34%	40%	40%	40%	40%	40%	Low	Quarterly	Perception	Government intervention
% of FOI refusal notices not upheld at review		0%	4%	4%	4%	4%	4%	Low	Quarterly	Perception	Government intervention
No. of new electors added to the register of electors		26,265	25,000	25,000	25,000	25000	25000	High	Annual	Perception	Reduced customer service
There is also the shared Legal service with the London Borough of Richmond, Wandsworth, Sutton and Kingston; this service has its own Service Plan.											

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Expenditure	3,441	3,529	3,143	(22)	3,310	3,268	3,295	3,322
Employees	1,413	1,668	1,443	(21)	1,511	1,441	1,441	1,441
Premises	0	15	0	17	0	0	0	0
Transport	28	12	27	(17)	8	9	9	9
Supplies & Services	1,091	958	1,021	(6)	1,043	1,064	1,085	1,106
3rd party payments	461	420	386	6	396	402	408	413
Support services	448	456	266	0	352	352	352	352
Depreciation								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Income	2,179	2,398	1,918	(122)	2,744	2,744	2,744	2,744
Government grants	58	74	0	0	0	0	0	0
Reimbursements	105	253	130	(57)	130	130	130	130
Customer & client receipts	232	370	98	(66)	148	148	148	148
Recharges	1,784	1,701	1,690	0	2,466	2,466	2,466	2,466
Reserves								
Capital Funded								
Council Funded Net Budget	1,261	1,131	1,225	(144)	567	524	551	579
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
		0	0	0	0	0	0	0



Summary of major budget etc. changes								
2019/20								
CSREP 2019-20 (1) Increase in income from legal services relating to S106, property and court fees £50k								
2020/21								
2019-20 CS27 Merge Democracy Services and Electoral Services £70k								
2021/22								
2022/23								

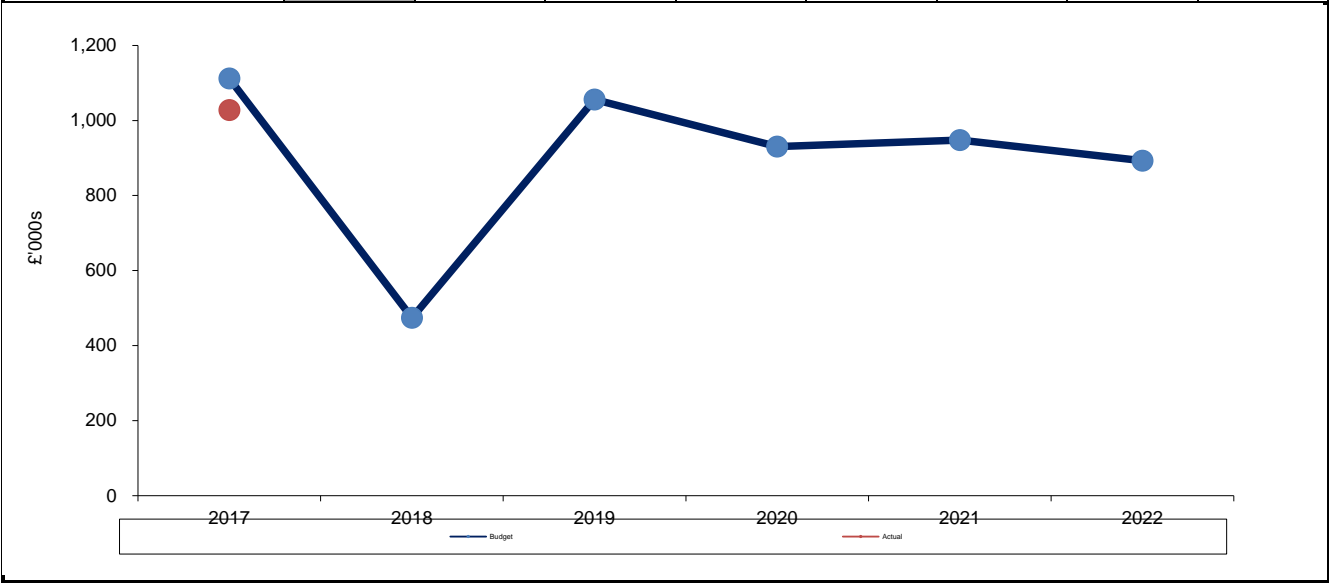


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DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD								
Corporate Governance								
PROJECT DESCRIPTION				MAJOR PROJECTS BENEFITS		Risk		
						Likelihood	Impact	Score
Project 1		Project Title: Project Details:	Support new intake of councillors To prepare for and then support new intake of councillors following May 2018 council elections and support to councillors who are in new roles (Cabinet, Mayor, Committee chairs). To ensure a smooth introduction of any consequent changes to decision making structure or process.	Improved customer experience		2	2	4
Start date	2017-18							
End date	2021-22							
Project 2		Project Title: Project Details:	Efficiency programme in Mayor's Office To monitor and review the impact of the Service Level Agreement in the Mayor's Office, particularly in relation to spend on drivers, and negotiate further changes as required to achieve manageable levels of activity and further reduction in spend. To maintain reduction in spend on petrol due to SLA and purchase of hybrid car. To promote online event booking to save staff time and provide improved service for customers.	Improved efficiency (savings)		3	1	3
Start date	2015-16							
End date	2019-20							
Project 3		Project Title: Project Details:	Scrutiny Improvement Programme To continue to improve effectiveness and impact of the scrutiny function and to engage new councillors in scrutiny activities. Programme comprises objectives and actions agreed by the Overview and Scrutiny Commission each year when it receives the Annual Member Survey. Increase public involvement and use of external expert witnesses.	Improved customer experience		2	1	2
Start date	2018-19							
End date	2021-22							
Project 4		Project Title: Project Details:	Creation of centralised Local Land Charges Register Review of LLC service delivery; dependent on national directive	Improved customer experience		3	1	3
Start date	2014-15							
End date	2019-20							
Project 5		Project Title: Project Details:	2018/22 Administer statutory elections, referendums and ballots. Administer full borough council elections in 2022, Mayor of London and London Assembly elections in 2020, and the next parliamentary General Election (currently scheduled for 2022) together with any other referendums and ballots that may be required.	Risk reduction and compliance		3	3	9
Start date	2018-19							
End date	2021-22							
Project 6		Project Title: Project Details:	Work with Local Government Boundary Commission on planned Electoral Review of Merton - implementation for 2022 Council elections Council size proposal due March 2019, warding patterms proposal due July 2019. Draft recommendations published September 2019. Final recommendations published February 2020.	Infrastructure renewal		3	2	6
Start date	2019-20							
End date	2020-21							
Project 7		Project Title: Project Details:	Data Protection Act (DPA18) / General Data Protection Regulation (GDPR) To implement action plan targets to introduce new requirements and embed principles as business as usual.	Risk reduction and compliance		4	3	12
Start date	2017-18							
End date	2019-20							
Project 8		Project Title: Project Details:	To reduce printing costs Roll out Modern Gov App to encourage councillors and senior officers to go paperless at Committee meetings. Identify champions. Cascade from CMT.	Improved efficiency (savings)		3	1	3
Start date	2019-20							
End date	2020-21							

Customers, Policy & Improvement (previously called Business Improvement)	Planning Assumptions							The Corporate strategies your service contributes to			
Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance	Anticipated demand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23				
Enter a brief description of your main activities and objectives below	Telephone callers	450,000	400,000	375,000	350,000	350,000	300,000	Customer Contact Strategy			
Customer Services will: Through Merton Link provide a first point of contact for most council customers and visitors both face-to-face and by the telephone. - Deliver a Translations service and discharge the Concessionary Travel Scheme. Discharge the council's responsibilities for the registration of births, deaths, marriages and civil partnerships, citizenship ceremonies and nationality services. Act as a client for the multi-borough coroners service. Continuous Improvement and Corporate Change will: - Support DMTs to embed a culture of continuous business improvement within the organisation through the provision of tools, techniques, advice and support – including but not limited to Lean. - Ensure change is effectively planned for and managed across the organisation, embedding change management principles and methodologies. - Drive and facilitate the Targeting Operating Models (TOM) refresh process - Quality assure the Improvement Portfolio on behalf of Merton Improvement Board (MIB), DMTs and CMT. The Policy, Strategy and Partnerships team supports the Council's approach to partnership working, including the Merton Partnership, and its annual Conference. It provides advice on equalities and the Council's approach to Equality Assessments. It has the lead role on the Council's Prevent duties and is the key liaison point. It manages the relationship with the voluntary sector, leading on the Voluntary Sector and Volunteering Strategy and the Merton Compact. From 2019/20 PSP will be responsible for Service Planning and Performance. The Communications team is responsible for promoting and protecting the reputation of the council by communicating with Merton's key stakeholders using a range of channels including media relations, My Merton, social media, campaign marketing as well as corporate events. It also oversees Consultation and Engagement corporately.	Continuous improvement & Corporate Change (days)	880	880	770	660	660	660	Communications Strategy			
	Policy, Strategy & Partnerships (days)	1012	1012	1232	1012	1012	1012	Information Management Strategy			
	Communications & Engagement (days)	1120	1430	880	880	880	880	Voluntary Sector Strategy			
								Equality and Community Cohesion Strategy			
	Anticipated non financial resources	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Community Plan			
	Staff - CI & CC (FTE & fixed term)	4.8	5.0	7.0	5.0	5.0	5.0	Social Media Strategy			
	Staff - Policy, Strategy & Partnerships	4.8	4.6	5.6	4.6	4.6	4.6				
	Staff - Customer Services	31.4	30.5	29.5	28.5	28.5	28.5				
	Staff - Comms & Engagement	7.0	6.5	6.5	6.5	6.5	6.5				
	Performance indicator (LBC2020 indicators highlighted in purple)	Actual Performance (A) Performance Target (P) Proposed Target (T)					Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
		2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)					2022/23(P)
	% positive and neutral coverage tone	87.58%	92%	85%	85%	85%	85%	High	Monthly	Perception	Reputational risk
	No. of new volunteers recruited	618	350	350	300	300	300	High	Quarterly	Outcome	Reduced customer service
	% who agree people from different backgrounds get on (ARS)	N/A	90	N/A	80	N/A	80	High	Annual	Perception	Reputational risk
	% agree Merton is making the area a better place to live (ARS)	N/A	76	N/A	76	N/A	TBC	High	Annual	Perception	Reputational risk
	% of residents who feel informed about council services (ARS)	N/A	81	N/A	81	N/A	TBC	High	Annual	Perception	Reputational risk
	% of residents agree the council involves them in making decisions (ARS)	N/A	62	N/A	62	N/A	TBC	High	Annual	Perception	Reputational risk
	% of on-line transactions	72.59%	63%	64%	65%	66%	66%	High	Monthly	Business critical	Reduced customer service
	First contact resolution	78.65%	75%	75%	75%	75%	75%	High	Monthly	Perception	Reduced customer service
	Event income (Marriages, Civil Partnerships etc.)	554,520	440,000	400,000	400,000	400,000	400,000	High	Monthly	Business critical	Loss of income

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Expenditure	5,667	5,766	5,203	(146)	5,098	5,042	5,059	5,004
Employees	2,546	2,539	2,098	58	2,139	2,059	2,059	2,059
Premises	66	140	120	(41)	117	118	120	122
Transport	5	1	3	(2)	3	3	3	3
Supplies & Services	1,980	2,252	2,017	10	1,989	2,019	2,050	2,002
3rd party payments	314	24	268	(172)	242	234	219	210
Support services	755	810	697	-	609	609	609	609
Depreciation								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Income	4,555	4,738	4,729	75	4,042	4,112	4,112	4,112
Government grants	66	51	16	0	0	0	0	0
Reimbursements	3	7	3	0	3	3	3	3
Customer & client receipts	1,117	1,128	1,127	75	967	982	982	982
Recharges	3,369	3,552	3,583	0	3,126	3,126	3,126	3,126
Reserves					-54	0	0	0
Capital Funded								
Council Funded Net Budget	1,112	1,028	474	(72)	1,056	931	948	893
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Customer Contact Programme		157	1,999	(4)	250	0	1,900	0
	0	157	1,999	(4)	250	0	1,900	0



2019/20 Expenditure

- Employees
- Premises
- Transport
- Supplies & Services
- 3rd party payments
- Support services

2019/20 Income

- Reimbursements
- Customer & client receipts
- Recharges
- Reserves

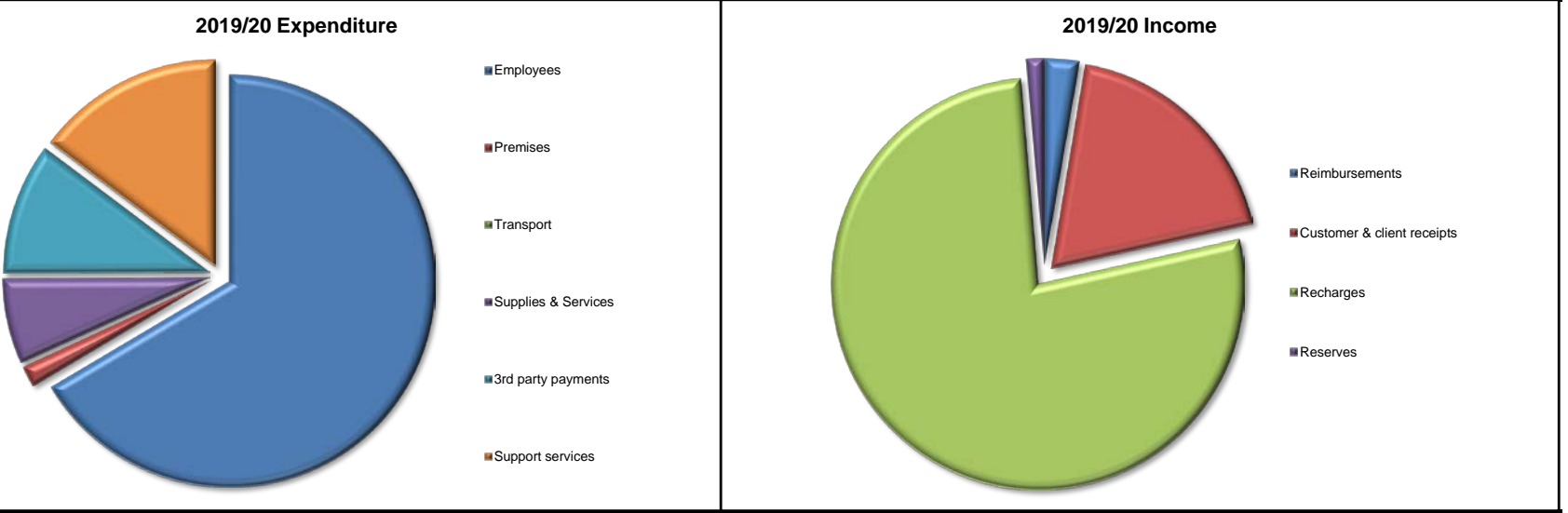
Summary of major budget etc. changes

2019/20
CS2016-05 Increase income through translations £15k CS2016 -07 Cash Collection Reduction £30k 2018-19 CS09 Reduction/rationalisation in running costs budgets across multiple budgets £35k CS2016 -06 Merton Link - efficiency savings £30k
2020/21
2018-19 CS15 Policy & Partnerships -reduce headcount £50k 2019-20 CS02 Charge for Blue Badges £15k 2019-20 CS05 Registrars Reduction in staff £30k 2019-20 CS28 Cash Collection reduction £12k
2021/22
2019-20 CS28 Cash Collection reduction £19k
2022/23
2019-20 CS28 Cash Collection reduction £13k 2019-20 CS04 Reduce strategic partner grant by 10% £78k

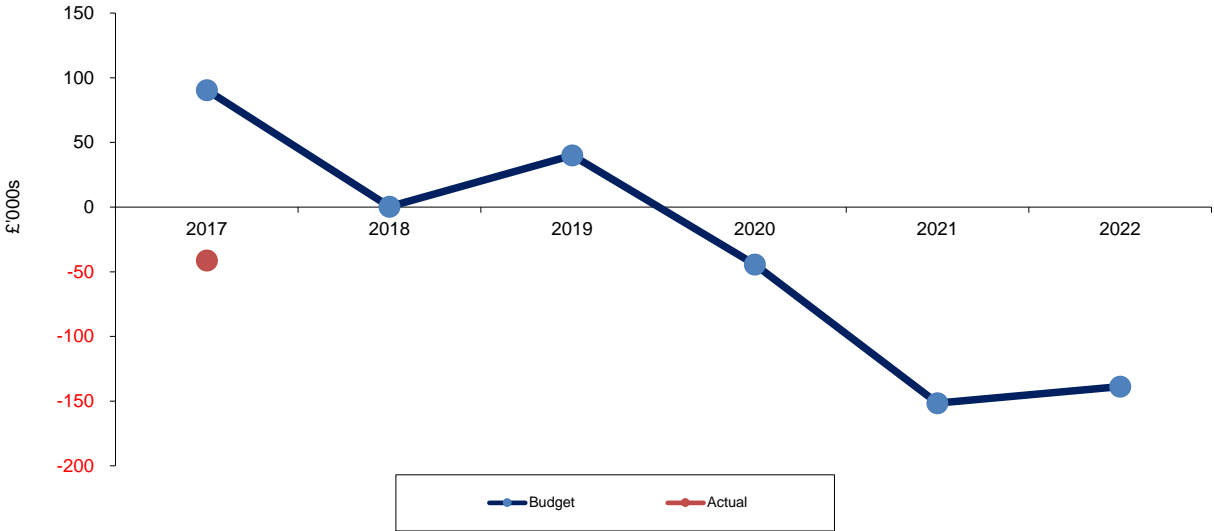
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD								
Customers, Policy & Improvement (previously called Business Improvement)								
PROJECT DESCRIPTION				MAJOR PROJECT BENEFIT		Risk		
						Likelihood	Impact	Score
Project 1		Project Title: Project Details:	Customer Contact project Build on the deliverables of the CC Programme to deliver enhancements and improvements to increase automated service requests via the website in support of a refreshed Customer Contact Strategy.	Improved customer experience The programme is part of the move to a 21st Century organisation, with technology that supports a more comprehensive and cohesive service to customers and recognises the new, modern ways in which they wish to access services. Through channel shift and a reduction in avoidable contact/failure demand we expect the programme to support and enable the achievement of savings and efficiencies within individual services.		5	2	10
Start date	2018-9							
End date	2019-20							
Project 2		Project Title: Project Details:	Redesign of Merton Link Implement the redesign of Merton Link to improve the customer experience and increase self service.	Improved customer experience		5	2	10
Start date	2018-9							
End date	2019-20							
Project 3		Project Title: Project Details:	Community Plan Develop a new community plan for Merton 2019/25.	Improved effectiveness		2	2	4
Start date	2018-19							
End date	2019-20							

Human Resources	Planning Assumptions							The Corporate strategies your			
Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance	Anticipated demand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	service contributes to			
Enter a brief description of your main activities and objectives below	Employees in Merton for HR, payroll, advice, L&D, EAP etc.	4,200	4,000	3,800	6,000	6,000	6,000	Workforce Strategy			
1) Support effective people management across the organisation through development of a workforce strategy/TOM people layer 2) Implement and maintain efficient HR transactions for recruitment, induction, employee data, payroll, performance management, appraisal, learning and development 3) Provide HR advice and consultancy support across the Council 4) Produce HR metrics, analyse people-related problems and take appropriate actions 5) Produce HR strategies, policy frameworks and systems to support effective people management 6) Support and develop capacity building in Members	New recruits to be appointed	150	140	145	140	142	142	Economic Development Strategy			
	New Apprentices to be appointed	33	33	33	33	33	33	Equality and Community Cohesion Strategy			
	Anticipated non financial resources	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23				
	Staff (FTE)	33	32.5	32.5	31.5	31	31				
	Apprentices (FTE)	2	0	4	0	3	0				
	Performance indicator (LBC2020 indicators highlighted in purple)	Actual Performance (A) Performance Target (T) Proposed Target (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
		2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)	2022/23(P)				
		Time to hire (days)	88	90	90	90	90		Low	Monthly	Outcome
	No. of working days lost to sickness, excluding schools	8.96	7.5	7	7	7		Low	Monthly	Outcome	Increased costs
	% Appraisals completed	96%	98%	98%	98%	98%		High	Annual	Outcome	Poor decision making
	% Members L&D satisfaction	100%	83%	90%	90%	90%		High	Quarterly	Outcome	Poor decision making
	No. of apprentices excl.schools (Govt Apprenticeship Levy Scheme)	35	46	60	90	120		High	Quarterly	Outcome	Increased costs
	No. of apprentices in schools (Govt Apprenticeship Levy Scheme)	N/A	N/A	30	60	90		High	Quarterly	Outcome	Increased costs
	No. of apprenticeships New Starts incl schools	N/A	N/A	99	99	99		High	Quarterly	Outcome	Increased costs
	The level (%) of staff engagement (Staff Survey)	N/A	87%	N/A	87%	N/A		High	Biennial	Outcome	Reputational risk
	% of staff who would recommend Merton as a place to work	N/A	90%	N/A	90%	N/A		High	Biennial	Perception	Reputational risk
	Voluntary resignation rate	9.15%	12%	12%	12%	12%		Low	Quarterly	Outcome	Reputational risk

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Expenditure	3,043	2,706	2,781	(143)	2,930	2,893	2,786	2,799
Employees	2,100	1,859	1,859	(101)	1,948	1,901	1,903	1,906
Premises	47	12	48	(36)	49	49	50	51
Transport	2	4	2	1	2	2	2	2
Supplies & Services	207	(4)	210	(67)	196	199	83	86
3rd party payments	290	415	294	59	303	309	315	322
Support services	398	420	368	0	432	432	432	432
Depreciation								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Income	2,953	2,747	2,781	147	2,890	2,937	2,937	2,937
Government grants				0	0	0	0	0
Reimbursements	79	122	79	(38)	79	79	79	79
Customer & client receipts	560	364	560	184	560	567	567	567
Recharges	2,314	2,261	2,142	0	2,292	2,292	2,292	2,292
Reserves				(40)	0	0	0	0
Capital Funded								
Council Funded Net Budget	90	(41)	0	4	40	(44)	(152)	(139)



Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Summary of major budget etc. changes																							
									2019/20																							
		0	0	0	0	0	0	0	2020/21																							
<table border="1"><caption>Budget and Actual Data</caption><thead><tr><th>Year</th><th>Budget (£000s)</th><th>Actual (£000s)</th></tr></thead><tbody><tr><td>2017</td><td>90</td><td>-45</td></tr><tr><td>2018</td><td>0</td><td></td></tr><tr><td>2019</td><td>40</td><td></td></tr><tr><td>2020</td><td>-45</td><td></td></tr><tr><td>2021</td><td>-155</td><td></td></tr><tr><td>2022</td><td>-140</td><td></td></tr></tbody></table>										Year	Budget (£000s)	Actual (£000s)	2017	90	-45	2018	0		2019	40		2020	-45		2021	-155		2022	-140		2019-20 CS24 Realignment/redesign of HR services to provide services to the organisation and mitigate associated risks £50k 2019-20 CS25 Charge for voluntary sector payroll £7k	
										Year	Budget (£000s)	Actual (£000s)																				
										2017	90	-45																				
										2018	0																					
										2019	40																					
2020	-45																															
2021	-155																															
2022	-140																															
										2021/22																						
										2019-20 CS26 Review of contract arrangements £120k																						
										2022/23																						



DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD						
Human Resources						
PROJECT DESCRIPTION				MAJOR PROJECT BENEFIT		Risk
						LikelihoodImpactScore
Project 1		Project Title:	Workforce Strategy	Improved staff skills and development		
Start date	2018-19	Project Details:	Deliver the 5 key strands of the Council's workforce strategy to support the wider TOM programme for organisational change			339
End date	2020-21					
Project 2		Project Title:	Establishment and workforce	Improved staff skills and development		
Start date	2017-18	Project Details:	Embed systems to maintain, monitor and control an accurate establishment and vacancy position across the Council for both permanent and interim staff			3412
End date	2019-20					
Project 3		Project Title:	Apprenticeships	Improved effectiveness		
Start date	2017-18	Project Details:	Processes in place to increase the number of apprentices in schools and the organisation. Maximise the use of the Levy			339
End date	2019-20					
Project 4		Project Title:	Review and retender key HR contracts	Improved effectiveness		
Start date	2017-18	Project Details:	Commission Occupational Health, Agency contract, Schools SLAs and Recruitment system are all completed. DBS provision will be reviewed during the course of 2019/20			339
End date	2019-20					
Project 5		Project Title:	Member Development	Improved effectiveness		
Start date	2017-18	Project Details:	Ensure induction and development activities are in place to enable Members to undertake their role.			224
End date	2019-20					

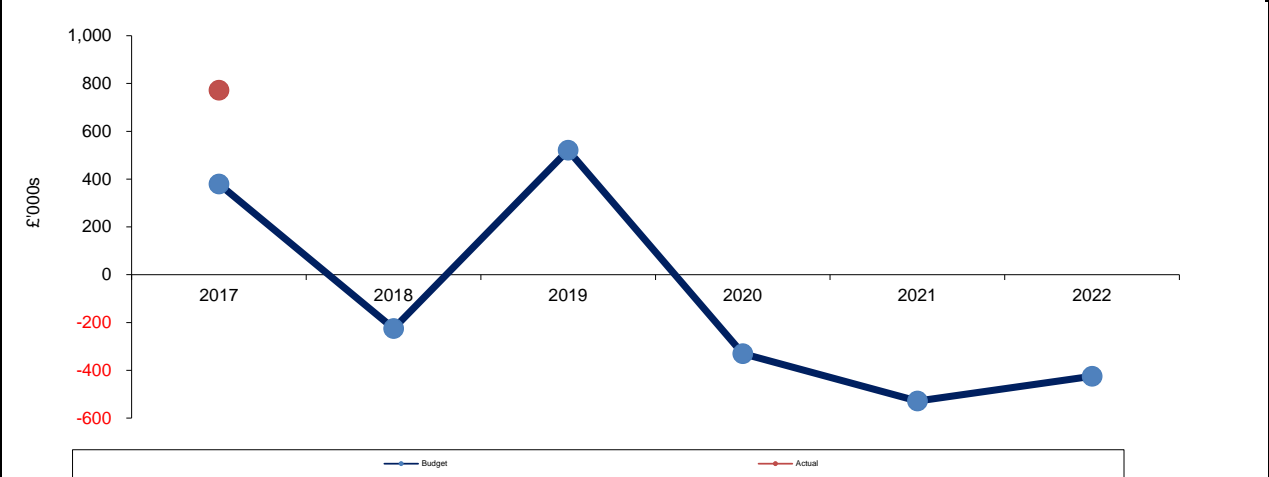
Infrastructure and Technology (previously Infrastructure & Transactions)					Planning Assumptions							The Corporate strategies your service contributes to		
Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance					Anticipated demand		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	service contributes to	
Enter a brief description of your main activities and objectives below					Repairs & Maintenance of Corporate Buildings (Revenue)		740,000	700,00	600,00	500,00	500,000	500,000	Civic Centre Accommodation Strategy	
Infrastructure & Technology Division (I&T) is a support service made up of seven functions: IT Service Delivery - IT(SD) supports the councils operations by providing IT infrastructure, desktop equipment and associated software. Fixed and mobile telecommunications, Service Desk facilities, IT Disaster Recovery and Business Continuity arrangements together with IT governance and data security. IT Business Systems - IT (BS) will work with the organisation to establish and deliver the IT strategy and associated implementation plan, ensure a coordinated and planned approach for the implementation and support of technology whilst complying with the agreed corporate IT strategy, standards to support business efficiency and improve service delivery. Facilities Management - FM provides the infrastructure to deliver services through accommodation, building repairs and maintenance for the portfolio of corporate buildings, energy management and conservation, cleaning, catering, print and post room services, security and other associated hard and soft FM services. Transactional Services - Incorporates Accounts Payable, Accounts Receivable, Carefirst Administration and Vendor Maintenance. Ensuring prompt and accurate payment for all goods and services provided to LBM. Raise and issue invoices promptly and accurately to maximise revenue received. Ensuring that Vendor Maintenance database is controlled, accurate and cleansed. Providing training and support for all users of the systems required for payments or invoicing Safety Services - Provides Health and Safety, Emergency Planning and Business Continuity services across the Council as required by duties imposed under the Health and Safety At Work Etc. Act 1974, The Management of Health and Safety At Work Regulations 1999, The Civil Contingencies Act 2004 and all sister regulations. Client Financial Affairs - Act as court appointed deputies for vulnerable clients who do not have the capacity to make their own decisions or manage their own personal financial affairs. These decisions are for issues involving the person's property, financial affairs and health and welfare working in accordance with the statutory principles set out in the Mental Capacity Act Code of Practice to ensure that they act in the best interests of the person who lacks capacity. Commercial Services - Are the strategic centre of excellence for procurement and category management, guidance, training and advice including ownership of the Council's Procurement Strategy, involvement in key tender processes, identification of savings opportunities and commercial benefits, compliance with EU and UK procurement legislation, benchmarking and best practice and ownership of the contracts register.					IT Service Calls		28,500	27,800	25,500	25,000	25,000	25,000	IT Strategy and Implementation Plan	
					Health & Safety Statutory Inspections		100	100	100	100	100	Risk Management Strategy		
					Transactions requested by departments		85,000	80,000	80,000	80,000	80,000	Local Plan		
					Number of Client Affairs cases being managed		250	250	250	250	250	Procurement Strategy		
					Procurement Support (Number of projects)		50	42	80	80	80	Workforce Strategy		
					Core IT Systems support and management (days)		5,720	5,720	5,720	5,720	5,720	IT Strategy and Implementation Plan		
					Anticipated non financial resources		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23		
					FM (FTE)		32.9	34.23	34.23	32.23	32.23	32.23		
					Transactional Services (FTE)		13.3	13.3	13.3	10.3	10.3	10.3		
					IT Service Delivery (FTE)		29	28	28	28	28	28		
Safety Services (FTE)		5	4	4	4	4	4							
Client Financial Affairs (FTE)		7	6	6	6	6	6							
Commercial Services & Procurement (FTE)		5	7	9	9	4.5	4.5							
Management (FTE)		2	2	2	2	2	2							
Business Systems (FTE)		28.7	25.2	25.2	25.2	25.2	25.2							
Performance indicator (LBC2020 indicators highlighted in purple)		Actual Performance Target (A) Performance Target (T) Proposed Target (P)				Polarity	Reporting cycle	Indicator type	Main impact if indicator not met					
		2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)					2021/22(P)	2021/22(P)			
		Customer Satisfaction - IT incident resolution	96.33%	90%	90%	90%	90%	95%	High	Monthly	Outcome	Reduced customer service		
		First time fix rate for IT Service Desk	79.57%	75%	75%	75%	75%	80%	High	Monthly	Outcome	Reduced service delivery		
		Systems availability	99.77%	99%	99%	99%	99%	99%	High	Monthly	Business critical	Reduced service delivery		
		Health and Safety workplace inspections completed on time	51	50	50	50	50	50	High	Quarterly	Outcome	Breach statutory duty		
		Income - External Fees	320,282	320,000	320,000	320,000	320,000	320,000	High	Quarterly	Output	Loss of income		
		Invoices paid within 30 days from invoice date	91%	95%	95%	95%	95%	95%	High	Monthly	Business critical	Reduced service delivery		
		Invoices paid within 30 days of receipt by LBM	88%	95%	95%	95%	95%	95%	High	Monthly	Business critical	Reduced service delivery		
		Number of staff working from Civic Centre	1,200	1,200	1,300	1,400	1,400	1,400	High	Quarterly	Outcome	Underused resource		
		Repairs & Maintenance ratio of Reactive to Planned	34/66	30/70	30/70	30/70	30/70	30/70	High	Annual	Outcome	Increased costs		
		New referrals processed within 21 days	100%	94%	95%	95%	95%	95%	High	Monthly	Outcome	Reduced customer service		
		Client Post Office voucher acc't balance falls below £2.5K	0	0	0	0	0	0	Low	Monthly	Outcome	Customer hardship		
		% of influencible spend published on contracts register	50%	85%	85%	95%	99%	99%	High	Quarterly	Outcome	Reputational risk		
		% of suppliers accounting for the 20% of influencible spend	91%	60%	80%	75%	70%	70%	Low	Annual	Output	Increased costs		
		CO2 emissions from corporate buildings (tonnes)	5,849	7,434.32	7,128.80	6,914.94	6,800	6,800	Low	Annual	Output	Environmental issues		

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Expenditure	14,721	15,572	14,061	(530)	14,905	14,458	14,562	14,666
Employees	5,386	5,966	5,097	219	5,438	5,258	5,258	5,258
Premises	2,763	3,106	2,143	94	2,211	1,877	1,914	1,951
Transport	27	18	27	(4)	25	26	26	27
Supplies & Services	3,274	3,259	3,596	(741)	3,443	3,507	3,572	3,637
3rd party payments	112	0	98	(98)	100	101	103	104
Transfer Payments	9	1	9	0	10	10	10	10
Support services	1,191	1,262	1,130	0	1,333	1,333	1,333	1,333
Depreciation	1,960	1,960	1,961	0	2,347	2,347	2,347	2,347
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Income	14,341	14,801	14,287	340	14,385	14,788	15,091	15,091
Government grants	0	0	0	0	0	0	0	0
Reimbursements	81	183	81	(67)	81	81	81	81
Customer & client receipts	2,481	2,886	2,501	407	2,608	2,608	2,728	2,728
Recharges	11,780	11,732	11,705	0	12,283	12,283	12,283	12,283
Reserves					(586)	(183)	0	0
Capital Funded								
Council Funded Net Budget	380	772	(225)	(190)	521	(330)	(529)	(425)
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Capital Building Works		430	801	0	1,150	650	650	650
Invest to Save		1,398	2,038	0	300	300	300	300
Water/Fire Safety Works		211	350	0	0	0	0	0
IT Systems projects		306	280	0	1,161	275	50	340
Social Care IT System		402	63	0	488	0	0	0
IT Modernisation		1,034	1,965	0	1,735	1,060	970	1,005
Multi Function Devices					600			
		3,782	5,497	0	5,434	2,285	1,970	2,295

2019/20 Expenditure

2019/20 Income

Summary of major budget etc. changes	
CS2016-08 Income from letting two floors vacant space in Civic Centre £190k 2018-19 CS01 Revenue Saving associated with current MFD contract £150k 2018-19 CS02 Reduction in the level of building repairs and maintenance undertaken on the corporate buildings £100k 2018-19 CS04 Delete or full cost recovery of one post within FM £36k 2018-19 CS14 M3 Support to Richmond/Wandsworth £20k	
2020/21	
CS2015-03 Restructure of Transactional Services team £100k CSD7 Restructure Print and Post service and delete one post £47k 2018-19 CS03 Adjust current Local Authority Liaison Officer (LALO) arrangements to require Assistant Directors to undertake the duties as part of their job description £33k 2019-20 CS17 Closure of Chaucer centre and relocation of operational teams at the Civic centre £77k 2019-20 CS18 Closure of Gifford House and relocation of SLLP to the Civic centre £69k 2019-20 CS19 Reduction in the Repairs and Maintenance budgets for the corporate buildings £100k 2019-20 CS20 Reduction in the energy 'Invest to Save' budget for the corporate buildings £100k 2019-20 CS22 Reduction in the frequency of the cleaning within the corporate buildings £25k	
2021/22	
2019-20 CS21 Implement phase 2 of the Flexible Working Programme to generate additional vacant floor space and generate income from commercial lease arrangements £90k 2019-20 CS23 Implement a means assessed charging scheme for appointeeships undertaken by the CFA team £30k	
2022/23	



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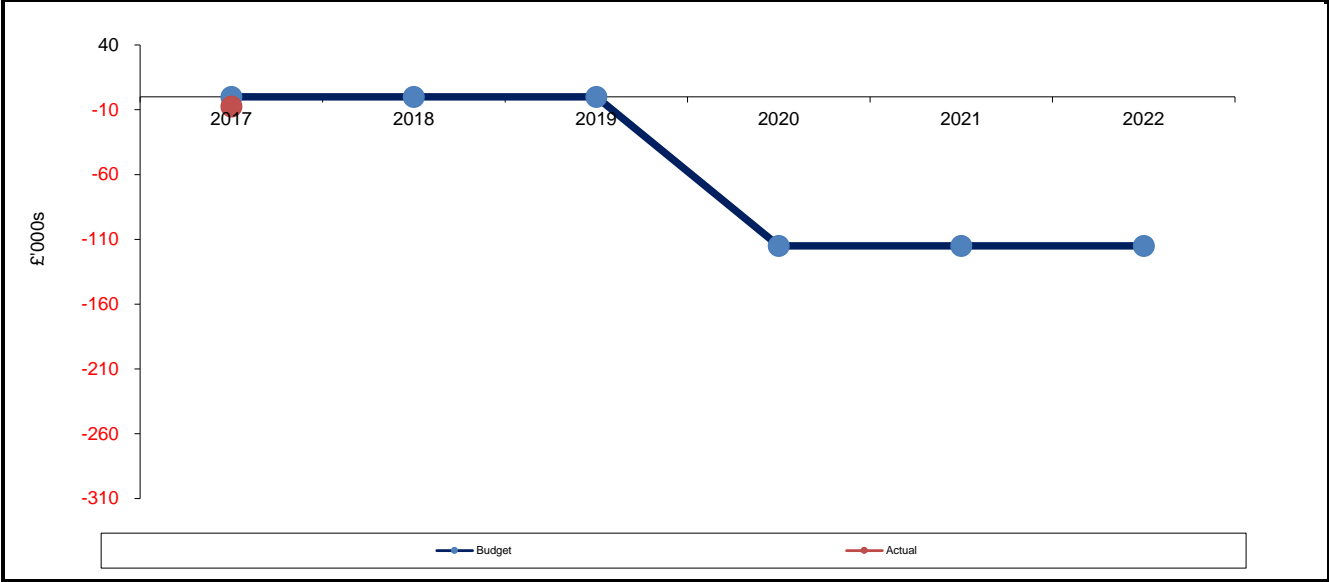
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD										
Infrastructure and Technology (previously Infrastructure & Transactions)										
PROJECT DESCRIPTION					MAJOR PROJECT BENEFIT		Risk			
							Likelihood	Impact	Score	
Project 1		Project Title: Project Details:	Implementation of IT Strategy & Plan		Infrastructure renewal			3	3	9
Start date	2018-19		Implementation of corporate IT Strategy & Plan which has been developed on the basis of information derived from departmental Target Operating Models.							
End date	2022-23									
Project 2		Project Title: Project Details:	Implementation of 4P's project		Infrastructure renewal			3	2	6
Start date	2018-19		Procure and implement M3LP and M3PP hosted environment to facilitate the delivery of the three borough shared Regulatory Service.							
End date	2019-20									
Project 3		Project Title: Project Details:	Replacement of PABX Equipment		Infrastructure renewal			2	3	6
Start date	2018-19		Replace obsolete PABX and associated telephony equipment.							
End date	2019-20									
Project 4		Project Title: Project Details:	Implement New Procurement Service Delivery Model		Improved efficiency (savings)			4	2	8
Start date	2018-19		Implement a new "Centre led" procurement operating model and embed category management across the Council.							
End date	2019-20									
Project 5		Project Title: Project Details:	Energy "Invest to Save" Initiatives		Improved sustainability			3	2	6
Start date	2016-17		Completion of a range of projects across the Council's entire portfolio of properties which will reduce energy consumption and associated CO2 emissions and that are designed to have a maximum financial pay back of between 7 and 10 years.							
End date	2019-20									
Project 6		Project Title: Project Details:	Undertake 'Make/Buy/Share' reviews of key service provision		Improved efficiency (savings)			3	2	6
Start date	2018-19		Review of current operational service delivery models to ensure that the Council is utilising the most cost effective and efficient means of providing services to both internal and external customers.							
End date	2020-21									
Project 7		Project Title: Project Details:	Review Departmental Business Continuity/Disaster Recovery plans		Risk reduction and compliance			2	2	4
Start date	2018-19		Undertake a review and refresh of the Council's Business Continuity and Disaster Recovery plans and arrangements in order to ensure that they are robust and fit for purpose.							
End date	2019-20									
Project 8		Project Title: Project Details:	Upgrade to Office 365		Improved effectiveness			4	3	12
Start date	2019-20		Complete works to upgrade from current version of Microsoft Office to Office 365 and implement cloud based services, including telephony.							
End date	2021-22									
Project 9		Project Title: Project Details:	Flexible Working (Phase 2)		Improved efficiency (savings)			3	2	6
Start date	2018-19		Phase two of the Flexible Working project will further promote the innovative use of modern IT technology, infrastructure and office accommodation in order to enable the Council to continue to deliver its services in the most efficient and cost-effective manner possible.							
End date	2019-20									

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD										
Resources										
PROJECT DESCRIPTION					MAJOR PROJECT BENEFIT			Risk		
								Likelihood	Impact	Score
Project 1		Project Title: Project Details:	Evaluation of future funding levels Analysis of all relevant information relating to local government finance. This will include details provided in annual Local Government Finance Settlements, Annual Budgets, Spending Reviews and other financial information published by the Government. This information is incorporated into the Council's MTFS and updated as part of annual Budget Setting Procedures. Modelling of the retained NNDR system will be undertaken along with sensitivity analysis.		Risk reduction and compliance Requires considerable horizon spotting activity.			2	3	6
Start date	2017-18									
End date	2021-22									
Project 2		Project Title: Project Details:	Financial systems re-engineering programme Procurement of a single integrated financial system to replace the suite of products that are currently used to provide GL, AP, P2P & AR functions. This involved a new chart of accounts and new ways of working, driving efficiencies throughout the organisation. The potential for joint working with neighbour boroughs is also currently being investigated. The system went live on 06/02/17 and the accounts were closed using the new system. A post-implementation review has been completed with key lessons learned. A programme of development has been agreed (system upgrades to new releases for E5, and collaborative planning together with a new Fixed Asset module). A permanent team of three people has been established within Business Planning to develop and maintain the system in accordance with legislation and best practice.		Improved effectiveness Lean reviews being undertaken on areas of operation.			2	2	4
Start date	2013-14									
End date	2019-20									
Project 3		Project Title: Project Details:	Develop and implement whole life costing for capital projects This project will be undertaken in four stages 1) Develop a template to capture appropriate information 2) Pilot the template on two selected schemes 3) Amend the template 4) Apply the template to selected schemes		Improved effectiveness			3	2	6
Start date	2018-19									
End date	2019-20									
Project 4		Project Title: Project Details:	Pilot Early closure of Accounts 2 years of early closing of accounts was undertaken in preparation of 17/18 when the early close deadlines applied. Work is currently underway to ensure the lessons learned from the 17/18 closedown process and external auditors comments are addressed and changes implemented for 18/19. Additional resource has been allocated to the closing of accounts team.		Improved effectiveness			1	3	3
Start date	2018-19									
End date	2019-20									
Project 5		Project Title: Project Details:	Universal Credit Implementation Implement the roll out of UC in Merton and provide a support framework to assist claimants claim UC and receive budgeting advice. Process has been delayed by Central Government - All job centres in Merton will implement UC for new claims in accordance with the procedures which Central Government finally determine.		Economic outcomes			2	1	2
Start date	2015-16									
End date	2019-20									
Project 6		Project Title: Project Details:	Council Tax support scheme During 18/19 options for a revised scheme will be reviewed for Council decision and possible implementation for 19/20. Moving forward we will review our discretionary rate relief for implementation in 19/20		Economic outcomes			2	1	2
Start date	2017-18									
End date	2019-20									
Project 7		Project Title: Project Details:	Review Debt Collection Processes With the implementation of the new Financial management computer systems a lean review of the existing debt collection processes is being undertaken as part of the system implementation.		Improved effectiveness			2	1	2
Start date	2015-16									
End date	2019-20									

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Shared Legal Services	Planning Assumptions							The Corporate strategies your service contributes to			
Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance	Anticipated demand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23				
Enter a brief description of your main activities and objectives below	Chargeable hours for Merton	19,125	19,125	19,125	17,632	17,632	17,632	Contribute to all Corporate Strategies			
The service delivers legal advice, support and representation to all services across the London Boroughs of Merton, Sutton, Richmond, Wandsworth and the Royal Borough of Kingston upon Thames, including to arms length delivery vehicles (Achieving for Children, and currently Sutton Housing Partnership) and several local authority trading companies.	Chargeable hours for Richmond	13,828	13,828	13,828	13,828	13,828	13,828				
	Chargeable hours for Sutton	22,835	22,835	22,835	22,835	22,835	22,835				
	Chargeable hours for Kingston	11,329	11,329	11,329	11,329	11,329	11,329				
	Chargeable hours for Wandsworth	22,487	22,487	22,487	22,487	22,487	22,487				
	Chargeable hours for Achieving for Children	11,222	11,222	11,222	11,222	11,222	11,222				
	Chargeable hours for Sutton Housing Partnership	2,516	2,516	2,516	2,516	2,516	2,516				
	Anticipated non financial resources	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23				
	Staff (FTE)	108.3	106.1	105.3	103.3	103.3	103.3				
	Apprentices	2	2	6	6	6	6				
The service also provides advice in relation to the constitution and decision making processes in all councils, and advice to members in relation to their roles.	Performance indicator	Actual performance (A) Performance Target (T) Proposed Target (P)					Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
		2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)					2022/23(P)
	Chargeable hours	105,229	103,722	103,939	103,939	103,939		High	Monthly	Business critical	Loss of income
	Income for SLLP	58,291	£100,000	£100,000	£100,000	£100,000		High	Quarterly	Outcome	Loss of income
	1st draft S106 agreement sent to client dept within 10 days	98.92%	90%	95%	95%	95%		High	Quarterly	Perception	Reputational risk
	Prosecutions - number of successful outcomes	99.75%	80%	85%	85%	85%		High	Quarterly	Perception	Reputational risk
	Provide FOI/EIR reviews within 20 working days	55%	80%	80%	80%	80%		High	Quarterly	Perception	Breach statutory duty

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Expenditure	6,759	10,200	6,892	98	7,023	6,908	6,908	6,908
Employees	5,928	6,140	6,047	200	6,168	6,053	6,053	6,053
Premises	5	6	5	0	5	5	5	5
Transport	28	19	28	(7)	28	28	28	28
Supplies & Services	559	3,596	567	(95)	574	574	574	574
3rd party payments	0	199	0	0	0	0	0	0
Support services	240	240	245	0	249	249	249	249
Depreciation								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Income	6,759	10,207	6,892	(100)	7,023	7,023	7,023	7,023
Government grants	0	0	0	0	0	0	0	0
Reimbursements	0	3,137	0	0	0	0	0	0
Customer & client receipts	6,759	7,070	6,892	(100)	7,023	7,023	7,023	7,023
Recharges	0	0	0	0	0	0	0	0
Capital Funded								
Council Funded Net Budget	(0)	(8)	(0)	(1)	(0)	(115)	(115)	(115)
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
	0	0	0	0	0	0	0	0



2019/20 Expenditure

- Employees
- Premises
- Transport
- Supplies & Services
- 3rd party payments
- Support services

2019/20 Income

- Customer & client receipts

Summary of major budget etc. changes	
2019/20	
2020/21	
2018-19 CS12 SLLP - reduction in legal demand £50k	
2019-20 CS14 Impose criminal litigation cap £20k	
2019-20 CS15 Reduce civil litigation legal support by 50% £45k	
2021/22	
2022/23	

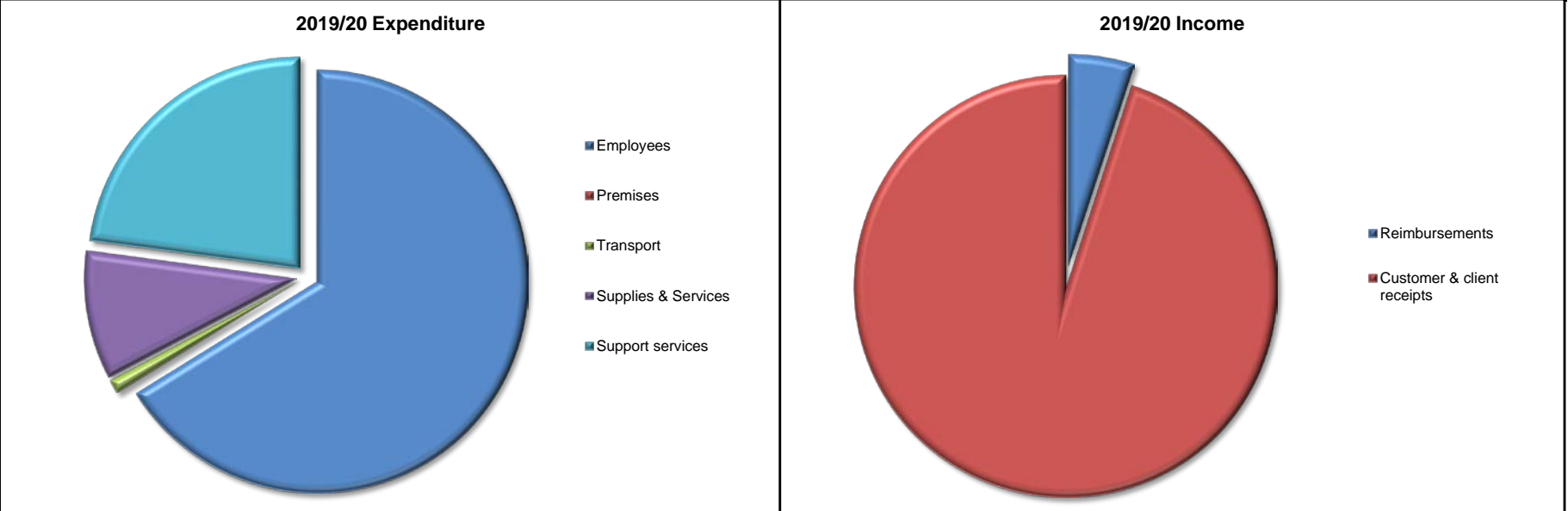
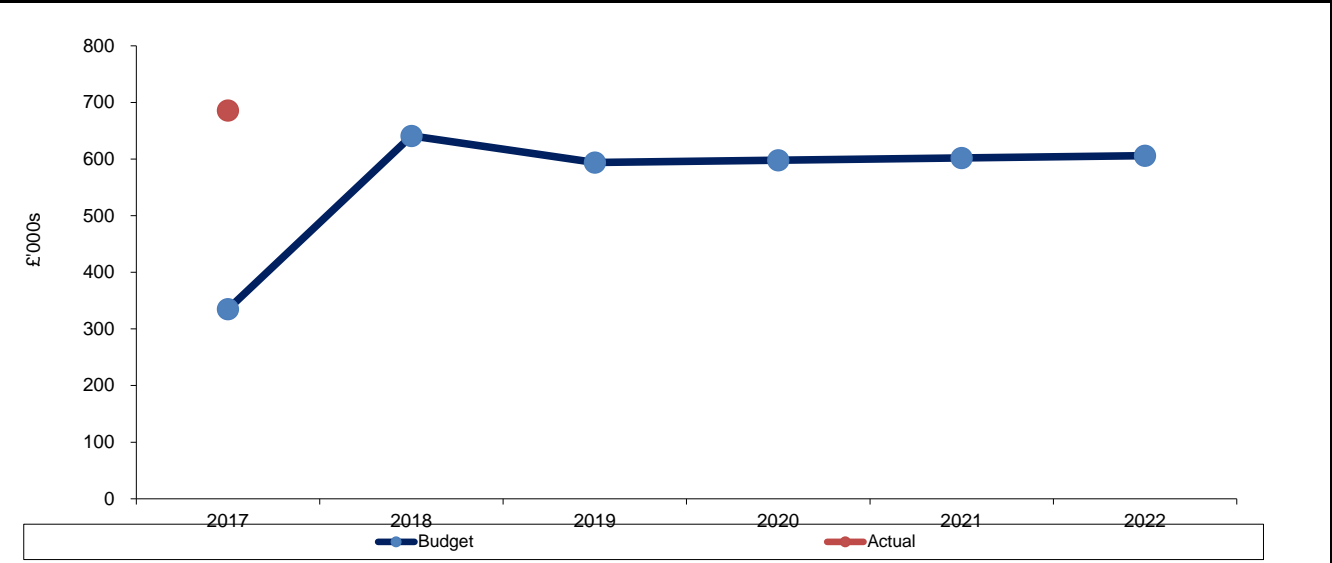
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD									
Shared Legal Services									
PROJECT DESCRIPTION					MAJOR PROJECTS BENEFITS			Risk	
								Likelihood	Impact
Project 1		Project Title: Project Details:	Increase 3rd party income To increase income from fees and charges of 3rd parties across all partner councils and explore generating income from providing legal advice and support to other authorities. Target: additional £290k	Economic outcomes			2	1	2
Start date	2019-20								
End date	2019-20								
Project 2		Project Title: Project Details:	Further expansion of SLLP To provide an expanded legal support and advice service to Achieving for Children. Income target for 2019/20 - £50k; target for 2020/21: £80k	Economic outcomes			2	1	2
Start date	2019-20								
End date	2020-21								
Project 3		Project Title: Project Details:	Develop Transactional Team To establish a transactional team for high volume routine matters to deliver efficiency savings	Improved effectiveness			2	1	2
Start date	2019-20								
End date	2020-21								

Environment & Regeneration

Development and Building Control	Planning Assumptions							The Corporate strategies your service contributes to			
Cllr Martin Whelton: Cabinet Member for Regeneration, Environment & Housing	Anticipated demand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23				
Enter a brief description of your main activities and objectives below	Enforcement cases	503	554	580	580	580	580	Economic Development Strategy			
Building Control Building Control competes with Approved Inspectors (AIS). We provide a Building Control Service in competition with AIS to deliver high quality Building Control advice and regulation. We also regulate safety of structures and sports grounds. Development control Promote sustainable regeneration by assessing and determining planning applications against the adopted policies for the built environment contained within the council's Core Strategy. Continue to implement the Mayoral Community Infrastructure Levy (CIL) charging regime. Objectives - continue to concentrate on the commercialisation of the Building Control (BC) service and maintain or improve the market share -- review the pre-application charging regime for Development Control (DC) and to investigate whether additional income generation is possible especially through Planning Performance Agreements. - implement mobile/flexible working to improve efficiency -as part of sustainable communities to enable a comprehensive development management process to encourage regeneration. - re-procure the M3 database (on going) - move away from expensive and transient temporary staff towards a more established and reliable staffing base	Planning applications (economy dependant)	3604	3678	3700	3700	3700	3700	Merton Regeneration Strategy			
	BC applications (economy dependant)	1600	1650	1700	1750	1750	1750	Medium Term Financial Strategy			
	Tree applications	600	557	550	550	550	550				
	Pre applications	112	114	115	115	115	115				
	Planning performance agreements	25	25	25	25	325	325				
	Prior approvals (permitted development)	640	640	640	650	650	650				
	Anticipated non financial resources	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23				
	Staff (FTE)	34	35	34	34	34	34				
	Performance indicator (LBC2020 indicators highlighted in purple)	Actual Performance (A) Performance Target (T) Proposed Target (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
		2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)	2022/23(P)				
	% Major applications processed within 13 weeks	73.16	67	68	69	70	70	High	Monthly	Quality	Reduced customer service
	% Minor applications processed within 8 weeks	63.04	67	71	72	73	73	High	Monthly	Quality	Reduced customer service
	% Other applications processed within 8 weeks	69.53	80	82	83	84	84	High	Monthly	Quality	Reduced customer service
	Volume of Planning applications Total	3077	4500	4400	4400	4400	4400	High	Monthly	Quality	Reduced customer service
	% appeals lost	27.13	35	35	35	35	35	Low	Quarterly	Perception	Reputational risk
	Income (Development and Building Control)	£1.579m	£1.888m	£1.886m	£1.886m	£1.886m	£1.886m	High	Monthly	Business critical	Loss of income
	% Market share retained by LA (BC)	51.88	54	54	54	55	55	High	Monthly	Perception	Loss of income
	Number of enforcement cases closed	231	450	520	530	540	540	High	Monthly	Quality	Reduced service delivery
	Backlog of enforcement cases	731	650	849	825	825	825	Low	Monthly	Output	Reduced service delivery

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Expenditure	2,537	2,454	2,616	(2)	2,580	2,584	2,588	2,592
Employees	1,594	1,645	1,642	53	1707	1707	1707	1707
Premises	2	7	2	(1)	2	2	2	2
Transport	26	13	26	(13)	27	27	27	28
Supplies & Services	180	100	242	(41)	254	258	262	265
3rd party payments	0		0	0	0	0	0	0
Transfer payments	0		0	0	0	0	0	0
Support services	735	689	704	0	590	590	590	590
Depreciation								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Income	2,202	1,768	1,975	258	1,986	1,986	1,986	1,986
Government grants	0		0	0	0	0	0	0
Reimbursements	84	207	87	(149)	99	99	99	99
Customer & client receipts	2,118	1,561	1,888	407	1887	1887	1887	1887
Recharges								
Reserves								
Capital Funded								
Council Funded Net Budget	335	686	641	256	594	598	602	606

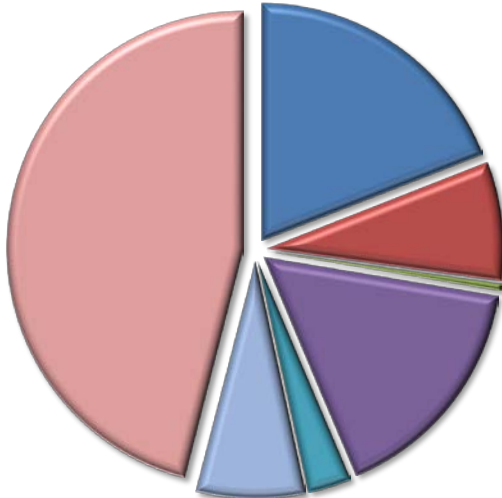

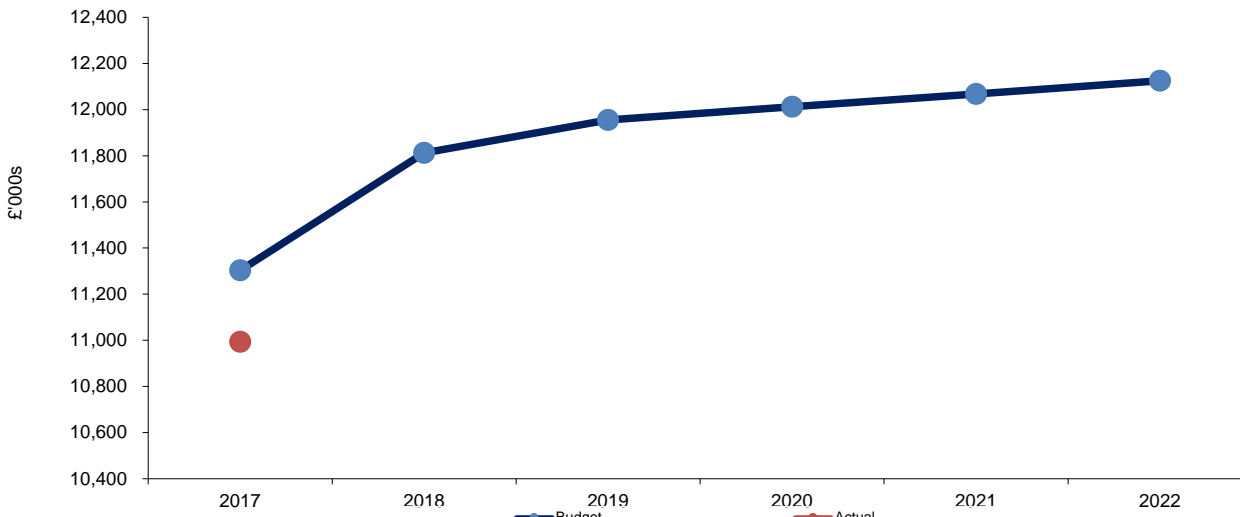
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
		0	0	0	0	0	0	0



Summary of major budget etc. changes	
2019/20	
2020/21	
2021/22	
2022/23	

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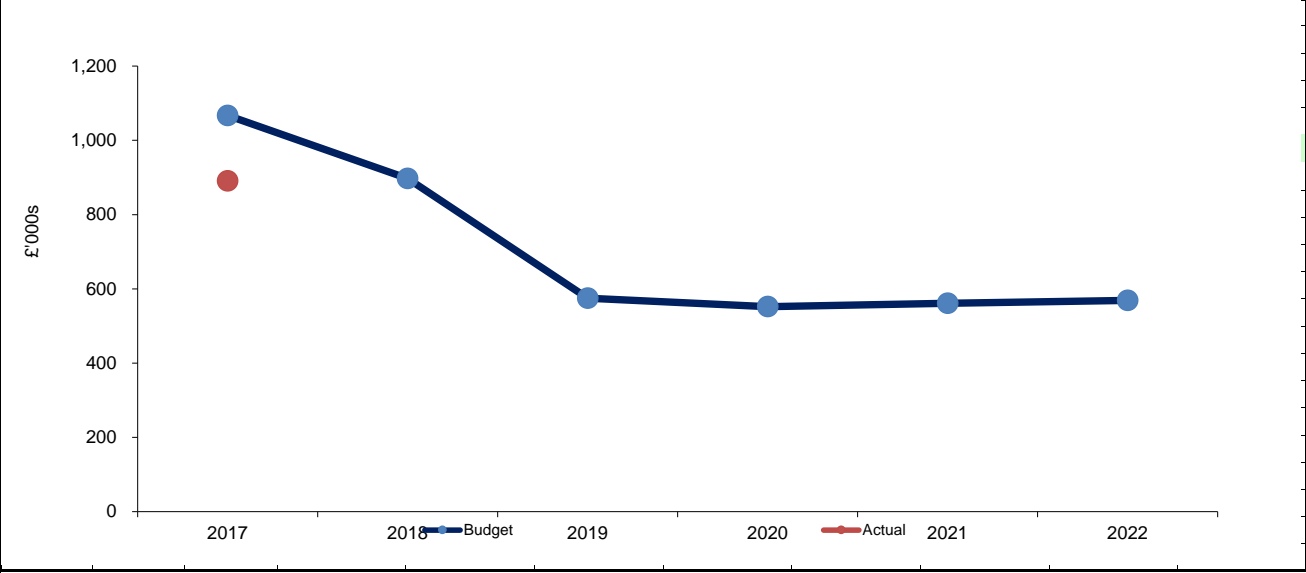
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD									
Development and Building Control									
PROJECT DESCRIPTION					MAJOR PROJECT BENEFIT			Risk	
								Likelihood	Impact
Project 1		Project Title: Project Details:	Commercialisation of Building Control This is to ensure Building Control is more commercially aware in a more competitive market.	Improved efficiency (savings) Additional income generation. More staff resilience			3	1	3
Start date	2018-19								
End date	2021-22								
Project 2		Project Title: Project Details:	Improving the development management processes As part of sustainable communities, continue to review the end to end development management process to deliver regeneration objectives.	Improved effectiveness Improve regeneration opportunities			2	2	4
Start date	2018-19								
End date	2021-22								
Project 3		Project Title: Project Details:	Developing eforms and M3 capability and e-payments Enforcement eforms, BC eforms . (currently delayed)	Improved customer experience Channel shift			4	1	4
Start date	2018-19								
End date	2020-21								
Project 4		Project Title: Project Details:	Lean review of pre-application process (part of TOM) To ensure the process is efficient and robust from a customer perspective and to investigate any further income opportunities.	Improved effectiveness income generation opportunities			6	1	6
Start date	2018-19								
End date	2020-21								
Project 5		Project Title: Project Details:	Re-procurement of M3 or equivalent IT system The re-procurement is well underway and the lift and shift planned. The next phase is the step up to the 'Assure' system	Improved effectiveness Improved Mobile working capability and better working practices			3	1	3
Start date	2018-19								
End date	2020-21								

Future Merton & Traffic and Highways					Planning Assumptions							The Corporate strategies your service contributes to					
Cllr Martin Whelton: Cabinet Member for Regeneration, Environment & Housing					Anticipated demand		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23					
Enter a brief description of your main activities and objectives below					Population (GLA housing-led 2016)		207,410	209,421	210,452	212,658	214,740	216,661	Air Quality Action Plan				
Future Merton is the council's lead on growth and strategic development for the long-term sustainability of the borough. Our primary objective is to make Merton a great place and enhance the quality of life of our residents.					Homes (GLA housing-led 2016)		83,937	84,210	84,483	85,762	87,041	88,320	Climate Change Strategy				
					Businesses (includes enterprises)		12,070	12,960	13,500	14,000	14,500	14,750	Community Plan				
					Electric Vehicles		250	300	350	400	500	600	Economic Development Strategy				
					Anticipated non financial resources		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Employment and Skills Action Plan				
The team plans and monitors the delivery of new housing in Merton and supports the creation of new businesses and jobs. We manage the council's Highway & Street Lighting contracts and ensure the borough's network of roads, footways, cycleways and street lighting are well maintained and safe.					Staff (FTE)		49	48	49	49	49	49	Health & Wellbeing Strategy				
													Local Plan				
													Local TfL Implementation Strategy				
The team also manage major town centre and estate regeneration projects and lead on the coordination of infrastructure projects such as Crossrail 2 and Tramlink. We are responsible for locally delivering our objectives in the Mayor's London Plan and Mayor's Transport Strategy.					Performance indicator (LBC2020 indicators highlighted in purple)		Actual Performance (A) Performance Target (T) Proposed Target (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
							2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)	2022/23(P)					
					New homes built (annual target)		648	435	1328	1328	1328	1329	High	Annual	Outcome	Loss of Government grant	
					Affordable Homes delivered		195	80	319	319	319	319	High	Annual	Outcome	Reduced service delivery	
					Number of public Electric Vehicle Charging Points		21	30	49	125	150	175	High	Annual	Outcome	Reputational risk	
					Number of business premises improved		29	10	10	10	10	10	High	Annual	Outcome	Reputational risk	
					Street light repairs (days taken to attend)		1.90	3	3	3	3	3	Low	Quarterly	Quality	Reduced customer service	
					Road emergency call outs (% attended to)		99.72	98	98	98	98	98	High	Monthly	Business critical	Reduced customer service	
					Carriageway condition (% not defective, unclassified road		75	75	75	75	75	75	High	Annual	Quality	Increased costs	
					Footway condition (% not defective, unclassified road		75	75	75	75	75	75	High	Annual	Quality	Increased costs	
					Streetwork inspections		32.79	37	37	38	38	38	High	Quarterly	Quality	Increased costs	
					Streetwork permitting (% issued on time)		99.92	98	98	98	98	98	High	Monthly	Output	Loss of income	
					DEPARTMENTAL BUDGET AND RESOURCES												
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	<div>2019/20 Expenditure</div>  <div>■ Employees ■ Premises ■ Transport ■ Supplies & Services ■ 3rd party payments ■ Transfer payments ■ Support services ■ Depreciation</div>								
Expenditure	15,409	14,966	14,905	160	14,762	14,819	14,875	14,932									
Employees	2,754	2,716	2,470	53	2817	2817	2817	2817									
Premises	1,273	1,346	1,358	(17)	1192	1209	1226	1243									
Transport	106	92	110	(11)	69	71	72	74									
Supplies & Services	2,693	2,381	2,556	165	2366	2398	2429	2461									
3rd party payments	420	410	644	(30)	435	441	448	454									
Transfer payments	0	0	0	0	0	0	0	0									
Support services	1,596	1,454	1,200	0	1093	1093	1093	1093									
Depreciation	6,567	6,567	6,567	0	6790	6790	6790	6790									
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23						<div>2019/20 Income</div>  <div>■ Government grants ■ Reimbursements ■ Customer & client receipts</div>			
Income	4,106	3,972	3,093	(153)	2,807	2,807	2,807	2,807									
Government grants	295	282	1	33	1	1	1	1									
Reimbursements	1,615	1,712	1,222	22	804	804	804	804									
Customer & client receipts	1,943	1,778	1,870	(208)	2002	2002	2002	2002									
Recharges	253	200	0	0	0	0	0	0									
Council Funded Net Budget	11,303	10,994	11,812	7	11,955	12,012	12,068	12,125									
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	<div>Summary of major budget etc changes</div> <div>2019/20</div> <div>E4 = £100k ERG1 (Growth) = £150k ENV1819-05 = £55k</div> <div>2020/21</div> <div>2021/22</div> <div>2022/23</div>								
Highway Maintenance		4,495	4,349	0	3,877	3,377	3,377	3,127									
Transport Improvement		1,515	878	1	425	0	0	0									
Regeneration		2,063	721	0	2,321	3,025	3,033	0									
Other		11	0		0	0	35	0									
		8,085	5,948	1	6,623	6,402	6,445	3,127									
<div>£'000s</div>  <div>● Budget ● Actual</div>																	

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD								
Future Merton & Traffic and Highways								
PROJECT DESCRIPTION				MAJOR PROJECT BENEFITS		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	Estate Regeneration	Infrastructure renewal		3	2	6
Start date	2014-15	Project Details:	Working with Clarion Housing Group to deliver investment in new homes and the regeneration of High Path, Eastfields and Ravensbury estates. Supported by the preparation of a Local Plan (DPD) Also working with Moat housing to co-ordinate investment in regenerating Pollards Hill.	- Deliver more homes, including affordable homes (performance indicator) - improve quality of homes for existing and new residents - help address issues of overcrowding for existing residents				
End date	2024-25							
Project 2		Project Title:	Future Wimbledon & Crossrail 2	Economic outcomes		3	4	12
Start date	2014-15	Project Details:	Identifying the growth potential of Wimbledon as the premier business hub in South London. Explore investment and development opprtunities in advance of Crossrail2 and linked to its long-term delivery, and improving the quality of architecture, design and placemaking. Masterplan (2018/2019) Local Plan 2020	- Support business and jobs growth in Merton (performance indicator) - Improve economic resilience for the borough (retaining businesses and jobs) - improve quality of life and Merton's reputation through design and infrastructure quality in advance of and to inform the development of Crossrail2				
End date	2022-23							
Project 3		Project Title:	Morden Town Centre Regeneration	Economic outcomes		3	2	6
Start date	2014-15	Project Details:	Growth, investment and intensification to support regeneration in Morden. Collaborative partnership with TFL Commercial Property to attract a development partner to Morden in 2019. New development and investment in the streetscape and public realm from 2019-2022	- Deliver more homes, including affordable homes (performance indicator) - improve Merton's reputation through improved placemaking, design and public realm (performance indicators) - improve the condition and value of Merton's assets including streets and landholdings				
End date	2025-26							
Project 4		Project Title:	Merton's New Local Plan 2020	Economic outcomes		3	2	6
Start date	2017-18	Project Details:	Refreshing Merton's current Local Plan suite of documents (Core Strategy 2011, Sites & Policies 2014) to form a new statutory Local Plan for 2020. The plan will guide new development, infrastructure, growth areas, sustainability and design quality.	- Deliver more homes including affordable homes (performance indicator) - Improve quality of life and Merton's reputation through improved placemaking, design and public realm (performance indicator) - Improve the condition and value of Merton's assets including streets and landholdings				
End date	2020-21							
Project 5		Project Title:	Merton's Transport Local Implementation Plan	Economic outcomes		2	2	4
Start date	2018-19	Project Details:	Setting out the strategy and funding bids to Transport for London to interpret and deliver the Mayor of London's transport strategy in Merton	- improve Merton's reputation through better urban design and public realm (performance indicators) - Imcrease funding into the borough for healthy streets, active travel and different transport modes				
End date	2020-21							
Project 6		Project Title:	Merton's new Highways contract	Improved effectiveness		3	2	6
Start date	2019-20	Project Details:	Re-procuring Merton's highways maintenance contract to ensure that the borough's streets, roads and paths are well maintained and built	- improve Merton's reputation through better urban design and public realm (performance indicators) - maintain or improve the condition of the carriageway and footway (performance indicators) - improve reslience in maintaining the streetscene and public realm				
End date	2020-21							

Leisure & Cultural Development		Planning Assumptions							The Corporate strategies your			
Cllr Nick Draper Cabinet Member for Community & Culture		Anticipated demand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	service contributes to			
Enter a brief description of your main activities and objectives below		Population	207,410	209,421	210,452	212,658	214,740	216,661	Asset Management Plan			
Main Activities: Build infrastructure to enable local people to engage in healthy living and lifestyle changes through increased involvement and participation in sports, arts, cultural and physical activities and events, by working with partners to increase the number, scope and quality of facilities, programmes, activities and events on offer.	Main Objectives: - Develop solutions and implement plans to de-silt & mitigate flood risk at Wimbledon Park Lake - Deliver the London Borough of Culture Impact Award in partnership with the Culture Advisory Group and the GLA - Commission works to determine the most effective management solution for the Watersports Centre and implement the approved solution - Deliver a Playing Pitch Strategy and take it through a formal process to be adopted by the Council - Commission culture, arts & sports services where funding allows or with external funding - Deliver core service functionalities including operation of Watersports Centre, Morden Assembly Hall, Ride London, Mini Marathon, AELTC Tennis Staff Draw, Tennis Car Parking, Fireworks, etc. - Manage the Leisure Centres Contract; Wimbledon Theatre Lease; Dudley Hall Lease; ACAVA leases; - Polka Grant; Attic Theatre Grant; GLA - LBOC Grant; etc - Develop and deliver Invest to Save proposals, wherever possible.	Size of Catchment for Wimbledon Park Watersports Centre - No. of Children & Young People aged 8-17 in wards in west of borough	8,200	10,755	11,090	11,457	11,713	11,854	Children & Young person's Plan			
		Population of most disadvantaged wards	128,100	110,368	110,843	112,038	113,198	114,260	Cultural Strategy			
								1,124,265	Community Plan			
Anticipated non financial resources		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Open Spaces Strategy				
Staff (FTE)		7.8	7.8	8.8	8.8	8.8	8.8	Social Inclusion Strategy				
Accommodation		7	7	7	7	7	7	Voluntary Sector Strategy				
Volunteers		20	25	30	35	40	40					
Staff seasonal		30	30	30	30	30	30					
Performance indicator		Actual Performance (A) Performance Target (T) Proposed Target (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
		2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)	2022/23(P)					
Income £ from Watersports Centre		376,165	365,000	365,000	365,000	365,000	365,000	High	Monthly	Business critical	Loss of income	
11-25 yr old Fitness Centre Participation at leisure centres		110,239	104,000	103,100	106,120	108,546	109,626	High	Monthly	Output	Reduced uptake of service	
Annual Residents Survey Performance Measure on Leisure Facilities - % residents rating facilities Good to Excellent		N/A	80	80	N/A	80	N/A	High	Biennial	Output	Reduced customer service	
Total Number of Users of Merton's Leisure Centres		997,355	1,092,592	1,092,000	1,102,026	1,115,078	1,124,265	High	Monthly	Outcome	Reduced customer service	
Total Number of Users of Polka Theatre		94,035	87,226	18,700	97,000	101,670	111,030	High	Quarterly	Output	Reduced uptake of service	

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Expenditure	1,844	1,918	1,729	(8)	1,984	1,961	1,970	1,978
Employees	538	547	509	(49)	688	688	688	688
Premises	282	370	286	150	435	439	444	448
Transport	8	5	7	(1)	5	5	5	5
Supplies & Services	326	353	255	(56)	217	190	194	198
3rd party payments	40	2	54	(52)	0	0	0	0
Transfer Payments	0	0	0	0	0	0	0	0
Support services	200	191	168	0	159	159	159	159
Depreciation	450	450	450	0	480	480	480	480
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Income	777	1,027	832	(57)	1,409	1,409	1,409	1,409
Government grants								
Reimbursements	58	58	72	186	176	176	176	176
Customer & client receipts	719	969	760	(243)	1,233	1,233	1,233	1,233
Recharges	0							
Reserves								
Capital Funded								
Council Funded Net Budget	1,067	891	897	(65)	575	552	561	569
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Morden Leisure Centre		6,254	5,865	0	580	0	0	0
Wimbledon Park Lake de-silting		0	33	0	1367	0	0	0
Other		628	340	0	400	250	250	250
		6,883	6,238	0	2,347	250	250	250



2019/20 Expenditure

- Employees
- Premises
- Transport
- Supplies & Services
- 3rd party payments
- Transfer Payments
- Support services
- Depreciation

2019/20 Income

- Reimbursements
- Customer & client receipts

Summary of major budget etc changes

2019/20

ENR10 = £300k
ENV1819-01 = £60k

2020/21

2021/22

2022/23

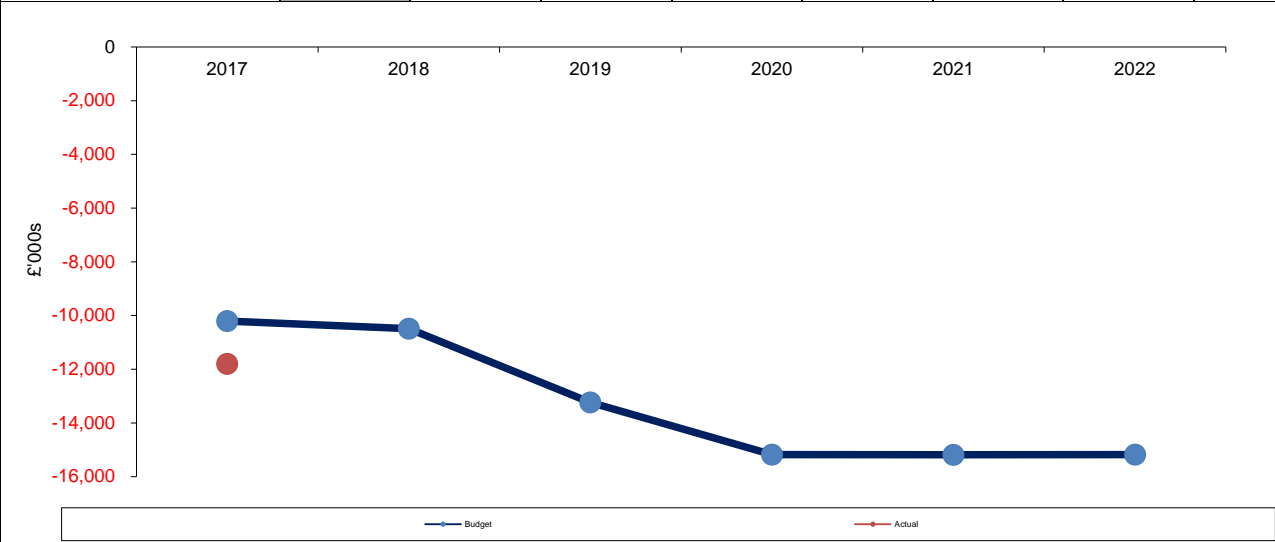
E3 = £30k

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD									
Leisure & Cultural Development									
PROJECT DESCRIPTION					MAJOR PROJECT BENEFIT		Risk		
Project 1		Project Title:	Implement the Wimbledon Park Lake Flood Risk & De-silting Plans		Risk reduction and compliance		Likelihood	Impact	Score
Start date	2017-18	Project Details:	Develop solutions and plans to de-silt and mitigate flood risk at Wimbledon Park lake.		Flood risk alleviation works implemented. De-silting of lake within financial envelope		4	3	12
End date	2023-24								
Project 2		Project Title:	London Borough Of Culture - Merton		Improved customer experience		2	2	4
Start date	2017-18	Project Details:	Deliver the London Borough of Culture Impact Award in partnership with the Culture Advisory Group and the GLA		Increased cultural activities through film primarily to the east of the borough. Enhancing the lives of many within the community through culture.				
End date	2020-21								
Project 3		Project Title:	Wimbledon Park Watersports Centre		Improved sustainability		2	2	4
Start date	2018-19	Project Details:	Commission works to determine the most effective management solution for the Watersports Centre and implement the approved solution.		Established best business model for centre's future				
End date	2020-21								
Project 4		Project Title:	Playing Pitch Strategy		Improved reputation		2	1	2
Start date	2017-18	Project Details:	Deliver a Playing Pitch Strategy and take it through a formal process to be adopted by the Council		Adopted Merton Playing Pitch Strategy				
End date	2019-20								
Project 5		Project Title:	Commission Culture & Sport Services		Improved customer experience		2	1	2
Start date	2018-19	Project Details:	Commission culture, arts and sports services where funding allows or with external funding		Increased culture, sports and arts offer.				
End date	2022-23								
Project 6		Project Title:	Leisure & Culture Development Services		Improved customer experience		2	2	4
Start date	2017-18	Project Details:	Deliver core service functionalities including operation of Watersports Centre, Morden Assembly Hall, Ride London, Mini Marathon, AELTC Tennis Staff Draw, Tennis Car Parking, Fireworks, etc.		Effective and efficient service delivery				
End date	2022-23								
Project 7		Project Title:	Contract and Grants Administration		Risk reduction and compliance		2	2	4
Start date	2017-18	Project Details:	Manage the Leisure Centres Contract; Wimbledon Theatre Lease; Dudley Hall Lease; ACAVA leases; Polka Grant; Attic Theatre Grant; GLA - LBOC Grant; etc		Compliant delivery of services producing benefits expected within budget available				
End date	2022-23								
Project 8		Project Title:	Invest to Save Projects		Improved efficiency (savings)		1	1	1
Start date	2019-20	Project Details:	Develop and deliver invest to save proposals, wherever possible.		Generate Savings				
End date	2022-23								

Parking	Planning Assumptions							The Corporate strategies your			
Cllr Martin Whelton: Cabinet Member for Regeneration, Environment & Housing	Anticipated demand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	service contributes to			
Enter a brief description of your main activities and objectives below	Population growth	207,410	209,421	210,452	212,658	214,740	216,662	Transport Plan			
	Number of CPZ's based upon 5% growth	61	64	67	70	73	77	Safer & Stronger Strategic Assessment			
	Number of diesel Permits issued. It is anticipated that through the diesel levy the number of diesel cars will reduce.	5,919	5,919	5,000	4,500	4,250	4,000	Performance Management Framework			
The service is required to enforce parking regulations to ensure the through flow of traffic can be maintained and ensuring residents and blue badge holders have the ability to park in bays they have a permit or badge for. Surplus income generated by traffic management must be used for transport related areas.	Anticipated non financial resources	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Air Quality Action Plan			
	Staff (FTE)	83.50	81.50	73.50	71.50	71.50	71.50	Climate Change Strategy			
	Transport (Fleet Vehicle requirements)	12	12	10	10	9	8	Customer Contact Strategy			
								Health & Wellbeing Strategy			
The section is responsible for the management of 14 car parks within the borough along with the management of 400+ P&D machines, including cash collections and reconciliation. The management of cashless parking is also the responsibility of Parking Services.	Performance indicator	Actual Performance (A) Performance Target (T) Proposed Target (P)					Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
		2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)					2022/23(P)
The section is responsible for the processing of all Permit applications in the management of CPZ .	Online % of Permits applied/processed online	N/A	N/A	55%	60%	65%	70%	High	Monthly	Unit cost	Increased costs
	Online % of PCN Appeals received online	N/A	N/A	55%	60%	65%	70%	High	Monthly	Unit cost	Increased costs
All appeals to PCNs issued are also managed within Parking Services.	Blue Badge Inspections	N/A	N/A	100	150	200	250	High	Monthly	Perception	Increased fraud
	Total cashless usage against cash payments at machines.	N/A	N/A	60%	65%	70%	75%	High	Monthly	Business critical	Reduced uptake of service
	Percentage of cases 'heard ' and won at ETA	71%	72%	73%	75%	77%	79%	High	Quarterly	Quality	Poor decision making
	Sickness - No. days per FTE (12 month rolling average).	18.51	8	8	8	8	8	Low	Monthly	Business critical	Reduced service delivery
Objectives:											
- enforce parking regulations across the borough including Controlled Parking Zones and bus lanes and measures to improve traffic enforcement efficiency, specifically											
- to provide an excellent customer service in the management of Permit processing, PCN appeals and associated email and phone communications.											
- To ensure our parking facilities and payment solution are working well and are easy to use by our customers.											
- To contribute key council objectives such as Public Health, Air Quality, Mayor's Transport Strategy and the Local Implementation Plan.											

BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Expenditure	6,139	6,681	6,479	323	5,770	5,723	5,719	5,727
Employees	3,078	3,423	3,140	176	2,857	2,800	2,800	2,800
Premises	646	719	716	50	747	758	768	779
Transport	103	115	121	6	128	130	132	134
Supplies & Services	476	512	472	53	429	422	403	395
3rd party payments	268	305	272	38	222	226	229	232
Transfer payments	0		0	0	0	0	0	0
Support services	1,380	1,419	1,586	0	1,176	1,176	1,176	1,176
Depreciation	188	188	172	0	211	211	211	211
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Income	16,346	18,482	16,966	(1,522)	19,003	20,903	20,903	20,903
Government grants								
Reimbursements	162	69	118	(4)	0	0	0	0
Customer & client receipts	16,184	18,413	16,848	(1,518)	19,003	29,903	20,903	20,903
Recharges								
Reserves								
Capital Funded								
Council Funded Net Budget	(10,207)	(11,801)	(10,487)	(1,199)	(13,233)	(15,180)	(15,184)	(15,176)

Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Parking Improvements		28	0	0	60	0	0	0
CCTV Investment		191	230	0	0	0	0	0
		220	230	0	60	0	0	0



2019/20 Expenditure

Category	Amount (£'000s)
Employees	2,857
Premises	747
Transport	128
Supplies & Services	429
3rd party payments	222
Transfer payments	0
Support services	1,176
Depreciation	211

2019/20 Income

Category	Amount (£'000s)
Customer & client receipts	18,413

Summary of major budget etc. changes	
2019/20	Replaced saving (ENV03) = £45k - reduce number of CEO team leaders Replaced saving (ALT2) = £57k - 2fte reduction in admin/processing roles ENV1819-03 = £1,900k - review of parking supply/demand - link to Air Quality Strategy Replaced saving (ALT3) = £14k - reduction in number of P&D machines
2020/21	ENV1819-02 = £57k - 2fte reduction in admin/processing roles ENV1819-03 = £1,900k - review of parking supply/demand - link to Air Quality Strategy ENV1819-04 = £13k - reduction in number of P&D machines
2021/22	ENV1819-04 = £26k - reduction in number of P&D machines
2022/23	ENV1819-04 = £14k - reduction in number of P&D machines

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD								
Parking								
PROJECT DESCRIPTION				MAJOR PROJECT BENEFIT		Risk		
						Likelihood	Impact	Score
Project 1		Project Title:	ICT Update	Improved effectiveness		2	2	4
Start date	2018/19		Implementation of a new software system for PCNs, Permits, Customer Appeals and improved data management and analysis.	The new system will give the ability to direct the nearest CEO to the location of a complaint, improving response times and increasing customer satisfaction with Parking Services. Plotting PCNs on a map and producing an enforcement 'heat map' will help us to better understand compliance across the borough. This in turn will help us to deploy our resources more effectively by directing staff to the areas with lowest compliance. Mapping will also enable us to monitor performance and ensure that every road in a Controlled Parking Zone is patrolled regularly.				
End date	2019-20		Project description The purpose of this project is to procure a PCN and permit management system, which will be hosted and managed by the supplier. The system will include the following features or functions: • Mobile enforcement software (for on-street officers to issue PCNs using smartphones and a Bluetooth-connected printer), • Hosted software system for managing PCNs from issue through to closure. • Customer-facing website for appealing against, viewing evidence for, and paying PCNs • Integration with our existing Siemens Zengrab ANPR (Automatic Number Plate Recognition) enforcement system, • Geographical information (Civil Enforcement Officer (CEO) and PCN mapping) • Workflow management • Integrated payment processing, • Customer-facing website for applying for and managing parking permits, including cancelling and amending permits. • Hosted software system, accessed over the Internet, for staff to process permits and permit applications. • The ability to issue 'Virtual' or paperless permits • Issue and management of parking suspensions and dispensations. • Integrated payment processing, • Management information reports, • Integration with corporate and third party systems. • Standard letters and paragraphs	The new system will also allow us to better use our two ANPR enforcement vehicles to patrol Controlled Parking Zones. A new permit system will bring numerous benefits including improved self-serve online functionality; the ability to operate an emissions-based charging scheme; and 'virtual' permits. Virtual parking permits are issued digitally rather than as a physical device that customers display in their vehicle. CEOs check for permits by entering the vehicle registration into their handheld device or checking VRMs against a downloaded list of valid permits. The registration is then checked against a list of valid permits downloaded to the handheld. We already use this process with our RingGo cashless parking service, and customers will be familiar with it since DVLA stopped issuing paper discs for the Vehicle Excise Licence. Issuing permits virtually will mean residents and businesses no longer need to wait to receive their permits in the post. All functions (changing address/vehicle and cancelling permits) are carried out manually by the permit team. A new system will move these transactions online, improving the customer experience and reducing the workload of the permits team.				
Project 2		Project Title:	Review Diesel Levy, CO2 emission based charging and use of cashless.	Improved effectiveness		2	1	2
Start date	2018-19		The Section will undertake a review of the diesel level as requested by Members during the implementation of the levy. In addition the principle of CO2 emission based charging will be investigated with a view to introducing emission based charging on all parking and permit activity in the borough.	We will review our diesel levy in 2019 to ensure that this is pushing change and reducing emissions in the borough. 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.				
End date	2019-20		Project Details:	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 quality in the Borough. Within the 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. 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. 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. There is a clear logic which is now commonplace in London for a higher premium to be charged for vehicles that have high emissions, and a lower charge for cars that have lower emissions. This principle will be reviewed along with the diesel levy in early 2019 and reported back to Members. The review will also consider options for emission based charging based on individual parking sessions which take place on a day to day basis in our car parks and on street. Technology is developing quickly to be able to deliver this form of charging and the 2019 report will update Members. It is clear in this context the vital role that Parking must play in moving motorists towards more sustainable modes of transport and less polluting vehicles. Most 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 are designed to reflect the key policies and objectives.				
Project 3		Project Title:	Cashless and P&D Machine removal	Improved efficiency (savings)		2	2	4
Start date	2018-19		To facilitate the CO2 emission based charging increased transactions need to take place on a cashless platform. To encourage uptake of cashless payment over cash in the machine payments a publicity campaign will take place along with the removal of a number of P&D machines.	Cashless parking is central to the TOM objective of introducing emissions-based charging for all parking sessions, as our existing ticket machines are not capable of performing the DVLA database lookup that is required in order to determine the fuel type or emissions of a particular vehicle.				
End date	2021-22		Project Details:	The cashless parking service allows motorists to pay for parking using their mobile phone and a debit/credit card via an app, mobile webpage, or automated telephone service. This payment method offers several advantages over buying a paper ticket from a machine: • No need to carry change for parking • Customers can extend their parking time (subject to the maximum stay) without having to return to their vehicle. • Customers can choose to receive a reminder text when their session is due to expire. • Online account where customers can view a record of their parking sessions, print invoices etc.				
Project 4		Project Title:	Public Health, Air Quality and sustaiaible transport - a strategic approach to parking charges.	Select one major benefit		3	2	6
Start date	2018-19		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.	The help meet the aims of the Council's Public Health, Air Quality and Transport objectives. The project will contibute towards a change in driver behaviour and to ensure that we can provide a modern, efficient and environmentally sustainable transport policy for residents, visitors, businesses now in the future.				
End date	2019-20		Project Details:	The project falls into 4 phases: 1. Policy justification and recommendation, 2. Consultation and approval process 3. implementation and 4. review.				

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Commissioned Service				<div>The service maintains and develops Merton's numerous parks & open spaces (more than 115 separate sites), including sports facilities (including pavilions), gardens, playgrounds (more than 40), the borough's highways verges, and the management of its cemetery and allotments services. The portfolio also includes support for, and the production of, a varied programme of outdoor events from small community to large commercial ones in parks, including the annual civic fireworks displays, Mitcham Carnival and elements of the Wimbledon (tennis) Championships. The service manages more than 50,000 Council-owned trees and several nature reserves. Greenspaces serves as the managing agent for Mitcham Common (for the Mitcham Common Conservators) and the Merton & Sutton Joint Cemetery (for the Merton & Sutton Joint Cemetery Board).</div> <div>The grounds maintenance elements of the service are outsourced to idverde UK Limited, under a long-term contract (up to 24 years from 2017) and is overseen by the Greenspaces client team who, in addition, retain overall responsibility for policy, strategy & investment in the borough's parks & open spaces.</div>							
Parks & Green Spaces											
Cllr Nick Draper Cabinet Member for Community & Culture											
Service Provider: idverde UK Ltd											
Planning Assumptions										The Corporate strategies the service contributes to	
Anticipated demand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23					
Increased demand for sports pitches & sports activities (Total number of bookings)	1%	1%	1%	1%	1%	1%	Open Space Strategy				
Attendance at major community outdoor events (No. of people)	60,000	70,000	75,000	80,000	85,000	90,000	Culture and Sport Framework				
Number of funerals at LBM cemeteries (not MSJC)	155	160	165	170	175	180					
Anticipated non financial resources	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23					
Contractors	Contract price and schedule of rates										
Client-side team (Lot 2 contract, retained services & policies)	9.1(A)	8.7	8.9	8.9	8.9	8.9	Open Space Strategy				
Performance indicator (LBC2020 indicators highlighted in purple)	Performance Targets (T) & Provisional Performance Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
	2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)	2022/23(P)					
% of residents (all service users) rating parks & green spaces good or very good (ARS)	N/A	76	N/A	78	N/A	80	High	Biennial	Perception	Reputational risk	
Young peoples % satisfaction with parks & green spaces (ARS)	N/A	75	N/A	77	N/A	79	High	Biennial	Perception	Reputational risk	
Number of Green Flag Awards	5	6	6	6	7	7	High	Annual	Quality	Reputational risk	
Number of outdoor event-days in parks	130	135	140	145	150	155	High	Monthly	Outcome	Reputational risk	
Income from outdoor events in parks	N/A	N/A	531,230	531,230	531,230	531,230	High	Annual	Outcome	Financial	
Average Performance Quality Score (Grounds Maintenance Standards)	N/A	N/A	5+	5+	5+	5+	High	Annual	Outcome	Reputational risk	
Annual basal & epicormic growth programme completion by 31 Aug each year)	N/A	N/A	100%	100%	100%	100%	High	Annual	Outcome	Reputational risk	
Number of street trees planted	N/A	N/A	235	240	245	250	High	Annual	Output	Environmental issues	
Financial Information								Additional Expenditure Information			
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Savings: E5 (2019/20) = £50k E6 (2019/20) = £40k		
Expenditure	4,660	5,763	4,175	135	4,109	4,151	4,192	4,234			
Employees	462	476	459	53	469	469	469	469			
Premises	600	799	582	(13)	608	616	624	632			
Transport	82	86	82	24	45	46	47	48			
Supplies & Services	350	378	306	-22	309	314	318	323			
3rd party payments	1,685	2,177	1,857	93	1,979	2,007	2,035	2,063			
Transfer payments	0	0	0	0	0	0	0	0			
Support services	1,147	1,513	543	0	463	463	463	463			
Depreciation	334	334	346	0	236	236	236	236			
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23			
Income	2,786	3,137	2,239	142	2,401	2,401	2,401	2,401			
Government grants	0	9	0	0	8	8	8	8			
Reimbursements	275	311	354	38	418	418	418	418			
Customer & client receipts	1,888	1,827	1,885	104	1,975	1,975	1,975	1,975			
Recharges	623	990									
Reserves											
Council Funded Net Budget	1,874	2,626	1,936	277	1,708	1,750	1,791	1,833			
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23			
Parks Investment		245	520	0	1,055	800	479	354			
		245	520	0	1,055	800	479	354			

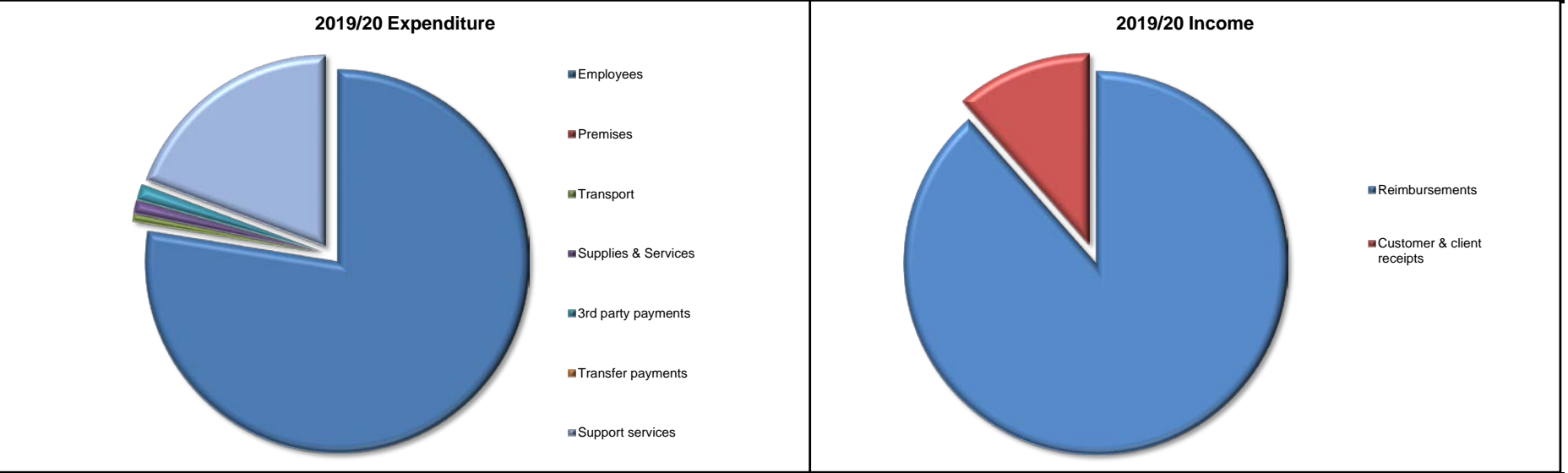
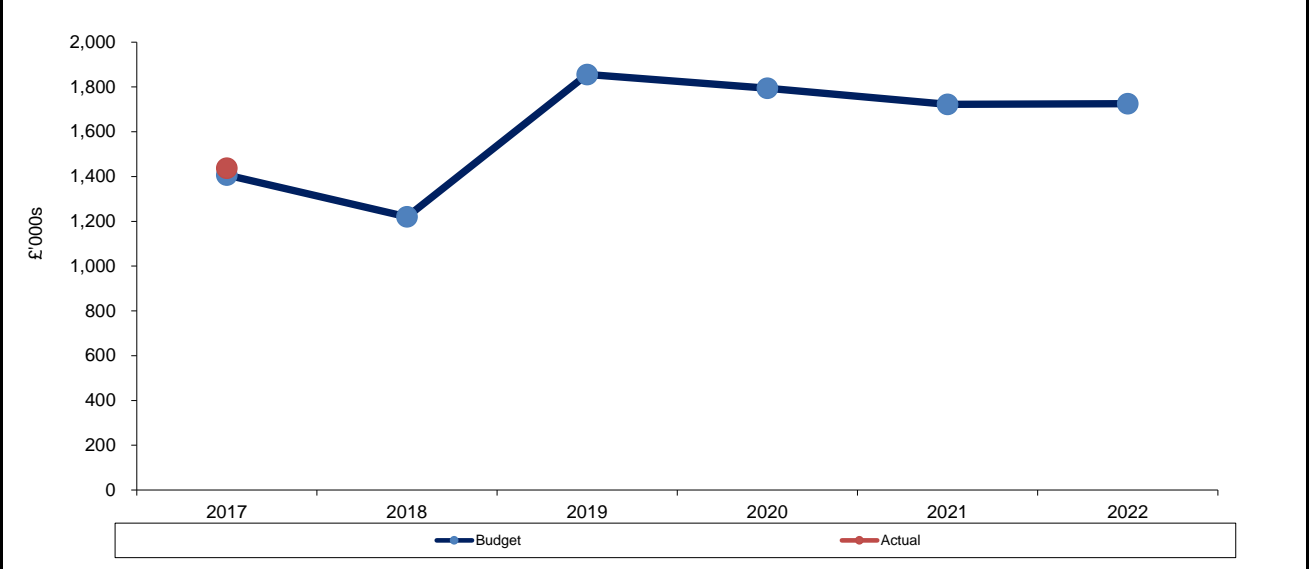
DETAILS OF MAJOR PROJECTS								
Parks & Green Spaces								
PROJECT DESCRIPTION				MAJOR PROJECTS BENEFITS		Risk		
						Likelihood	Impact	Score
Project 1		Project Title: Project Details:	Greenspaces TOM Production & implementation of Target Operating Model for Greenspaces	Improved effectiveness		3	2	6
Start date	2017-18			Various benefits & enhancements across a range of services & themes				
End date	2022-23							
Project 2		Project Title: Project Details:	Greenspaces Commercialisation Increased commercialisation across a range of Greenspaces services and open spaces	Improved efficiency (savings)		3	2	6
Start date	2017-18			Diversifying the outdoor events portfolio, including new commercial events to increase income. Working with our new grounds maintenance service provider, idverde, to increase income for the service, especially from sport & recreational activities				
End date	2022-23							
Project 3		Project Title: Project Details:	Canons House & Rec Restoration Delivery of Lottery-funded Canons Restoration Project	Improved customer experience		3	2	6
Start date	2017-18			Multi-million pound investment project to restore, conserve & improve recreational opportunities at Canons Recreation Ground & Canons House.				
End date	2021-22							
Project 4		Project Title: Project Details:	Morley Park Transfer, opening & establishment of Morley Park as a community space with public access	Improved customer experience		2	1	2
Start date	2017-18			Opening & development of a brand new public open space in West Wimbledon, comprising informal recreational areas, nature conservation features & sports facilities				
End date	2019-20							
Project 5		Project Title: Project Details:	Phase C, Lot 2 Contract Embedding new systems & processes and ensuring quality & performance standards in relation to Phase C, Lot 2 grounds maintenance contract	Improved reputation		3	2	6
Start date	2017-18			Working with our grounds maintenance contractor, idverde, to maintain & improve green spaces & recreational services at a lower cost				
End date	2022-23							
Project 6		Project Title: Project Details:	Re-use of Parks Assets Re-use of surplus & redundant parks facilities and re-modelling of under-utilised properties: pavilions, yards & mess rooms and other parks assets	Improved efficiency (savings)		2	1	2
Start date	2017-18			Increased income & preservation of some existing parks assets				
End date	2022-23							
Project 7		Project Title: Project Details:	Review of Arboricultural Services Review & reconfiguration of current arboricultural service provisions, systems & polices in order to drive efficiency	Improved efficiency (savings)		3	2	6
Start date	2017-18			Improved service integration, policy clarification & consolidation & improved operational efficiency				
End date	2019-20							
Project 8		Project Title: Project Details:	Dog Control Policy Implementation of Dog Control PSPO	Improved customer experience		2	1	2
Start date	2017-18			Application & enforcement of approved dog control policy				
End date	2019-20							
Project 9		Project Title: Project Details:	Wimbledon Tennis Championships Commercial growth from all activites related to the tennis fortnight	Economic outcomes		2	1	2
Start date	2019-20			Increased income from all sources, especially experiential marketing, advertising & sponsorship opportunities				
End date	2021-22							

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD									
Property									
PROJECT DESCRIPTION					MAJOR PROJECT BENEFIT			Risk	
								Likelihood	Impact
Project 1		Project Title:	Project Details:	Property have no projects planned for 2019-20					
Start date									
End date									

Regulatory Services - Merton element only					Planning Assumptions								The Corporate strategies your service contributes to							
Cllr Nick Draper: Cabinet Member for Community & Culture					Anticipated demand		2017/18		2018/19		2019/20		2020/21		2021/22		2022/23			
Cllr Tobin Byers: Cabinet Member for Adult Social Care					Total number of food premises		1457		1530		1606		1686		1771		1771		Air Quality Action Plan	
A brief description of your main activities and objectives: Provide statutory environmental health, trading standards and licensing functions across those councils that make up the Regulatory Services Partnership (currently LB Merton, LB Richmond amd LB Wandsworth). Deliver savings and efficiencies in line with the Target Operating Model: <div><div><div>Switch to intelligence-led, risk based, targeted enforcement</div><div>generating additional income from trading activities</div><div>attracting new business</div><div>rationalising ICT systems</div></div> Transform the service by: <div><div>demand management</div><div>streamlining business processes</div><div>implementing new ways of working</div><div>Developing commercial/business planning skills (L&D)</div></div></div>	Total number of service requests		6113		6234		6357		6357		6357		6357		6357		6357		Climate Change Strategy	
	Licence/permit applications		1900		1900		1900		1900		1900		1900		1900		1900		Merton Regeneration Strategy	
	Population		208,225		209,421		210,452		212,658		214,740		216,662		216,662		216,662			
	Anticipated non financial resources		2017/18		2018/19		2019/20		2020/21		2021/22		2022/23		2022/23		2022/23			
	Staff (FTE) (Total)		39.48		40.75		111.42		111.42		111.42		111.42		111.42		111.42			
	Performance indicator		Actual Performance (A) Performance Target (T) Proposed Target(P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met								
			2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)	2022/23(P)												
	% of category A,B & non-compliant C food premises inspected		98	99	100	100	100	100	High	Annual	Business critical	Government intervention								
	No. of underage sales test purchases		100	105	110	110	110	110	High	Quarterly	Business critical	Anti social behaviour								
	Annual average amount of Nitrogen Dioxide per m3		37	40	40	40	40	40	Low	Annual	Outcome	Political risk								
	Nitrogen Dioxide Diffusion Tube Monitoring Sites in Merton exceeding National Levels		N/A	0/50	0/50	0/50	0/50	0/51	Low	Quarterly	Outcome	Political risk								
Annual average amount of Particulates per m3		37.6	40	40	40	40	41	Low	Annual	Outcome	Political risk									
Number of licence applications determined within 28 days		96.13%	97%	98%	99%	100%	100%	High	Quarterly	Business critical	Reputational risk									
Total % of broadly compliant food establishments rated A-E		N/A	N/A	95%	96%	97%	97%	High	Annual	Business critical	Reputational risk									
Schedule B Prescribed Premises due for inspection completed		N/A	N/A	100%	100%	100%	100%	High	Annual	Business critical	Environmental issues									
Total % compliance of non-road mobile machinery on major construction sites with GLA emissions standards		N/A	N/A	85%	87%	90%	90%	High	Annual	Business critical	Environmental issues									
% of noise and nuisance complaints received from residents receiving a frontline response (visit/advice) within one week of receipt		N/A	N/A	90%	92%	93%	93%	High	Quarterly	Business critical	Reduced enforcement									

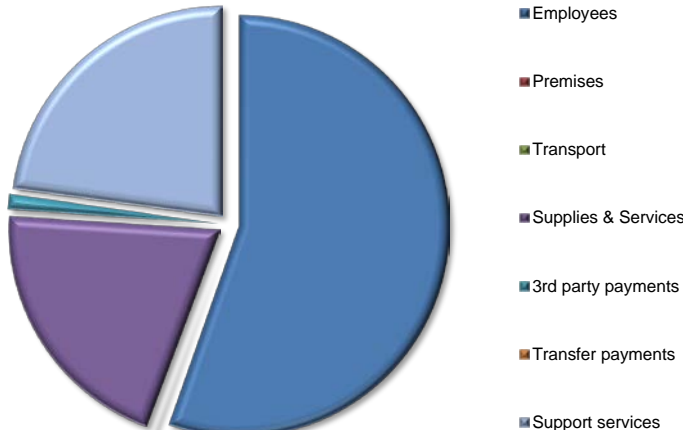
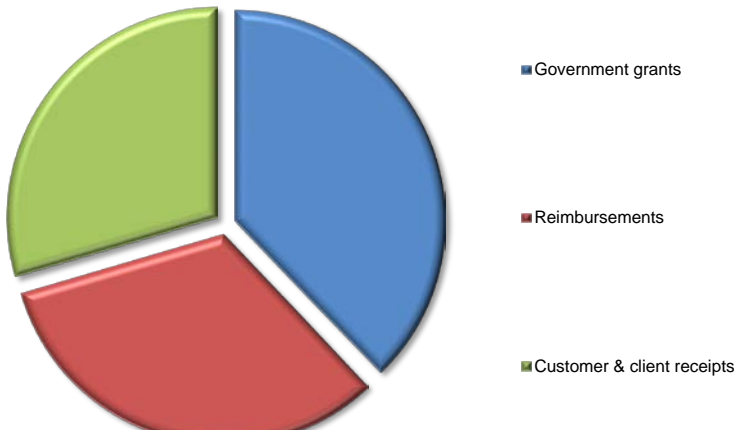
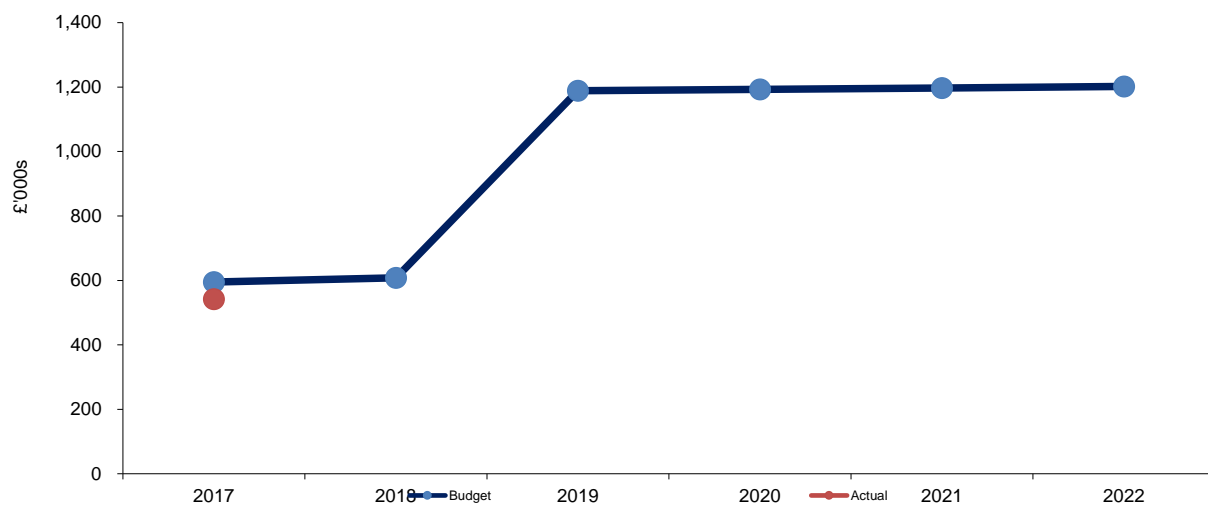
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2017/18 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Expenditure	3,056	4,244	2,950	(180)	7,124	7,127	7,130	7,133
Employees	1,978	3,241	2,070	(181)	5,525	5,525	5,525	5,525
Premises	0	4	0	3	0	0	0	0
Transport	47	50	44	0	45	46	46	47
Supplies & Services	160	131	59	10	80	81	82	83
3rd party payments	95	88	107	(12)	98	99	101	102
Transfer payments	0	0	0	0	0	0	0	0
Support services	776	730	670	0	1,376	1,376	1,376	1,376
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2017/18 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Income	1,649	2,806	1,730	366	5,268	5,333	5,408	5,408
Government grants	0	1	0	0	0	0	0	0
Reimbursements	1,179	1,252	1,206	227	4662	4662	4662	4662
Customer & client receipts	470	1,553	524	139	606	671	746	746
Recharges								
Reserves								
Capital Funded								
Council Funded Net Budget	1,407	1,438	1,220	186	1,856	1,794	1,722	1,725

Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2017/18 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
		0	0	0	0	0	0	0



Summary of major budget etc. changes	
2019/20	
Replacement saving (ENV08) = £40k ENR1 = £100k E1 = £60k	
2020/21	
E1 = £65k	
2021/22	
E1 = £75k	
2022/23	

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD										
Regulatory Services - Merton element only										
PROJECT DESCRIPTION					MAJOR PROJECT BENEFITS		Risk			
							Likelihood	Impact	Score	
Project 1		Project Title: Project Details:	Procurement of a new ICT case management system Contribution to the ICT led procurement of a new computer system for E&R and potential joint procurement with Richmond and Wandsworth			Improved efficiency (savings)		2	1	2
Start date	2016-17									
End date	2019-20									
Project 2		Project Title: Project Details:	Design and implement a joint Merton/Richmond budget Design and implement a joint revenue (income & expenditure) budget on a to be determined costs apportionment model			Economic outcomes		2	1	2
Start date	2015-16									
End date	2019-20									
Project 3		Project Title: Project Details:	Merton Air Quality Action Plan Deliver Merton's Air Quality Action Plan including monthly reporting and review. Air quality has been identified as a priority both nationally and within London, where pollution levels continue to exceed both EU limit levels and UK air quality objectives. Merton, along with nearly all London Boroughs, continues to breach the legally binding air quality limits for both Nitrogen Dioxide (NO2) and particulate matter (PM10). In 2018, Merton published its new Air Quality Action Plan 2018-2023 (AQAP) - this was developed in response to recommendations made by the 2017 Air Quality Task Group. The AQAP is split into nine separate themes and contains some 70 action points.			Risk reduction and compliance		5	4	20
Start date	2018 -19									
End date	2019 - 23									
Project 4		Project Title: Project Details:	Pan London Non Road Mobile Machinery (NRMM) Project Deliver a Mayor of London air quality project across London to deliver cleaner construction sites. This £889,000 project will be a cornerstone of the GLA air quality priorities for the third round of Mayor's Air Quality funding.			Risk reduction and compliance		2	1	2
Start date	2018-19									
End date	2019-21									
Project 5		Project Title: Project Details:	Commercialisation Development of chargeable business advice across the Regulatory Services portfolio. Suggested initiatives include: (i) a licensing pre-application service (ii) increasing the number of Primary Authority Agreements (iii) charging for food hygiene rating rescores (iv) Contaminated land scientific consultancy aimed at large developers			Improved efficiency (savings)		3	2	6
Start date	2018-19									
End date	2019-21									

Safer Merton									Planning Assumptions							The Corporate strategies your service contributes to						
Cllr Edith Macauley: Cabinet Member for Community Safety, Engagement & Equalities									Anticipated demand		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23						
Enter a brief description of your main activities and objectives below									Population		208,225	209,421	210,452	212,658	214,740	216,662	Community Plan					
<p>Safer Merton delivers the council's statutory Community Safety Partnership (CSP) function and the public realm CCTV functionality . The team consists of 18 officers working across several themes:</p> <p>1) Tackling anti-social behaviour - supporting victims, enforcing against perpetrators</p> <p>2) Tackling Domestic Violence and Abuse - supporting victims, enforcing against perpetrators</p> <p>3) Managing and delivering Merton’s Neighbourhood Watch programme</p> <p>4) Crime and ASB analysis - providing an intelligence lead CSP</p> <p>5) Tackling hate crime agenda and delivering the hate crime strategy</p> <p>6) Managing and delivering a 24/7 CCTV service which includes 210 static CCTV cameras and a current deployable asset of 13 cameras</p> <p>The service ensures that MOPACs Police and Crime plan priorities are delivered and is overseeing the embedding of police command units merger working to minimize the impact on Merton and our residents. The service retains strategic oversight and commissioning of MOPAC funded workers and externally commissioned service provision for domestic violence victims.</p> <p>The work of Safer Merton is delivered in partnership with both statutory and non-statutory partners. The statutory duty for Safer Merton consists of the following:</p> <p>1) A duty to establish a crime and disorder partnership and deliver an annual partnership plan</p> <p>2) Completion of an annual strategic assessment governed by the Community Safety Partnership</p> <p>3) Respond to and deal with crime and disorder through evidence based analytical work in a timely and effective manner</p> <p>4) Manage and deliver CCTV operations within the parameters set by the Information Commissioner</p>									Number of new, actionable, ASB cases		400	400	350	350	350	350	Community Cohesion Strategy					
									% of all residents actively engaged in Neighbourhood Watch schemes		40%	35%	38%	40%	40%	40%	Violence Against Women and Girls Strategy					
									Hate crime victims		322 actual	300	320	320	300	300	Hate crime strategy					
									Knife crime incidents		178	185	175	165	155	145	Safer & Stronger Strategic Assessment					
									Anticipated non financial resources		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23						
									Staff (FTE)		7.99	7.49	17.49	16.49	16.49	16.49						
									Performance indicator		Actual Performance (A) Performance Target (T) Proposed Target (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met		
											2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)	2022/23(P)						
									Multi Agency Risk Assessment cases - domestic abuse *		340	153	350	355	360	365	Low	Monthly	Business critical	Safeguarding issues		
									Repeat MARAC cases (domestic abuse) by volume		N/A	N/A	30%	33%	36%	40%	Low	Monthly	Outcome	Safeguarding issues		
									Number of Community Protection Warnings Issued *		22	24	24	30	30	24	Low	Quarterly	Outcome	Reduced enforcement		
									Number of Community Protection Notices Issued *		3	2	1	2	2	1	Low	Quarterly	Quality	Reduced enforcement		
									Number of premise closure orders used *		N/A	10	8	6	6	6	Low	Quarterly	Outcome	Anti social behaviour		
									Total number of Neighbourhood Watches *		N/A	580	535	535	555	565	High	Annual	Output	Community engagement		
									ASB cases acknowledged within service timescales		N/A	90%	95%	95%	95%	95%	High	Quarterly	Output	Anti social behaviour		
									% of public realm CCTV cameras working at all times		96.65%	98%	98%	98%	98%	98%	High	Quarterly	Output	Reduced enforcement		
									Number of external contracts managed by CCTV		N/A	1	2	4	4	4	High	Annual	Outcome	Loss of income		
									Knife crime - awareness sessions/briefings provided		N/A	N/A	12	12	12	12	High	Quarterly	Output	Reputational risk		
DEPARTMENTAL BUDGET AND RESOURCES									<div>2019/20 Expenditure</div> 							<div>2019/20 Income</div> 						
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2017/18 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23														
Expenditure	671	663	684	70	1,548	1,552	1,556	1,561														
Employees	346	357	342	(17)	788	788	788	788														
Premises	3	3	3	8	3	3	3	3														
Transport	1	1	1	0	1	2	2	2														
Supplies & Services	190	179	144	64	289	292	296	300														
3rd party payments	12	5	38	15	16	16	16	17														
Transfer payments	0	0	0	0	0	0	0	0														
Support services	119	116	156	0	325	325	325	325														
Depreciation	0	0	0	0	126	126	126	126														
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2017/18 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23														
Income	76	121	76	(55)	359	359	359	359														
Government grants	76	121	76	76	136	136	136	136														
Reimbursements				(135)	117	117	117	117														
Customer & client receipts				4	106	106	106	106														
Recharges																						
Council Funded Net Budget	595	542	608	15	1,189	1,193	1,197	1,202														
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2017/18 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23														
			0	0	0	0	0	0														
<div>£'000s</div> 									<div>Summary of major budget etc. changes</div> <div>2019/20</div> <div>ENR4 = £100k</div> <div>2020/21</div> <div>2021/22</div> <div>2022/23</div>													

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD								
Safer Merton								
PROJECT DESCRIPTION				MAJOR PROJECT BENEFITS		Risk		
						Likelihood	Impact	Score
Project 1		Project Title: 1	Merton says NO MORE - Sexual Violence Focus Building on the success of the UK SAYS NO MORE launch in September 2016 (Merton was the second London borough to launch the campaign), the Community Safety Partnership, and VAWG board wish to now focus more on sexual violence. Since September 2016 a lot of work has been undertaken on DV and now work on SV will commence - this is to align with the #MeToo campaign, increased awareness of sexual violence and the need to respond to this more coherently	Improved customer experience For the victim - Improved victim awareness and increased numbers of victims seeking support, Reputational - Merton is seen as a pro-active borough in SV and understanding the drivers behind it		2	2	4
Start date	2017-18							
End date	2020-21							
Project 2		Project Title: 2	DVA commissioning Joint commissioning of two contracts across E&R, CSF and C&H - one for Independent Domestic Violence Advocates (IDVAs) and the second Merton's Refuge provision for DV victims. Contracts commissioned for a five year period (3+1+1 term) via an increased financial envelope across three directorates	Improved customer experience For the victim - Improved victim journey, improved outcomes for families, improved safety and a service offer that provides "the right support at the right time for me" Reputational - Merton is known and viewed as a borough whom delivers good quality service to victims in a colligate manner		2	3	6
Start date	2018-19							
End date	2019-20							
Project 3		Project Title: 3	Case Management System procurement Procurement of a new risk and information management system. Commissioned across E&R and CSF for a five year period (3+2) the cloud based, ICT solution, will deliver real time benefits to the public purse as we work to support, safeguard and/or enforce against some of our most complex and in need residents	Improved effectiveness For the recipient of service - reduced risk of being a further victim of crime, ASB, exploitation etc. For the partnership - By utilising information/intelligence in a more direct and real time environment we can improve joint working and reduce risk		3	2	6
Start date	2017-18							
End date	2019-20							
Project 4		Project Title: 4	ASB Enforcement - Tackling Law Breakers As part of work to meet the manifesto pledge to "tackle non law abiding citizens" Safer Merton, and the Community Safety Partnership, will increase enforcement work across key areas of business as set out in the TOM. Areas of work will include: Issuing community protection warnings and notices, use of premise closure powers, use of injunctions, use of positive prohibitions to encourage engagement in treatment and care services	Improved reputation The community - Residents understand, and can see, what work is being undertaken to address poor behaviour and how their support contributes to this Reputational - elected members can see how their manifesto is being delivered and Merton is known as a borough where action is taken against non law abiding citizens		5	1	5
Start date	2018-19							
End date	2020-21							
Project 5		Project Title: 5	Public Space Protection Order (PSPO) consultation The current street drinking PSPO expires in October 2020. In Autumn 2019 a thorough consultation and engagement process must be undertaken to ascertain if PSPOs should continue in Merton beyond 2020 and if so in which area(s). Consultation will involve residents, businesses, elected members and any other person(s) whom have an involvement with Merton. This will be the biggest engagement process undertaken by Safer Merton for some time	Risk reduction and compliance The community - Residents state the street drinking is one of their top three crime concerns. Any extension of the current PSPO will allow for continued work to enforce against problematic persons Reputational - Data will show where, and how, the PSPO is being enforced and where street drinking challenges are present. This will shape geographical areas of consideration. A data lead approach will mean that areas of need are covered and areas where demand is not present will not		5	2	10
Start date	2019-20							
End date	2020-21							
Project 6		Project Title: 6	CCTV lean review As identified in the Safer Merton TOM the CCTV service will undergo a Lean Review via the Business Improvement team. This work will explore how the service currently operates and how it could be ran more effectively and efficiently to improve outcomes and service	Improved staff skills and development For the recipients - Staff are more engaged and are able to work in a more effective and efficient manner. Reputational - Outcomes and improvements are seen across the CCTV service with current operational challenges overcome		2	2	4
Start date	2019-20							
End date	2019-20							
Project 7		Project Title: 7	CCTV service review A full, root and branch review of CCTV is required. Previously commissioned service review (undertaken in 2014) identified several areas for review which have not been progressed. Gaps in service delivery are an ever present risk, contracts for key aspects of service are not in place and/or do not offer value for money and the service requires a dedicated manager to look at greater commercialisation possibilities and operational hours - do we need a 24/7 service?	A fully functioning, revised focused service, with sustained infrastructure growth plans will deliver benefits across a range of areas		2	2	4
Start date	2019-20							
End date	2019-20							
Project 8		Project Title: 8	Clarion contract renegotiation The current CCTV contract with Clarion Housing expires on 31/03/2020. The current agreement, in place since 2017/18 to 2019/20 has is worth over £201,000 to the service. There is an appetite from Clarion to continue this agreement and as such contract length, duration and a full review of T&Cs are required to ensure that best value can be achieved from this extension	Improved efficiency (savings) Through careful planning and financial negotiation the contact value should help reduce the councils financial commitments for this services' operation		2	1	2
Start date	2019-20							
End date	2019-20							

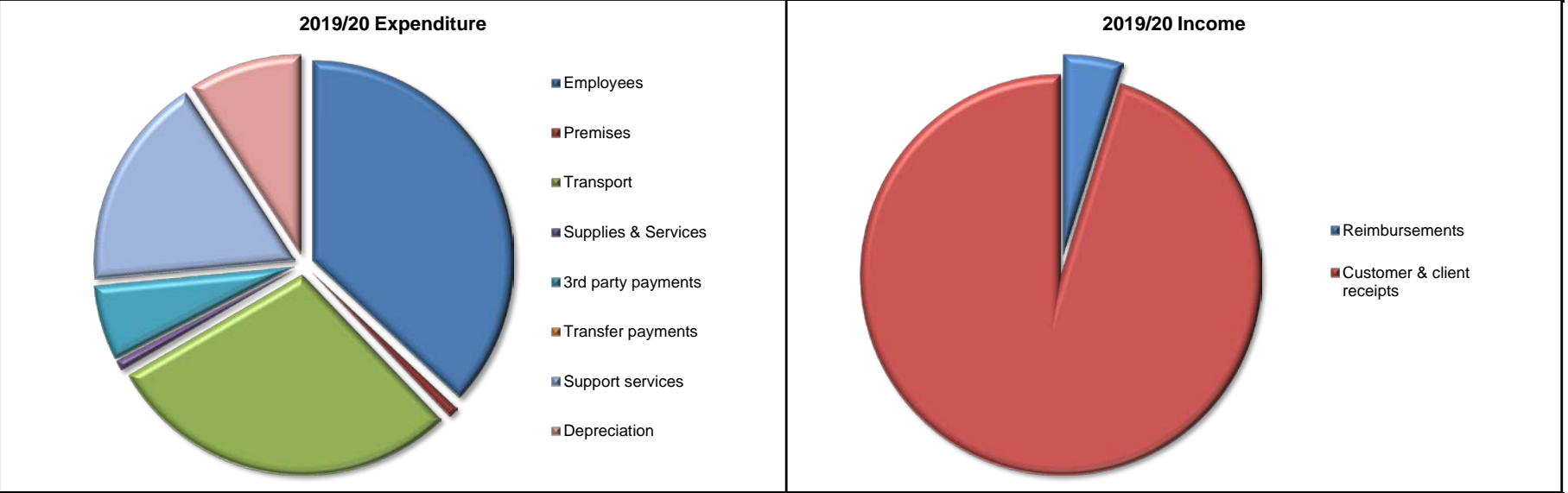
Below can be found explanations of performance indicators overleaf which are marked with an asterisk *

MARAC cases * - increase in line with population increase
Repeat MARAC * = Safer Lives guidance advises that boroughs should expect a 30-40% repeat victimisation rate
Actionable ASB cases * = We are projecting reductions in case numbers as we have tightened up our definition of ASB and are now much more stringent in pushing ASB to social landlords where their tenants are responsible
Hate crime victims * - We would expect to see increases during Brexit mobilisation (as was seen following the EU referendum) then would project a stabilisation period
Knife crime incidents * - To make assumptions on knife crime is not appropriate however given the importance of this matter it should be on the plan

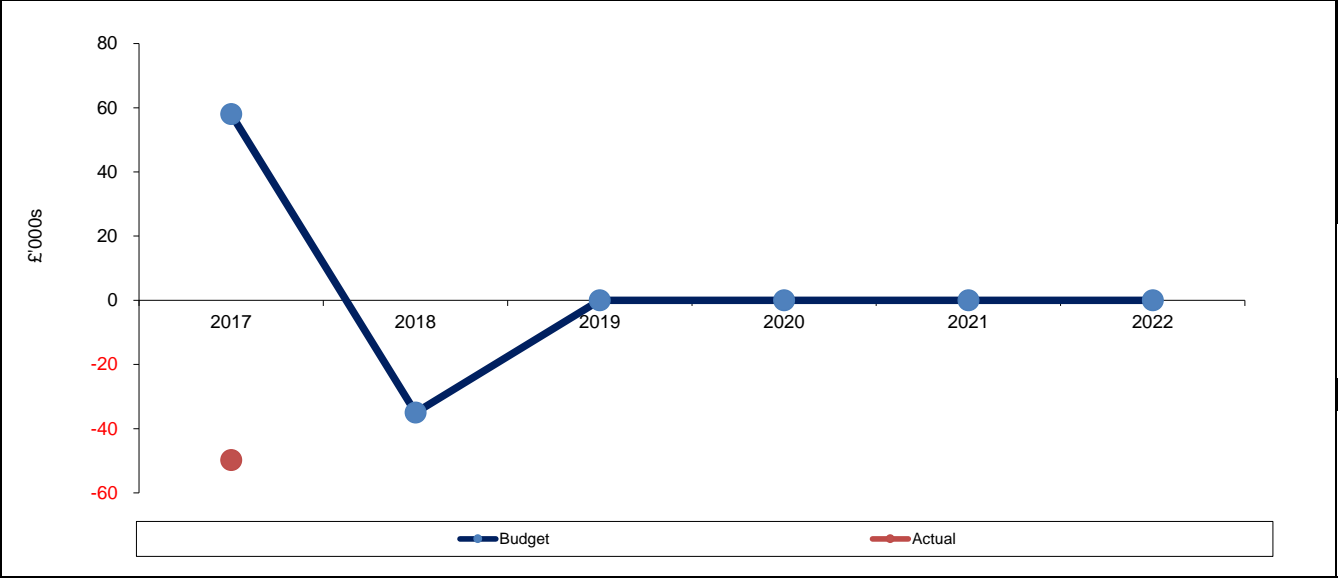
Community Protection Warnings and Notices - there is a 95% compliance rate with warnings hence lower numbers of notices being issued. We would expect that, after a period of sustained enforcement, cultural change commences requiring less enforcement
Number of premise closure orders used * - By closing premises quickly, and promoting accordingly, it is likely that enforcement need will reduce over time
Neighbourhood Watch * - summer 2018 saw a reduction in co-ordinators as we undertook work to refresh this service area, watch co-ordinators tend to be elderly, retired folk and as such maintaining current levels of watches are the focus for the immediate future

Transport	Planning Assumptions							The Corporate strategies your service contributes to		
Cllr Martin Whelton: Cabinet Member for Regeneration, Environment & Housing	Anticipated demand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23			
Enter a brief description of your main activities and objectives below	CSF Passenger Journeys - In-House	70,000	70,000	Dependent on outcome of transport review by CSF and C&H				Children and Young People's Plan		
To provide effective Home to School and Vulnerable Adults transport service, using the in-house fleet of buses and assorted vehicles	C&H Passenger Journeys - In-House	70,000	70,000	Dependent on outcome of transport review by CSF and C&H				Special Educational Needs and Disabilities Strategy		
	Anticipated non financial resources	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23			
	No.Transport Fleet vehicles	40	40	Dependent on outcome of transport review by CSF and C&H						
	Staff	48.35	44.84	42.36	42.36	42.36	42.36			
Performance indicator	Actual Performance (A) Performance Target (T) Proposed Target (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
	2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)	2022/23(P)				
% Client user satisfaction	N/A	97	97	97	98	99	High	Annual	Outcome	Reduced customer service
Average % passenger vehicles in use	88	85	85	85	85	86	High	Annual	Unit cost	Reduced customer service
% in-house journey that meet timescales	84	85	85	85	85	85	High	Annual	Outcome	Reduced customer service
Sickness - average days per FTE	16.34	10.5	9.5	8	8	8	Low	Monthly	Unit cost	Increased costs
% of council fleet using Diesel fuel	N/A	N/A	80%	70%	50%	50%	High	Annual	Outcome	Environmental issues

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Expenditure	4,322	4,121	4,133	75	4,013	4,013	4,013	4,013
Employees	1,509	1,535	1,373	64	1,484	1,484	1,484	1,484
Premises	46	27	46	7	35	35	35	35
Transport	1,091	983	1,092	(62)	1,155	1,155	1,155	1,155
Supplies & Services	63	51	63	26	33	33	33	33
3rd party payments	266	232	266	40	243	243	243	243
Transfer payments	0							
Support services	952	897	907	0	695	695	695	695
Depreciation	395	395	386	0	368	368	368	368
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Income	4,264	4,171	4,168	43	4,013	4,013	4,013	4,013
Government grants	0							
Reimbursements	155	141	165	26	192	192	192	192
Customer & client receipts	4,109	4,030	4,003	17	3,821	3,821	3,821	3,821
Recharges								
Reserves								
Capital Funded								
Council Funded Net Budget	58	(50)	(35)	118	0	0	0	0
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Fleet Vehicles		155	473	0	300	300	300	300
GPS Vehicle Tracking		192	0	0	0	0	0	0
Alleygating		33	25	0	30	30	30	30
Other		0	6	0	0	0	0	0
		380	504	0	330	330	330	330



Summary of major budget etc. changes	
2019/20	
Replaced saving (ENV32) = £30k Replaced saving (ENR7) = £10k	
2020/21	
2021/22	
2022/23	



DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD												
Transport												
PROJECT DESCRIPTION					MAJOR PROJECT BENEFIT			Risk				
								Likelihood	Impact	Score		
Project 1		Project Title:	Review of Fleet provision (Vehicles)			Economic outcomes			3	2	6	
Start date	2019-20		Project Details:	Undertake a vehicle replacement programme including a review of shared / pool vehicles. This will take into account the findings / recommendations of the parking review.			Financial savings from reduced fleet through shared vehicles					
End date	2020-21											
Project 2		Project Title:	Passenger transport			Improved effectiveness			3	2	6	
Start date	2019-20		Project Details:	Undertake a joint review of the current service offer provided to SEN and C&H.			Service efficiency					
End date	2020-21											
Project 3		Project Title:	In Cab technology			Improved efficiency (savings)			3	2	6	
Start date	2019-20		Project Details:	Undertake a business case to assess the benefits of vehicle tracking and dash camera recording devices			Service improvement leading to financial savings (reduced insurance claims)					
End date	2020-21											
Project 4		Project Title:	Passenger Transport Review			Improved efficiency (savings)			3	2	6	
Start date	2018-19		Project Details:	Commission review of Passenger transport (Make or buy supply chain management)								
End date	2019-20											

Commissioned Service	<p>The London Borough of Merton is committed to managing the provision of high quality and sustainable waste management and cleansing services to residents, businesses and those passing through the borough. The service ambition is to maintain a clean, green and safe environment that meet the standards of London's Best Council.</p> <p>These services are delivered through a combination of commissioned services and in-house engagement and enforcement activities.</p> <p>The key objectives of the service are:</p> <ul style="list-style-type: none"> ➤ To fulfil the council's statutory responsibilities and duties with respect to waste management, street cleaning, waste enforcement and the management of stray animals. ➤ To provide value for money services that meet the needs of the community ➤ To provide a safe and supportive environment for our community and all employees engaged in delivering services. ➤ To promote and encourage sustainable waste management activities, maximising resource efficiency and securing value from all waste streams as far as practicably possible To maintain greater public space of which we can all be proud.
Waste Management and Cleansing	
Cllr Mike Brunt: Cabinet Member for Street Cleanliness & Parking	
Cllr Martin Whelton Cabinet Member for Regeneration, Environment & Housing	
<p>Service Providers:</p> <p>Veolia UK Ltd</p> <p>Viridor Waste Management</p> <p>Kingdom Ltd (Environmental Protection)</p> <p>Noah's Ark (Stray Dogs / Enforcement)</p>	

Planning Assumptions										
Anticipated demand	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23				
Housing Properties	84,000	85,000	86,000	86,500	86,500	86,500				
Kilometres of Roads	375	375	375	375	375	375				
Population	207,410	209,421	210,452	212,658	214,740	216,662				
Total household waste tonnage	71,000	71,000	69,000	68,000	67,000	67,000				
Anticipated non financial resources	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23				
Clienting and Commissioning Team	6.69	3.19	3.19	3.19	3.19	3.19				
Community Engagement and Enforcement	9	9	8	8	8	8				
SLWP	4	2	1	1	1	1				
Client Neighbourhood team	1.5	2.4	2.4	2.4	2.4	2.4				
Veolia UK Ltd	Contract price and schedule of rates									
Viridor										
Kingdom Ltd										
Noah's Ark										
Performance indicator (LBC2020 indicators highlighted in purple)	Actual Performance (A) Performance Target (T) Proposed Target (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
	2017/18(A)	2018/19(T)	2019/20(P)	2020/21(P)	2021/22(P)	2022/23(P)				
% Residents satisfied with street cleanliness	N/A	57	N/A	60	N/A	70	High	Annual	Perception	Reputational risk
% Sites surveyed below standard for litter	12.6	8	6	4	4	4	Low	Monthly	Perception	Reputational risk
% Sites surveyed below standard for Detritus	14.58	10	9	7	7	7	Low	Quarterly	Perception	Reputational risk
% Sites surveyed below standard for graffiti	6.1	5.0	5.0	5.0	5.0	5.0	Low	Quarterly	Perception	Reputational risk
% Sites surveyed below standard for weeds	6.22%	11	6	5	5	5	Low	Quarterly	Perception	Reputational risk
No. of fly tips in streets and parks recorded by contractor	8,429	8,400	8,400	8,400	8,000	7,500	Low	Monthly	Outcome	Reputational risk
% of fly tips removed within 24 hours	68%	90%	95%	95%	95%	95%	High	Monthly	Outcome	Reputational risk
% Sites surveyed below standard for flyposting	1.74%	1	1	1	1	1	Low	Quarterly	Perception	Reputational risk
% of FPNs issued that have been paid	74%	70%	75%	75%	80%	80%	High	Monthly	Output	Loss of income
% Household waste recycled	37.39%	46%	48%	50%	55	55	High	Monthly	Business critical	Reputational risk
% Residents satisfied with refuse collection	N/A	73	N/A	75	N/A	75	High	Annual	Perception	Reputational risk
Residual waste kg per household pa	536.72	500	475	435	425	400	Low	Monthly	Outcome	Increased costs
% Municipal solid waste landfilled	55%	65%	10%	5%	5%	5%	Low	Monthly	Outcome	Increased costs
Number of missed bins per 100,000	95.33	50	40	30	30	30	Low	Monthly	Outcome	Reduced customer service
Total waste arising per household Kg	857.17	910	910	910	900	850	Low	Monthly	Outcome	Reputational risk
% Residents satisfied with recycling facilities	N/A	72	N/A	75	N/A	75	High	Annual	Perception	Reputational risk

Financial Information - Waste Management and Cleansing									Additional Expenditure Information		
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	<div>2019/20</div> <div>ENR9 = £200k</div> <div>EV08 = £250k</div> <div>ERG2 = £35k (Growth)</div> <div>E2 = £30k</div> <div>Replaced Saving (ALT4) = £54k</div>		
Expenditure	17,808	17,658	15,672	(628)	17,746	17,843	18,091	18,338			
Employees	1,108	1,014	823	377	800	800	801	801			
Premises	387	244	338	(156)	321	326	331	336			
Transport	298	327	298	4	242	246	251	255			
Supplies & Services	7,120	9,859	6,154	1,510	8,574	8,556	8,688	8,820			
3rd party payments	7,948	5,286	7,032	(2,363)	6,892	6,998	7,103	7,209			
Transfer payments	0		0	0	0	0	0	0			
Support services	366	347	406	0	314	314	314	314			
Depreciation	581	581	621	0	603	603	603	603			
Revenue £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23			
Income	3,467	3,237	1,373	(79)	3,717	3,717	3,717	3,717			
Government grants	0		0	0	0	0	0	0			
Reimbursements	449	326	360	(35)	325	325	325	325			
Customer & client receipts	3,018	2,911	1,013	(44)	3,392	3,392	3,392	3,392			
Recharges	0		0	0	0	0	0	0			
Reserves											
Capital Funded											
Council Funded Net Budget	14,341	14,421	14,299	(707)	14,029	14,126	14,374	14,621			
Capital Budget £'000s	Final Budget 2017/18	Actual 2017/18	Budget 2018/19	Forecast Variance 2018/19 P8	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23			
Waste Bins		0	1,885	0	789						
Fleet Vehicles		972	2,670	0				340			
Other		56	56	0							
		1,028	4,611	0	789	0	0	340			

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DETAILS OF MAJOR PROJECTS									
PROJECT DESCRIPTION				Major Projects Benefits		Risk			
						Likelihood	Impact	Score	
Project 1		Project Title:	New Waste collection Service (Wheelie Bins)		Improved effectiveness		3	3	9
Start date	2019-20	Project Details:	Promote the use of 'Street Champions' in order to educate / train members of the public to support the wider work of the Public Space deptment.		Improved service delivery				
End date	2020-21								
Project 2		Project Title:	Waste disposal		Improved effectiveness		3	2	6
Start date	2012-13	Project Details:	Review current disposal arrangements and develop a new commissioning and procurement plan for each of the main waste streams. This will be undertaken in partnership with SLWP		Environmental benefits from diverting waste from landfill, sustainable waste management				
End date	2019-20								
Project 3		Project Title:	Neighbourhood Recycling Centres		Improved customer experience		3	2	6
Start date	2019-20	Project Details:	Following the implementation of the new waste collection service and the introduction of new containers for recycling undertake a review of the neighbourhood recycling sites to ensure that they continue to provide a valued service and meet the needs of the community.		Resident satisfaction / reduced level of fly tips. Improved public realm				
End date	2019-20								
Project 4		Project Title:	Environmental Enforcement		Improved efficiency (savings)		3	2	6
Start date	2019-20	Project Details:	Undertake a commissioning review of the external enforcement arrangements (make or buy review) taking into account the wider scope for shared working of enforcement activities.		Service efficiency				
End date	2020-21								

BUSINESS PLAN - GLOSSARY OF TERMS

ASSET MANAGEMENT PLAN / REVIEW

An Asset Management Plan (AMP) is a tactical plan for managing an organisation's infrastructure and other assets to deliver an agreed standard of service. The plan is reviewed annually as part of the budget cycle.

BALANCES

Balances are maintained to meet expenditure pending the receipt of income and to provide a cushion against expenditure being higher or income lower than expected. Contributions to balances can be either a planned contribution from the revenue budget or a transfer of any revenue surplus at the year end. The maintenance of an appropriate level of balances is a fundamental part of prudent financial management.

BASELINE FUNDING LEVEL

The amount of an individual council's Start-up Funding Assessment for 2013-14 provided through the local share of the Estimated Business Rates Aggregate, uprated in line with the small business rates multiplier (set at the September forecast of the Retail Price Index, unless otherwise decided).

BILLING AUTHORITIES

A unitary council, or a lower tier council in a two-tier area, which collects the council tax for its own activities, and for those of the precepting authorities in its area. The billing authority passes on the precept receipts to each precepting authority in its area. These are the 326 billing authorities that collect council tax and business rates: district councils, London boroughs, and unitary councils. Before 1 April 2009 there were 354.

BORROWING STRATEGY

A borrowing strategy set up the parameters within which money may be borrowed by the Authority. These parameters are designed to manage the risk taken by the authority within best practice.

BUDGET

Statement of the spending plans for the year.

BUDGET PROFILE

An allocated annual budget is split over the months in which it is estimated that expenditure will be incurred. For example, utility bills may well be split into four and entered into the months in which quarterly payments are due.

BUSINESS RATES

These rates, formally called non-domestic rates, are the means by which local businesses contribute to the cost of providing local council services.

BUSINESS RATE BASELINE

Determined for individual councils at the outset of the business rates retention scheme by dividing the local share of the Estimated Business Rates Aggregate (England) between billing authorities on the basis of their proportionate shares, before the payment of any major precepting authority share.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...

BUSINESS RATE RETENTION SCHEME

The name given to the current system of funding local authorities through the local government finance settlement, set out in the Local Government Finance Act 2013. In 2019/20 Merton will be part of the 75% London Pilot Pool and Business Rates collected will be shared 25% to Central Government, 27% to the GLA and 48% to Merton Council

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

CAPITAL FINANCING REQUIREMENT (CFR)

The total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resources i.e. a measure of the underlying borrowing need. See Minimum Revenue Provision

CAPITAL PROGRAMME

Documentation which summarises the outcome of priority allocations contained in the capital strategy and details individual schemes for approval by Council / Cabinet.

CAPITAL PROGRAMME BOARD

The Capital Programme Board ensures:

- that the overall capital investment strategy is consistent with strategic objectives, is affordable within the revenue budget strategy, examining potential funding options
- that bids are submitted in accordance with set framework and guidelines (including business cases, value for money and options appraisal) and prioritised in accordance of agreed criteria
- compiles and manages a multi-year capital programme for consideration by CMT and approval by Cabinet

CAPITAL PROJECTS / SCHEMES

Capital Projects / Schemes is the level at which Member approval is obtained.

CAPITAL RECEIPTS

Proceeds from the sale of fixed assets and repayments of capital grants and loans. These are divided into reserved and usable parts.

CAPITAL MONITORING

The monthly comparison of actual spend against the anticipated spend (profiled budget) and the revision of projected year end spend where necessary. Periodically budget managers will be required to review their in year budget requirement and re-profile their projected expenditure over subsequent financial years.

CAPITAL STRATEGY

A Capital Strategy is a core planning document designed to dovetail with the MTFS and Treasury Strategy to ensure that limited capital resources are deployed in accordance with corporate priorities / achieving our vision. The document will also detail how the proposed capital programme will be funded.

CASH FLOW MANAGEMENT

Cash flow is the movement of money into or out of a business. Cash flow management optimises activity and investment around these cash flows.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The Institute produces standards and codes of practice that must be followed in preparing the Council's financial statements.

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING

The Code of Practice on Local Authority Accounting ('The Code') applies International Financial Reporting Standards (IFRS) to the Local Authority context. The Code supports consistent financial reporting and Local Authorities must adhere to it when producing the annual Statement of Accounts.

COLLECTION FUND

This is a statutory 'ring fenced' account. It records income and expenditure on Council Tax, Non Domestic Rates, payments to the precepting authorities and transfer to the Council's General Fund.

COMMUNITY ORGANISATION

An organisation with benevolent or philanthropic purposes.

COMPACT

Compacts are partnership agreements between statutory bodies and the voluntary and community sector to improve their relationships and provide a framework within which the sectors can understand what to expect from each other. Compacts offer the means of supporting the development of the voluntary and community sector's capacity so that groups can do more to meet both their aims and those of their statutory partners, thereby enhancing their contribution to the local community. The national compact (between central government and the voluntary and community sector) was launched in 1998 and it is now a requirement for all local authorities and PCTs to develop a compact with the voluntary and community sector. They are not legally binding documents but the Compact is approved and signed policy and affects the conduct of all partners.

SPENDING REVIEW

A Spending Review is a governmental process carried out by HM Treasury which sets out fixed three-year departmental expenditure limits and, through public sector service agreements, defines key service improvements.

CONTINGENCY

A contingency is the setting aside of a finite sum to offset the cost of a future event or circumstance which may or may not occur. So is a reserve. You need to make distinction clearer. A reserve is a sum in the accounts whereas a contingency is a sum in a budget and the budget does not follow accounting conventions. A contingency can also be drawn more widely.

CORE SPENDING POWER

The Spending Review set out the expected available revenue for Government departments spending, including local government, using Office of Budget Responsibility (OBR) estimates. This provides local government with an understanding of the resources available to the whole sector to deliver services during this spending period. In the Local Government Finance Settlements, the Government also produce the local authority core spending power figures which set out indicative figures for the potential income from core components that could be available to authorities over the years of the Spending Review.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. It has two elements - corporate management and democratic representation and management. The activities within the corporate and democratic core are in addition to those which would be carried out by a series of independent, single purpose bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.

CORPORATE GOVERNANCE

Corporate Governance is the system by which local authorities direct and control their functions and communicate to their communities.

COUNCIL TAX

A local tax on domestic property, set by councils – calculated by deducting any funding from reserves, income it expects to raise and general funding it will receive from the Government – in order to meet its planned spending.

COUNCIL TAX BASE

This is the number of Band D equivalent dwellings in a council area. To calculate the tax base for an area, the number of dwellings in each council tax band is reduced to take account of discounts and exemptions. The resulting figure for each band is then multiplied by its proportion relative to Band D (from 6/9 for Band A to 18/9 for Band H) and the total across all eight bands is calculated. An adjustment is then made for the collection rate.

COUNCIL TAX BANDS

There are eight council tax bands. How much council tax each household pays depends on the Band that the property is in which is set by a range of property value.

COUNTRY LIMITS

The current economic climate has not only affected companies and financial institutions; it has affected sovereigns (lending to countries [government bonds]) as well. This will be incorporated into counterparty selection.

CREDIT APPROVAL

The permission to borrow given to each local authority annually by the Secretary of State.

CREDITORS

The individual or organisation to whom the Authority owes money. Accordingly, it does not include money on taxation to the Council.

COUNCIL'S BORROWING REQUIREMENT

Based on projected spend, this is the amount of money a local authority will need to borrow to finance this projected spend.

COUNTERPARTIES

The organisation in respect of which the Authority borrows from or invests money with. A counterparty will be removed, suspended or kept on close watch from the council's approved list if it fails to meet the Council's criteria.

CORPORATE BONDS

Is a bond that a company issues to raise money in order to expand its business.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...

COUPON

Is the interest rate stated on a bond at the time it is issued.

CREDITWORTHINESS

An assessment of the likelihood that a borrower will default on their debt obligations. It is based upon factors, such as their history of repayment and their credit score. Lending institutions also consider the availability of assets and extent of liabilities to determine the probability of default.

DEBTORS

A debtor is an organisation or individual that owes the Authority money and the debt is legally enforceable

DEBT RESCHEDULING See rescheduling of debt

Where certain debt may be redeemed and a further loan obtained. This may be undertaken to provide an even spread of debt redemption date and terms, It may also be used to optimise beneficial borrowing rates in the market while maintaining activity within acceptable risk levels.

DEPRECIATION

Depreciation is a charge to the revenue account to reflect the reduction in the useful economic life of a fixed asset, reducing the value of the fixed asset in the balance sheet. It is not a charge to the General Fund as it is reversed in the Movement in Reserves Statement and replaced with the Minimum Revenue Provision.

EARMARKED CAPITAL RESOURCES / GRANTS Overlaps with reserves

Money received by the Authority which has certain conditions / restrictions (loose terminology) over its use limiting the type of expenditure that it may be applied against. IFRS refers to Stipulations and sub divides them into Conditions and Restrictions. Earmarked grants (revenue or capital) are grants which are subject to restrictions. I

ESTIMATED BUSINESS RATES AGGREGATE

The total business rates forecast at the outset of the business rate retention scheme to be collected by all billing authorities in England in 2013-14. The Estimated Business Rates Aggregate is updated year on year in line with the change in the small business multiplier (usually the September Consumer Price Index).

FINANCE LEASE

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Situations that would normally lead to a lease being classified as a finance lease include the following:

- the lease transfers ownership of the asset to the lessee by the end of the lease term
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable and that, at the inception of the lease, it is reasonably certain that the option will be exercised
- the lease term is for the major part of the economic life of the asset, even if title is not transferred
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset
- the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made

BUSINESS PLAN - GLOSSARY OF TERMS Continued...

FINANCIAL INSTRUMENT

A real or virtual document representing a legal agreement involving some sort of monetary value. In today's financial marketplace, financial instruments can be classified generally as equity based, representing ownership of the asset, or debt based, representing a loan made by an investor to the owner of the asset.

FINANCIAL YEAR

The financial year runs from 1 April to the following 31 March.

FIXED ASSETS

Assets that yield benefits to the local authority and the services it provides for a period of more than one year. These assets can be tangible or intangible.

FLOOR DAMPING

A method by which stability in funding is protected through limiting the effect of wide variations in grant. A floor guarantees a lower limit to a year-on-year change in grant. The grant amounts of councils who receive changes above the floor are scaled back by a fixed proportion to help pay for the floor.

FTSE 100

This is the index of the top 100 UK listed companies by market capitalisation.

GENERAL FUND

The main fund of the Council, from which all expenditure is met and all income is paid, with the exception of those items, which by statute have to be taken to some other account.

GOVERNMENT GRANTS (Overlaps with Earmarked capital resources)

Financial assistance by government and other bodies, in the form of cash transfers to an authority, issued in return for compliance with certain conditions relating to the activities of the authority.

GROSS EXPENDITURE

The total expenditure of a fund or account.

GROUP LIMITS

This is a limit on the amount of money that may be invested with or borrowed from a particular conglomerate.

IMPAIRMENT

The loss of value in a fixed asset arising from physical damage, deterioration in the quality of service provided by the asset or from a general fall in prices. When this occurs the asset must be written down to the recoverable value. The charge is then reversed out from the General Fund in the Movement in Reserves Statement and replaced with the Minimum Revenue Provision.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...

INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)

International Financial Reporting Standards are a single set of accounting standards, developed and maintained by the IASB (International Accounting Standards Board) for the purposes of being applied on a globally consistent basis by developed, emerging and developing economies. The Code of Practice on Local Authority Accounting is based on IFRSs

INVESTMENT POLICY

The London Borough of Merton's investment policy has regard to the CLG's Guidance on Local Government Investments and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes. The council's investment priorities will be security first, liquidity second, then return.

INVESTMENT STRATEGY

The investment of the Authority's cash balances to optimise its strategic and operational needs.

INVESTMENT TREASURY INDICATOR AND LIMIT

This is a prudential indicator for funds invested for more than 364 days, designed to measure the need for early investment redemption against the Authority's liquidity requirement.

LENDERS OPTION BORROWERS OPTION (LOBO)

When borrowing or lending money, certain time related limits may be established when the arrangement is made e.g. at a certain point in time the interest rate of a loan will increase; at this point both parties have the opportunity to opt in / out of the arrangement.

LEVY

Mechanism to limit disproportionate benefit from business rates. Levy payments are used to fund the safety net. The future use of the levy is currently being reviewed as part of the Government's review of Business Rates Retention.

LIABILITIES

A legally enforceable sum owed to a third party.

LOCAL GOVERNMENT FINANCE SETTLEMENT

The local government finance settlement is the annual determination of funding distribution as made by the Government and debated by Parliament.

LOCAL GOVERNMENT SPENDING CONTROL TOTAL

The total amount of expenditure for Revenue Support Grant in the Department for Communities and Local Government's Local Government Departmental Expenditure Limit plus the local share of the Estimated Business Rates Aggregate that is allocated to the local government sector by Government for each year of a Spending Review.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...

LOCAL SHARE

The percentage share of locally collected business rates that is retained by local government.

LOCALISM ACT 2011

It sets out a series of proposals with the potential to achieve a substantial and lasting shift in power away from central government and towards local people. They include: new freedoms and flexibilities for local government; new rights and powers for communities and individuals; reform to make the planning system more democratic and more effective

LOWER TIER COUNCILS

Councils that carry out the functions which in shire areas with two tiers of local government are carried out by shire districts. They are the same councils as billing authorities.

MERTON IMPROVEMENT BOARD

Merton Improvement Board oversees the management and monitoring of the Merton improvement programme and the promotion of best practices within the Council. Its work falls into four main areas:

- manage and monitor the Merton improvement programme including giving the “go ahead” for new projects and project closure;
- steer the implementation and future development of the Merton improvement programme;
- lead on developing and maintaining cross-cutting initiatives; and
- manage, co-ordinate and monitor business improvement activity across the council.

MINIMUM REVENUE PROVISION

A provision, via a revenue charge, in respect of historical capital expenditure which has been financed by borrowing, as required by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

MULTIPLIER

The business rates multiplier which, when multiplied by the rateable value of a property, determines a ratepayer's business rate bill. There are two multipliers – one for small businesses and one for larger businesses. These are set nationally. The small business multiplier is uprated annually by the Retail Price Index, unless the Government decides otherwise and the other multiplier adjusted accordingly, to fund rate relief for small businesses.

NATIONAL CONTROL TOTALS

These are the national totals for each of the individual elements within the local spending control total. They are determined as part of the Spending Review. It is also the name given to the size of each of the different elements within the Settlement Funding Assessment.

NON-DOMESTIC RATE (NDR)

A levy on businesses based on national ‘rateable value’ of the premises occupied. NDR is collected by the Council in line with national criteria, paid into a national pool and then redistributed to all local and police authorities on the basis of population.

NON-SPECIFIED INVESTMENTS

A body which has been provided with a government issued guarantee for wholesale deposits within specific timeframes.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...

OPERATIONAL BOUNDARY

The operational boundary is a prudential indicator for monitoring the total external debt, gross of investments, and separately identifying borrowing from other long term liabilities.

OPERATING LEASE

A contract that allows for the use of an asset, but does not convey rights of ownership of the asset. An operating lease is not capitalised; it is accounted for as a rental expense in what is known as "off balance sheet financing." For the lessor, the asset being leased is accounted for as an asset and is depreciated as such.

PENSION FUND

The Local Government Pension Scheme (LGPS) is a scheme established by statute to provide death and retirement benefits for all eligible employees. The scheme's benefits are defined in the LGPS Regulations, and are geared to a scheme member's Career Average Revalued Earnings (CARE).

The scheme is financed by a combination of employee and employer contributions, together with income from a fund of investments. The employee contribution rate ranging from 5.5% to 12.5% of pensionable pay in nine salary bands. The contribution percentage that a member pays is based on their estimated actual annual pensionable salary from 1 April to 31 March each year. Whilst the employer's rate varies according to an assessment of the funds current and forecast pension/benefit costs, (the fund's liabilities), relative to its income. This assessment is undertaken, in accordance with LGPS Regulations, every three years by the Fund's appointed actuary, who sets the necessary level of employer contribution into the fund so that the fund's liabilities can be paid.

PERFORMANCE MANAGEMENT FRAMEWORK

Performance management is about how an organisation consistently plans and manages to ensure continuous improvement. Sustainable improvements in services are unlikely to happen without it. A performance framework is designed to help individuals, teams, divisions etc. understand :

- what the organisation is trying to achieve (golden thread),
- the planning, monitoring and review cycle
- their responsibilities.

PRECEPT

This is the amount of council tax income all billing and precepting authorities need to provide their services. The amounts for all authorities providing services in an area appear on one council tax bill, which is administered by the billing authority.

PRECEPTING AUTHORITY

An authority or body that does not collect council tax or business rates but is part of the business rates retention scheme. This is an authority which sets a precept to be collected by billing authorities. County councils, police authorities, the Greater London Authority, single purpose fire and rescue authorities and parish councils are all precepting authorities.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...

PRIVATE FINANCE INITIATIVE (PFI)

PFI contracts are agreements with private sector organisations to refurbish, maintain and operate fixed assets on behalf of public sector organisations such as local authorities.

PROCUREMENT BOARD

The Procurement Board provides a corporate focus for procurement issues and oversees the procurement development in Merton. The Board also provides both strategic direction for, and effective governance of, the procurement arrangements across the Authority, ensuring they are effective, efficient and utilised.

PROPORTIONATE SHARE

This is the percentage of the national business rates yield which a council has collected on the basis of the average rates collected by councils over the two years to 2011-12. This percentage was applied to the local share of the 2013-14 Estimated Business Rates Aggregate to determine the billing authority business rates baseline. This will be updated for 2020/21 as part of the Government's review of the Business Rates Retention Scheme.

PROVISIONS

Amounts set aside for any liabilities or losses which are likely to be incurred, but which are uncertain as to the amounts or the dates on which they will arise.

PRUDENTIAL CODE

The Local Government Act 2003 requires the Council to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities. In doing so, the Council is required to set and monitor a series of Prudential Indicators, the key objectives of which are to ensure that, within a clear framework, the capital investment and borrowing plans of the council are affordable, prudent and sustainable.

RESCHEDULING OF DEBT See debt resceduling

The switching of debt between the short term and the longer term and vice versa to obtain favourable borrowing rates.

REVENUE EXPENDITURE

Expenditure incurred on day to day running costs and confined to accounts within one financial year.

REVENUE MONITORING

The monthly comparison of actual expenditure and income spend against the anticipated spend (profiled budget). A budget manager will then allow for known income/expenditure to project the year end position.

RESERVES

This is a council's accumulated surplus income (in excess of expenditure) which can be used to finance future spending. Reserves can be either capital or revenue

REVENUE SUPPORT GRANT

A Government grant which can be used to finance revenue expenditure on any service.

RINGFENCED GRANT

A grant paid to councils which has conditions attached to it, which restrict the purposes for which it may be spent.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...

RISK MANAGEMENT

A risk is a threat, obstacle or, barrier, that will stop the Authority from achieving its ambitions, aims and objectives. Risk management is the process of managing the risks that may prevent delivery of desired outcomes so that the organisation can anticipate and respond positively to change. Merton's approach to risk management is to raise awareness, integrate it into day to day operations and establish a robust framework and procedures to identify, analyse, assess and manage risk.

SECTION 151 OFFICER

Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. The Section 151 officer is usually the local authority's treasurer and must be a qualified accountant belonging to one of the recognised chartered accountancy bodies. The Section 151 officer has a number of statutory duties, including the duty to report any unlawful financial activity involving the authority (past, present or proposed) or failure to set or keep to a balanced budget.

SECURITISATION

'Securitisation' as used in this context means the disposal of future revenues. For example, someone receiving rents from properties might transfer the entitlement to that income to a bank for (e.g.) 20 years, in exchange for an immediate lump-sum payment.

SAFETY NET

Mechanism to protect any council which sees its business rates income drop, in any year, by more than 7.5% below its baseline funding level (with baseline funding levels being uprated by the small business rates multiplier for the purposes of assessing eligibility for support).

SETS OF SERVICES

There are four sets of services, corresponding to the services supplied by the four types of local authorities (although some councils may provide more than one tier of service). These are:

- upper-tier services – those services, other than fire, supplied by county councils in two- tier areas, and described in this consultation as relating to 'social care councils'
- police services
- fire and rescue services lower-tier services – those services supplied by district councils ('non-social care councils' in the consultation) in two-tier areas.

SETTLEMENT CORE FUNDING

The definition of settlement core funding for this purpose takes into account the main resources available to councils, which for this purpose comprise:

- council tax income
- the Settlement Funding Assessment, comprising:
 - estimated business rates income (baseline funding level under the rates retention scheme)
 - Revenue Support Grant.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...

SETTLEMENT FUNDING ASSESSMENT

Previously referred to as Start-Up Funding Assessment. It comprises at a national level the total Revenue Support Grant and the local share of Estimated Business Rates Aggregate for the year in question. On an individual council level it comprises each council's Revenue Support Grant for the year in question and its baseline funding level, uprated year-on-year in line with the September forecast of the Retail Price Index, unless otherwise decided

SPECIFIC GRANT

Grants paid under various specific powers, but excluding Revenue Support Grant or area- based grant. Some specific grants are ringfenced.

SPECIFIED BODY

This is the term used for a body or bodies which are directly funded from Revenue Support Grant, and which provide services centrally for local government as a whole.

SPECIFIED INVESTMENTS

These are to be sterling investments of a maturity period of not more than 364 days, or those which could be for a longer period but where the Council has the right to be repaid within 364 days if it wishes. These are low risk assets where the possibility of loss of principal or investment income is considered negligible.

SUPER OUTPUT AREA

A Super Output Area (SOA) is a geographical area designed for the collection and publication of small area statistics. It is used on the Neighbourhood Statistics site, and has a wider application throughout national statistics. SOAs give an improved basis for comparison throughout the country because the units are more similar in size of population than, for example, electoral wards

SUPPORT SERVICES

These are services that are not statutory local authority services but which give support to those services.

TARIFFS AND TOP UPS

Calculated by comparing at the outset of the business rate retention scheme an individual council's business rates baseline against its baseline funding level. Tariffs and top ups are self-funding, fixed at the start of the scheme and uprated year-on-year in line with the September forecast of the Retail Price Index, unless otherwise decided.

TAX INCREMENTAL FINANCING

The Local Government Finance Bill was passed in December 2011 and introduces a rate retention scheme enabling local authorities to retain a proportion of the business rates generated in their area. The Bill also includes a framework for the localisation of support for council tax in England, which alongside other council tax measures will give councils increased financial autonomy and a greater stake in the economic future of their local area, while providing continuation of council tax support for the most vulnerable in society. In determining the affordability of borrowing for capital purposes, authorities currently take account of their current income streams and forecast future income.

BUSINESS PLAN - GLOSSARY OF TERMS Continued...

TREASURY MANAGEMENT

The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

TREASURY MANAGEMENT PRACTICES / TREASURY MANAGEMENT CODE OF PRACTICE

The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code for Capital Finance in Local Authorities. In doing so, the Council is required to set and monitor a series of Prudential Indicators, the key objectives of which are to ensure that, within a clear framework, the capital investment plans of the council are affordable, prudent and sustainable.

USEFUL LIFE

This is the period over which the local authority derives benefit from the use of a fixed asset.

BUSINESS PLAN – LIST OF ACRONYMS

<u>Acronym</u>	<u>Definition</u>
AD	Assistant Director
ADASS	Association of Directors of Adult Social Services
Apps	Applications
ASB	Anti Social Behaviour
ASC	Adult Social Care
ASH	Our miscellaneous income, invoicing and recovery system
BC	Building Control
BESD	Behavioural Emotional and Social Difficulties
BME	Black Minority Ethnic
C & YP	Children and Young People
CAF	Common Assessment framework
CAMHS	Child and Adolescent Mental Health Services
CC	Children's Centre
CCTV	Close Circuit Television
CEN	Creative Environmental Networks
CEO	Civil Enforcement Officer
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CMT	Corporate Management Team
CNEA	Clean Neighbourhood and Environment Act
COM	Current Operating Model
CPD	Centre for Professional Development
CPD	Continuing Professional Development
CPZ	Controlled Parking Zone
CRB	Criminal Records Bureau
CRM	Customer Relationship Management
CSC	Children's Social Care
CSF	Children Schools & Families
CYP	Children and Young People
CYPP	Children and Young peoples Plan
DC	Development Control
DEFRA	Department for Environment Food and Rural Affairs
DFG	Disabled Facilities grant
DMT	Departmental Management Team
DSG	Dedicated Schools Grant
E&R	Environment and Regeneration
EA	Equality Analysis
EAL	English as an Additional Language
EH	Environmental Health
EIA	Equalities Impact Assessment
EIG	Early Intervention Grant
ERTG	Enforcement Review Task Group
ESOL	English for Speakers of Other Languages
EU	European Union
EY	Early Years
FACS	Fair Access to Care Services
FM	Facilities Management
FOI	Freedom Of Information
FPN	Fixed Penalty Notice
FTE	Full Time Equivalent
GLA	Greater London Authority
HB	Housing Benefits
HC&OP	Healthier Communities and Older People

BUSINESS PLAN – LIST OF ACRONYMS Continued.....

<u>Acronym</u>	<u>Definition</u>
HCA	Homes and Community Agency
HNES	Housing Needs and Enabling Services
HRRC	Household Reuse and Recycling Centre
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standard
IP	Intellectual Property
IT	Information Technology
iTrent	The Council's payroll system
JD	Job Description
K	£ Thousand
L & D	Learning and Development
LA	Local Authority
LAC	Looked After Children
LALO	Local Authority Liaison Officer
LATS	Landfill Allowances and Trading Scheme
LB	London Borough
LBM	London Borough of Merton
LCGS	London Councils Grant Scheme
LDD	Learning Development and Diversity
LGA	Local Government Association
LLC	Local Land Charges
LSC	Learning Skills Council
LSCB	Local Safeguarding Children's Board
LSP	Local Strategic Partnership
LOBO	Lenders Option Borrowers Option
MAE	Merton Adult Education
MARAC/D	Multi Agency Risk Assessment Case Conference / Domestic Violence
MCIL	Merton Centre for Independent Living
MIS	Management Information System
MP	Member of Parliament
MRP	Minimum Revenue Provision
MSLT1&2	Merton's Senior Leadership Team Levels 1 and 2
MTFS	Medium Term Financial Strategy
MVSC	Merton Voluntary Service Council
NEET	Not in Education Employment or Training
NDR	Non Domestic Rate
O&S	Overview and Scrutiny
OJEU	Official Journal of the European Union
OT	Occupational Therapy
PATAS	Parking And Traffic Appeals Service
PC	Police Constable
PCN	Penalty Charge Notice
PCT	Primary Care Trust
PFI	Private Finance Initiative
PM&R	Pavement Maintenance and Repair
PPD	Public Protection and Development

BUSINESS PLAN – LIST OF ACRONYMS Continued.....

<u>Acronym</u>	<u>Definition</u>
PPP	Policy Planning and Performance
PRS	Private Rented Sector
PVI	Private Voluntary and Independent
QA	Quality Assurance
SC	Sustainable Communities
SEN	Special Educational Needs
SEND	Special Educational Needs and Disabilities
SFA	Skills Funding Agency
SLA	Service Level Agreement
SLWP	South West London Partnership
SME	Subject Matter Expert
SMT SOAs	Senior Management team Super Output Areas
SSQ	School Standards and Quality
SW	South West
SWLSG	South West London and St George's Mental Health NHS Trust
TBC	To Be Confirmed
TEC	Transport and Environment Committee
TFL	Transport For London
TOM	Target Operating Model
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations
VAT	Value Added Tax
VLE	Virtual Learning Environment
VS	Voluntary Sector
YOT	Youth Offending Team

SECTION 2: GENERAL FUND REVENUE BUDGET AND COUNCIL TAX STRATEGY

1. Background to Financial Planning

- 1.1 The approach to Medium Term Financial Planning provides a great deal of flexibility in decision making and enables the impact of alternative options to be modeled. This has assisted with progress towards a balanced budget over the four year plan.
- 1.2 The MTFS has been re-priced and rolled forward a year so that each year from 2019/20 to 2022/23 starts from the approved budget 2018/19 and is built up showing the cumulative effect of variations over the period. The initial re-priced MTFS showing the budget gap as reported to Council in February 2018 was as follows :-

Table 1: Initial Re-priced MTFS

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Departmental Base Budget '18/19	149,808	149,808	149,808	149,808
Departmental Budget Changes	(1,944)	2,427	6,196	7,657
Re-Priced Departmental Budget	147,864	152,235	156,004	157,465
Treasury/Capital financing	10,388	12,237	12,944	12,164
Other Corporate items	(12,578)	(12,221)	(12,086)	(11,928)
Levies	607	607	607	607
Sub-total: Corporate provisions	(1,583)	623	1,465	843
Appropriation to/from Reserves	(6,710)	(1,493)	(1,649)	(1,587)
BUDGET REQUIREMENT	139,571	151,365	155,820	156,721
TOTAL FUNDING	(138,286)	(135,947)	(138,377)	(140,571)
GAP (Cumulative)	1,285	15,418	17,443	16,150

- 1.3 Since then, reports to Cabinet on 17 September 2018, 15 October 2018, 10 December 2018, and 14 January 2019 have presented updated information to Members, setting out the financial implications as assumptions have been reviewed and decisions made.
- 1.4 The decisions made in respect of each element of the MTFS impact on the overall financial position of the Authority. To balance the budget over 2019-23, an overall package of decisions of options and variables that need to be included in the budget have been modelled, enabling the impact of different scenarios to be seen. The details set out in this section summarise those that represent the most up to date information available.

1.5 Setting a Balanced Budget

1.5.1 Resource and expenditure projections have been continually updated throughout the year to inform Members and officers of the overall position for 2019-2023. A four-year forward plan is presented, but it is still a legal requirement that a balanced (i.e. fully funded) budget is achieved for 2019/20. There are a number of ways in which a balanced budget is achieved:

- Reducing expenditure/costs;
- Identifying new savings or additional income;
- Adjusting the level of Council Tax ;
- Using unallocated reserves as a temporary measure pending the implementation of the options above.

1.5.2 Budget savings and growth proposals have been formulated within the overall constraints of the resource projections. The proposals have been approved in principle by the Cabinet and then considered by Overview and Scrutiny Panels as part of the scrutiny process. Scrutiny Panels have met again during January 2019 and their feedback on the Council's spending proposals is set out in a separate report elsewhere on the agenda for this meeting.

1.5.3 The Medium Term Financial Strategy (MTFS) for the Council supports the achievement of the business plan and any financial implications arising from the agreed plan are included in financial planning for 2019/20 and beyond. The MTFS brings together all of the key elements relating to the Council's financial position which are reflected in the General Fund, and the Capital Programme.

1.5.4 The last detailed MTFS which was reported to Cabinet on 14 January 2019 showed that the budget gap was:-

Table 2: Budget Gap Cabinet 14 January 2019

Cumulative	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Gap exc. Savings/Growth	9,341	19,120	25,093	26,625
(Savings)/Growth	(9,341)	(16,247)	(17,741)	(17,846)
Gap Net of Savings/Growth	0	2,873	7,352	8,779

1.5.5 As with previous years, the business planning process is a multi-year approach and this includes a review of total expenditure and income over the period 2019-23.

- 1.5.6 There have been further changes to some of the key budget variables as more information has become available and the details are set out in this report.
- 1.5.7 One of the key objectives is to balance the budget and there has been a major improvement in recent years in the ability to look over a long-term period and identify significant savings over more than one year.
- 1.5.8 The Business planning framework aims to enable strategic resource allocation and investment decisions to be made that allow for services to transform and change at different times in the future and which would otherwise be very difficult to plan under an annual planning framework. This improved long-term financial planning process is the best way to ensure that budgets are robust and sustainable.

2. Local Government Finance Settlement 2019-20

2.1 Local Government Finance Settlement

- 2.1.1 The financial projections in the report to Cabinet on 14 January 2019 were based on the information as announced in the provisional Local Government Finance Settlement on 13 December 2018. Information in this report has been updated as more information has become available.
- 2.1.2 On 29 January 2019, the Secretary of State for Housing, Communities and Local Government announced the Final Local Government Finance Settlement allocations. There are no changes to Merton's funding to report as a result of the Final Settlement.
- 2.1.3 However, on 28 January 2019, the Secretary of State announced additional funding of £56.5m stating that "local government will play a critical role in making a success of Brexit at the local level. My Department is committed to ensuring councils have the support and the funding they need to prepare for an orderly exit from the EU and do appropriate contingency planning."
- 2.1.4 The Government is allocating £20m in 2018/19 and £20m in 2019/20. Merton will receive £0.105m in both 2018/19 and 2019/20.
- 2.1.5 Public Health Grant
Merton's allocation for 2019/20 has been confirmed as £10.175m.
- 2.1.6 Council Tax Referendum Threshold
The Final Settlement confirmed that the referendum threshold for principal local authorities such as Merton is as follows:-
- a core principle of up to 3%.

- a continuation of the Adult Social Care precept for 2019/20 only, with an additional 2% flexibility available. This is subject to total increases for the Adult Social Care precept not exceeding 6% between 2017-18 and 2019-20, and increases being no more than 2% in 2019-20. (NB: Merton has previously utilised Adult Social Care precept of 3% in 2017/18 and 1% in 2018/19)

In addition, police and crime commissioners (PCCs) will be allowed increases of up to £24 in 2019-20 (including the Greater London Authority charge for the Metropolitan Police, and the PCC component of the Greater Manchester Combined Authority precept).

- 2.1.7 Latest details on the Local Government Settlement are included in Appendix 2 and have been incorporated into Merton's MTFS where applicable.

2.2 Business Rates

- 2.2.1 As was reported to the January 2019 Cabinet meeting, although the Government has withdrawn 100% Business Rates Retention from the London pilot pool following separate negotiations with London authorities, it has been agreed that London will be piloting 75% business rates retention in 2019-20. The arrangements for pilot authorities have no impact on the funding available for other areas. In all the pilot areas, authorities have agreed to forego funding streams in return for higher shares of business rates. In London, the boroughs, the City of London Corporation, and the Greater London Authority (GLA) will forego RSG. GLA will also forego the GLA Transport grant from the Department for Transport (DfT).

The 75% and 100% business rates retention pilots are cost neutral at the point of delivery, although there is a cost to the exchequer arising from the additional growth foregone.

- 2.2.3 Under the revised 75% London Pilot Pool, the retained percentage share of non-domestic rate income in 2019/20 is:-

- Central government 25%, GLA 27%, London Boroughs 48%

- 2.2.4 The report to Cabinet in January 2019 included the following resources from Settlement Funding Assessment (Revenue Support Grant + Retained Business Rates) which is based on the four year Settlement figures agreed with the Government in 2016:-

Table 3: Settlement Funding Assessment Based on 4 Year Settlement

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Settlement Funding Assessment	40,436	37,726	38,286	38,501
Section 31 Grant (share of Business Rates Levy)	543	0	0	0
Total	40,979	37,726	38,286	38,501

2.2.5 As with 2018/19, due to participation in the London Pilot Pool final details of Merton's actual share of Business Rates for 2019/20 will not be known until the accounts for 2019/20 are closed.

2.2.6 It is extremely difficult to forecast Business Rates income over the four year MTFS period as there are a number of unknowns which can have a significant impact. In particular:-

- The future of the London Business Rates pool beyond 2019, the reset of business rates baseline in 2020/21 and the impact on Merton of changes in business rates levels across the other London boroughs.
- The impact of the Fair Funding Review
- The impact of the Spending Review 2019 which should set Government funding priorities over the longer term and Government department funding allocations
- The impact of Brexit
- Business rates levels in the future and future economic and demographic changes including the decline of the high street and impact on businesses

2.2.7 For 2019/20, it will be assumed that Merton's share of Business Rates will be a "no worse off" position. i.e. the level of business rates income is based on a forecast as if the Council was not participating in the pilot pool. This is the same assumption as was made when preparing the 2018/19 budget and MTFS. However, the Government have withdrawn this guarantee as part of the move to 75% Business Rates Retention.

2.2.8 The Government will continue to operate a safety net threshold as part of Business Rates Retention. Safety net payments will ensure that a local authority's income does not drop below more than a set percentage of its baseline funding level. The safety net threshold for non-pilot authorities is 7.5% and for 75% pilots is 5%.

- 2.2.9 Further details regarding how the 75% business Rates Pilot Pool and the latest information contained in the NNDR1 return will impact on Merton's MTFS are included in paragraph 10 of this report.

3. **Review of Corporate and Technical Provisions**

- 3.1 Previous reports to Cabinet have set out the details and assumptions on which the budget has been formulated. The latest information is set out in the following paragraphs.

3.2 Review of Technical and Corporate Provisions

- 3.2.1 Technical and corporate adjustments incorporated in the MTFS have been reported to Cabinet throughout the business planning process for 2019/20.
- 3.2.2 The key assumptions included in the MTFS have been continually reviewed and updated as the budget process has developed. It should be noted that any one-off adjustments will need to be addressed in future years. The latest information is set out in the following paragraphs :-

3.3 Inflation

- 3.3.1 Predicting the level of inflation over a four year period with accuracy is not easy, particularly in the current economic climate and given the size of the Council's budget can lead to large variances if the actual inflation levels vary from the assumptions.

3.3.2 Pay

The current assumptions regarding pay inflation incorporated into the MTFS reflect the agreed two year pay award for 2018/19 and 2019/20 and then 1% per year thereafter.

The latest estimates for pay inflation included in the MTFS are :-

Table 4: Pay Inflation Provision in the MTFS

(Cumulative)	2019/20	2020/21	2021/22	2022/23
Pay inflation (%)	2.8%	1.0%	1.0%	1.0%
Revised Estimate (cumulative £000)	2,166	2,939	3,712	4,485

Further details on the pay negotiations for 2020/21 and beyond, and the impact on the MTFS, particularly in the latter part of it, will be reported when they are known.

3.3.3 Prices

The Consumer Prices Index (CPI) 12-month rate was 1.8% in January 2019, down from 2.1% in December 2018. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate

was 1.8% in January 2019, down from 2.0% in December 2018. The largest downward contribution to the change in the 12-month rate came from electricity, gas and other fuels, with prices overall falling between December 2018 and January 2019 compared with price rises the same time a year ago. These downward effects were partially offset by air fares, with prices falling between December 2018 and January 2019 by less than a year ago. The RPI 12-month rate for January 2019 stood at 2.5%, down from 2.7% in December 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 6 February 2019, the MPC voted unanimously to maintain 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.

In the minutes of the meeting the MPC state that "CPI inflation fell to 2.1% in December and is expected to decline to slightly below the MPC's 2% target in the near term, largely due to the sharp fall in petrol prices which has occurred since November. As that effect unwinds, CPI inflation rises above 2%. The MPC judges that demand and potential supply are currently broadly in balance. The weaker near-term outlook is likely to lead to a small margin of slack opening up this year. Thereafter, demand growth exceeds the subdued pace of supply growth and excess demand builds over the second half of the forecast period. As a result, domestic inflationary pressures firm, as the upward pressure on inflation of sterling's past depreciation wanes. Under the assumptions that condition the February Report, inflation settles at a rate a little above the target. "

As is to be expected the outcome of the Brexit negotiations is seen as key but uncertain with the MPC noting that "The economic outlook will continue to depend significantly on the nature of EU withdrawal, in particular: the new trading arrangements between the European Union and the United Kingdom; whether the transition to them is abrupt or smooth; and how households, businesses and financial markets respond. The appropriate path of monetary policy will depend on the balance of these effects on demand, supply and the exchange rate. The monetary policy response to Brexit, whatever form it takes, will not be automatic and could be in either direction. The MPC judges at this month's meeting that the current stance of monetary policy is appropriate. The Committee will always act to achieve the 2% inflation target."

The MPC's updated projections for inflation and activity are set out in the February Inflation Report published on 7 February 2019.

In the February Inflation Report, the MPC considers what the prospects for inflation are for the period under review. It states that "inflation is expected to fall to 1.8% in January, and to remain just below the target throughout 2019. That forecast is lower than in the November Report, mainly reflecting the continued impact of lower petrol prices. It also includes the estimated impact of measures announced in Budget 2018. These measures include a freeze in the rate of fuel duty and some alcohol duties, which together reduce inflation by just under 0.1 percentage points from early 2019. Over the forecast period as a whole, external cost pressures are expected to be lower compared with recent years. Domestic cost pressures are expected to continue to strengthen. Inflation expectations, which can influence wage and price-setting decisions, remain consistent with inflation returning to the target in the medium term." The MPC recognises that UK GDP growth seems to have slowed and expect it to remain subdued during most of 2019 which reflects a weakening of global growth and "the intensification of Brexit uncertainties". The MPC concludes that "conditioned on paths for interest and exchange rates that are somewhat more stimulative than in November, UK GDP growth begins to pick up later this year and is expected to be a little stronger in the medium term than was projected three months ago. Although it remains modest by historical standards, demand growth exceeds potential supply growth on average over the forecast. As a result, excess demand builds over the second half of the forecast period, raising domestic inflationary pressures. In the near term, inflation is expected to fall to slightly below the MPC's 2% target, largely reflecting the sharp fall in oil prices which has occurred since November. As that effect unwinds, CPI inflation rises above 2%, and remains a little above the target for the rest of the forecast period."

The MPC's projections in the February Inflation report are based on four key assumptions:-

Key Judgement 1: global GDP growth weakens further and settles at close to its potential rate

Key Judgement 2: UK domestic demand growth is soft over much of 2019, due in part to elevated Brexit uncertainties, before picking up

Key Judgement 3: potential supply continues to grow at subdued rates and excess demand emerges over the forecast

Key Judgement 4: CPI inflation is supported by strengthening domestic inflation, although it falls slightly below the target temporarily due to lower energy prices

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.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	End Q.1 2022
Feb.'18	0.7	0.7	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1
Nov.'18	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	0.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1		
May '18	0.8	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2			
Feb.'18	0.8	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.2				
Nov.'17	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0					
Aug.'17	0.5	0.6	0.6	0.7	0.7	0.7	0.8						
May '17	0.4	0.4	0.4	0.5	0.5	0.5							
Feb'17	0.5	0.5	0.6	0.6	0.7								
Nov.'16	0.3	0.3	0.4	0.4									
Aug.'16	0.2	0.2	0.2										
May '16	0.7	0.8											
Feb. '16	1.1												

Source: Bank of England Inflation Reports

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 5: Short Term Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (January 2019)			
	Lowest %	Highest %	Average %
2018 (Quarter 4)			
CPI	2.2	2.6	2.3
RPI	3.0	3.8	3.2
LFS Unemployment Rate	3.8	4.2	4.1
2019 (Quarter 4)			
CPI	1.4	3.5	1.9
RPI	2.1	4.2	2.9
LFS Unemployment Rate	3.6	4.5	4.1

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:-

Table 6: Long-term Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (November 2018)					
	2018	2019	2020	2021	2022
	%	%	%	%	%
CPI	2.5	2.1	2.0	2.0	2.1
RPI	3.4	3.2	3.1	3.3	3.3
LFS Unemployment Rate	4.1	4.1	4.2	4.4	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:-

Table 7: OBR Fiscal and Economic Outlook for the UK Economy

	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

The current assumptions regarding price inflation incorporated into the MTFS are

Table 8: Price inflation assumptions in MTFS

(Cumulative)	2019/20	2020/21	2021/22	2021/22
Price inflation (%)	1.5%	1.5%	1.5%	1.5%
Revised Estimate (cumulative £000)	2,078	4,155	6,233	8,311

Clearly, this will be treated as a cash limit and if 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.

3.3.4 Excess Inflation on volatile budgets

There is also a corporate provision which is held to assist services that may experience increases greatly in excess of the inflation allowance provided when setting the budget. This will only be released for specific demonstrable demand. There is no further change proposed.

Table 9: Excess Inflation Provision

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Excess Inflation provision	450	450	450	450

The cash limiting strategy is not without risks but if current forecast levels of inflation) were applied un-damped across the period then the budget gap would change by c. £ 3.1m by 2022/23.

3.3.5 Income

The MTFS does not include any specific provision for inflation on income from fees and charges. However, service departments can identify increased income as part of their savings proposals.

3.4 Collection Fund

3.4.1 The Collection Fund is a statutory fund separate from the General Fund. It accounts for income from Council Tax and from NNDR (Business Rates).

3.4.2 The Collection Fund accounts are kept on an accrual basis and a surplus or deficit for the year in the collection fund is estimated accordingly. The audited accounts for 2017/18 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2018:-

Table 10: Collection Fund Surplus/Deficit as at 31 March 2018

	Surplus/ (deficit) as at 31/03/18 Outturn	Surplus/ (deficit) as at 31/03/18 Outturn	Total surplus/ (deficit) as at 31/03/18
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(994)	(994)
GLA	531	(1,140)	(609)
Merton	2,086	(914)	1,172
Total	2,617	(3,048)	(431)

3.4.3 A review of the Collection Fund, related bad debt provisions, write offs, and collection rates in 2018/19 and anticipated collection rates in 2019/20 has been undertaken. With respect to Business Rates, the NNDR1 return has been submitted (24 January 2019 deadline for London pilot pool) which analyses the estimated Business Rates for 2019/20, estimated surplus/deficit as at 31st March 2019 and estimated Section 31 Grant for 2019/20, and the allocations between Merton, Central Government, and the GLA. As part of the change in the London Pilot Pool from 100% to 75% Business Rate Retention there will be a change in shares of funding currently anticipated to be 25% central government , 27% GLA and 48% Merton.

3.4.4 As a result of the further analysis, the estimated surplus/deficit on the Collection Fund as at 31st March 2019 is as follows:-

Table 11: Collection Fund Surplus/Deficit as at 31 March 2019

	Surplus/ (deficit) as at 31/03/19 Estimate	Surplus/ (deficit) as at 31/03/19 Estimate	Total surplus/ (deficit) as at 31/03/19
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	340	340
GLA	489	(1,621)	(1,132)
Merton	1,949	(3,250)	(1,301)
Total	2,438	(4,531)	(2,093)

A more detailed summary of the calculations relating to the Collection Fund is included in Appendix 3 together with a copy of Merton's NNDR1 form for 2019/20.

3.5 Taxicards and Freedom Passes

- 3.5.1 These schemes are administered by London Councils on behalf of London boroughs. Initial information from London councils indicates that there is more than sufficient provision in the latest draft MTFS to fund the cost of these schemes in 2019/20. The latest available details are set out in the following table:-

Table 12: Freedom Passes and Taxicards 2019/20

<u>Budget 2018/19</u>	£000
Freedom Passes	8,931
Taxicards	113
Total Budget 2018/19	9,044
Increase allowed for in MTFS in 2019/20	450
Total Provision 2018/19 in latest draft MTFS	9,494
<u>Latest Details from London Councils</u>	
Charge to Merton for Freedom Passes	8,965
Charge to Merton for Taxicards	116
Latest Estimated Cost for 2019/20	9,081
Estimated Surplus Provision in MTFS	413

3.6 Contingency

- 3.6.1 The latest MTFS includes provision of £1.5m as a contingency to meet unforeseen cost and demand pressures.

3.7 Bad Debt Provision

- 3.7.1 The bad debt provision is calculated on the basis of an examination of debts within the council's financial systems to assess the probability of their collection. Due to effective and proactive debt management it is not considered that an increase in contribution will be necessary for 2019/20,

even under the current economic circumstances. The level of provision will be kept under review within the MTFS.

3.8 Revenuisation

In recent budgets it has been recognised that some expenditure formerly included in the capital programme could no longer be justified as it did not meet the definition of expenditure for capital purposes. Nevertheless, it is important that some of this expenditure takes place and the following amounts are included in service department budgets for 2019-23:-

Table 13: Revenuisation

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Revenuisation	517	509	71	149

The expenditure charged to capital during the current year is being closely monitored and is being reported through the monitoring report.

3.9 Pensions

- 3.9.1 The pension scheme was revalued based on data at 31st March 2016. Using the agreed assumptions, the Fund had assets sufficient to cover 94% of the accrued liabilities as at 31 March 2016. This increased from 89% in 2013. Based on a recovery period of 12 years the following amounts have been included in the MTFS to fund past service deficiency:-

Table 14: Pension Fund – Past Service Deficiency

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Pension Fund contribution	3,469	3,552	3,635	3,718

- 3.9.2 The next valuation will be based on data at 31st March 2019 and the provision for past service deficiency will be revised from 2020/21 to reflect this.
- 3.9.3 The current employers' oncost rate on current employees is 15.2% and this is included in departmental salary budgets.

3.10 Summary of Corporate and Technical Adjustments

- 3.10.1 The financial implications of the corporate and technical adjustments discussed in this report are summarised in Appendix 4.

4. **Proposed Amendments to Previously Agreed Savings and Growth**

- 4.1 Cabinet on 15 October 2018 and 10 December 2018 agreed some proposed amendments to savings and growth that had been agreed in

previous year's budgets and also agreed that the financial implications should be incorporated into the draft MTFS 2019-23.

- 4.2 The change over the four year MTFS period resulting from these proposals is set out in the following table:-

Table 15: Amendments to Previously Agreed Savings and Growth

SAVINGS TARGETS BY DEPARTMENT	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Corporate Services	(106)	106	0	0	0
Children, Schools and Families	0	0	0	0	0
Environment and Regeneration	0	0	0	0	0
Community and Housing	(100)	100	0	0	0
Total	(206)	206	0	0	0
Cumulative	(206)	0	0	0	

- 4.3 Details of all of the amendments have been referred to Overview and Scrutiny Panels and the Commission for scrutiny in January 2019 (all proposals) as part of the overall Budget Information pack circulated to all Members.
- 4.4 The current MTFS includes the following amounts in respect of the full year effects of previous year's savings, including those in Table 15 above.

Table 16: Full Year Effects of previous years savings

Full Year Effects of previous years savings	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Corporate Services	1,312	367	40	0	1,719
Children, Schools & Families	429	150	0	0	579
Environment and Regeneration	1,230	95	75	0	1,400
Community and Housing	1,287	1,200	0	0	2,487
Total	4,258	1,812	115	0	6,185
Total - Cumulative	4,258	6,070	6,185	6,185	

5. Departmental Savings Proposals 2019-23 and Service Planning

- 5.1 It was clear from the outset of the Business Planning process for 2019/20 that significant savings would be required to balance the MTFS over the four year period.
- 5.2 As in previous years the approach to setting savings targets for departments for the Business Planning process was based on using controllable budgets and aimed to protect front-line services and services to the vulnerable in line with the 'July principles'. Weightings for each

department; Corporate Services, Environment and Regeneration, Community and Housing, and Children, Schools and Families in the ratio (100%) : (100%) : (67%) : (50%), were applied to reduce the impact on Adult Social Care, Children's Social Care and vulnerable groups.

- 5.3 However, the targets set for 2019-23 took into account the level to which departments had achieved savings against targets set for previous years and therefore recognised that in setting the 2018/19 budget, proposals to fully meet the savings targets set were not identified and agreed over the duration of last year's budget setting period, leaving a balance still to be found.

- 5.4 The balance of savings not met by each department was as follows:-

Table 17: Balance of previous years savings targets not met

	Targets	Proposals	Net Change - Replacements	Balance
	£'000	£'000	£'000	£'000
Corporate Services	4,443	-1,241	0	3,202
Children, Schools & Families	3,460	-150	0	3,310
Environment & Regeneration	6,870	-750	0	6,120
Community & Housing	6,958	-1,600	382	5,740
Total	21,731	-3,741	382	18,372

- 5.5 Following a review of the MTFs agreed by Council in February 2018, rolling it forward and repricing for known variations as at September 2018, the budget gap was updated and savings targets were set for each department as follows:-

Table 18: Savings Targets set for 2019-23 by Cabinet (September 2018)

Savings Targets	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Corporate Services*	138	2,205	426	379	*3,148
Children, Schools & Families	143	2,740	438	299	3,620
Environment & Regeneration	263	5,066	807	495	6,631
Community & Housing	247	4,751	762	600	6,360
Total	791	14,762	2,433	1,773	19,759
Net Cumulative total	791	15,553	17,986	19,759	

* The Corporate Services target has been adjusted by £0.445m to reflect an increase in income achieved by CS staff improving the Council Tax collection rate by 0.5%.

- 5.6 Following the setting of targets by Cabinet in September 2018, service departments reviewed their budgets and formulated proposals to address their targets.
- 5.7 An initial tranche of savings was considered by Cabinet on 15 October 2018 as set out in the following table:-

Table 19: Savings agreed by Cabinet in October 2018

SUMMARY (cumulative)	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Corporate Services	75	15	0	0	90
Children, Schools & Families	0	550	0	0	550
Environment & Regeneration	0	0	0	0	0
Community & Housing	0	100	0	0	100
Total	75	665	0	0	740
Net Cumulative total	75	740	740	740	

- 5.8 Details of the initial tranche of savings were considered by Overview and Scrutiny Panels and the Commission during November 2018.
- 5.9 Service departments continued to review their budgets and formulated further proposals to address their targets which were considered by Cabinet on 10 December 2018.
- 5.10 The new savings proposals submitted by each department in December 2018 are summarised in the following table:-

Table 20: Savings agreed by Cabinet in December 2018

SUMMARY (cumulative)	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Corporate Services	97	2,031	353	91	2,572
Children, Schools & Families	143	300	0	0	443
Environment & Regeneration	2,015	1,970	26	14	4,025
Community & Housing	247	628	1,000	0	1,875
Total	2,502	4,929	1,379	105	8,915
Net Cumulative total	2,502	7,431	8,810	8,915	

- 5.11 All of the proposals, together with Draft Equalities Assessments where applicable, were referred to the Overview and Scrutiny Commission and panels as part of the information pack for review and comment in January 2019.
- 5.12 Having considered the feedback from the Scrutiny process and given all of Overview and Scrutiny Commission's comments careful consideration, Cabinet are minded to recommend that the following two savings proposals are not progressed at this stage but will be kept under review:-

Table 21: Savings that Cabinet are proposing to remove

Savings Ref.	Name of Saving	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
2019-20 CS03	Remove contribution to E&R for funding premises occupied by VS grant recipients (MVSC and CAB)	0	99	0	0
2019-20 CS16	Closure of Morden Park House and relocation of statutory services to operate at the Civic centre	0	0	78	0
	Total	0	99	78	0

- 5.13 Assuming that savings proposals CS03 and CS16 are removed, the total new savings including those agreed in October 2018 and December 2018 are:-

Table 22: Total Savings agreed by Cabinet for 2019-23

SUMMARY (cumulative)	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Corporate Services	172	1,947	275	91	2,485
Children, Schools & Families	143	850	0	0	993
Environment & Regeneration	2,015	1,970	26	14	4,025
Community & Housing	247	728	1,000	0	1,975
Total	2,577	5,495	1,301	105	9,478
Net Cumulative total	2,577	8,072	9,373	9,478	

Summary of progress to date

- 5.14 If all of the proposals considered by Cabinet in October 2018 and December 2018 are accepted, with the exception of CS03 and CS16 detailed in Table 22 above, the balance remaining to find is:-

Table 23: Balance of Savings Targets remaining by department

	Targets £'000	Proposals £'000	Balance £'000	Balance %
Corporate Services	3,148	2,485	663	21.1
Children, Schools & Families	3,620	993	2,627	72.6
Environment & Regeneration	6,631	4,025	2,606	39.3
Community & Housing	6,360	1,975	4,385	68.9
Total	19,759	9,478	10,281	52.0

- 5.14 Where departments have not met their target or put forward options that are deemed not to be acceptable then the shortfall will be carried forward to later meetings and future years' budget processes to be made good.

- 5.15 It is important that this balance remaining is kept in focus for future year's budget setting processes since the balance remaining on the MTFS in the latter years are significant and will not be addressed without contributions from ongoing savings in departmental budgets.

6. Feedback from the Scrutiny Process:-

- 6.1 Comments from the Overview and Scrutiny Commission on 23 January 2019 are provided in a separate report on the agenda for this meeting.

6.2 Financial Implications of Changes arising from response to Scrutiny

- 6.2.1 The draft MTFS shown in Appendix 7 includes the impact of the changes recommended. If Cabinet decide to accept any further changes to the savings, the MTFS reported to Council on 6 March 2019 will be amended to reflect this.

7. **Budgetary Control 2018/19**

- 7.1 The revenue budgetary control information below summarises the corporate position using the latest available information as at 31st December 2018 as shown in a separate report on the agenda for this meeting. As at 31st December 2018, there is a forecast underspend for the Council of £1.649m, subject to winter pressures.

- 7.2 The underspend of £1.649m is made up as follows :-

Table 24: Analysis of 2018/19 Revenue Forecast

Departmental underspend	£0.282m
Corporate underspend	£1.367m
Net Underspend	£1.649m

- 7.3 Where appropriate any implications arising from these projections will be incorporated into the Medium Term Financial Strategy for 2019-23.

8. **Capital Financing and Treasury Management**

Treasury Management, Capital Financing and Investment Income:

- 8.1 Details are included in Section 1 of this report. Capital financing costs are derived from the draft capital programme which is included in the Capital Strategy in the Business Plan (Section 1) and estimated revenue funding is built into the MTFS for the level of borrowing that is expected.
- 8.2 Details relating to how the capital programme has changed from that approved by Council in February 2018 to the capital programme for 2019-23 are discussed in the Business Plan (Section 1 – Capital Strategy) part of this report and related appendices.

The capital programme has continued to be subject to major review as part of monthly monitoring and the process of developing the Business Plan for 2019-23.

- 8.3 In addition to reviewing the capital programme, focus has also been maintained on the treasury management aspects of funding the programme, to improve forecasts of available funding and to minimise as far as possible the costs of funding capital. This has included improved cash flow forecasting to enable the programme to be funded from capital receipts and internal resources for as long as possible to take advantage of current low levels of interest. Work is also continuing to ensure that grants and contributions are utilised effectively and this work will continue into the closing of accounts process for 2018/19 to ensure that the revenue impact of the capital programme is minimised in 2019/20 and beyond.
- 8.4 The revenue budget implications of the capital programme 2019-23 compared to those included in the MTFS approved by Council in February 2018 are summarised in the following table:-

Table 25: Summary of Capital Financing Costs and movement since 2018/19

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Budgeted Capital financing costs of Programme approved by Council 28/02/2018	10,388	12,237	12,944	12,164
Change in capital financing costs arising from new schemes and review and re-profiling of existing capital programme as set out in Section 4	(571)	(1,403)	(726)	(31)
Estimated capital financing costs of Capital Programme 2019-23	9,817	10,834	12,218	12,133

- 8.5 The analysis of the budget for capital financing costs and investment income is set out in the following table:-

Table 26: Details of Budgets for capital financing costs

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
MRP(net of contributions)	4,166	5,037	6,267	7,107
Interest	6,315	6,315	6,364	6,413
Capital financing costs	10,481	11,352	12,631	13,520
Investment Income	(664)	(518)	(413)	(1,387)
Net	9,817	10,834	12,218	12,133

9 GENERAL FUND BALANCES AND RESERVES

- 9.1 In determining an appropriate level of general fund balances previously, an analysis of the overall expenditure of the authority had been prepared. An updated version of this analysis has been prepared and is attached as Appendix 10. The overall level of balances is summarised below and compares with current GF balances of £12.778m as shown in the final accounts for 2017/18, but will need to be adjusted for outturn, with a projected underspend of £1.649m, subject to winter pressures.

Table 27: Indicative range of balances

	Min	Medium	Max
	£m	£m	£m
Level of balances	12.53	20.12	27.81

- 9.2 An alternative approach would be to look at a percentage based on the net spending of the authority. From the Audit Commission's report "Striking a Balance", most Chief Officers regarded an amount of between 3 and 5 per cent as a prudent level and the minimum the auditors would consider prudent. There are also some other areas of risk and unknowns in relation to the localisation of business rates and how this impact will flow through, in particular in relation to appeals. There is now an amount calculated for Merton called the safety net, below which income must fall before Merton becomes entitled to funding from central government. This approach is set out below, using an amount of 5 per cent.

Table 28: Indicative level of balances

	£m
Net spending	7.2
Safety Net	2.0
DSG	0.5
Appeals	2.0
Level of balances	11.7

- 9.3 The average level of General Fund balances for outer London boroughs for 2017/18 was £14.669m, with a low of £9.075m and a high of £40.323m.
- 9.4 A review of Merton's reserves has been undertaken and details are shown in Appendix 8. The estimated level of earmarked reserves changes from £28.346m as at 31 March 2018 to £9.999m by 31 March 2023.
- 9.5 The average level of earmarked reserves (excluding schools and HRA) for outer London boroughs for 2017/18 was £65.711m, with a low of £11.395m and a high of £202.6m. Merton, with £33.575m (excluding schools) is ranked 15th highest out of 20 outer London boroughs.

10. **Revenue Support Grant and Baseline Funding (Non-Domestic Rates)**

10.1 Details of the information included in the Provisional Local Government Finance Settlement with respect to RSG and Business Rates were included in the report to Cabinet in January 2019. The Final Local Government Finance Settlement was announced on 29 January 2019. There were no significant changes and details of the Settlement are summarised in paragraph 2 and Appendix 2 of this report.

10.2 Update arising from completion of the NNDR 1 Return and assuming the London 75% Business Rates Pilot Pool proceeds

10.2.1 Revenue Support Grant

Under 75% Business Rates Retention, Revenue Support Grant will be replaced by Business Rates.

10.2.2 Updating potential Business Rate Funding following NNDR1 Submission

The latest information available regarding potential resources from Business Rates is contained in Merton's NNDR1 form which has been completed and submitted to the MHCLG and the City of London Corporation who are administering the pilot pool arrangements.

Merton's NNDR1 return is attached as Appendix 3. The NNDR1 return provides the following key information that is used to inform Merton's budget process and MTFS as well as providing key information to both the MHCLG and the GLA:-

- Estimated Surplus/Deficit on the Collection Fund in respect of 2018/19 and the shares for Merton, central Government and the GLA
- Merton's estimated non-domestic rating income for 2019/20 and the shares for Merton, central Government and the GLA
- The amount of Section 31 grant to be received from Central Government to Merton and the GLA to compensate authorities for the cost of changes to the business rates system announced in the 2013 to 2016 Autumn Statements and 2017 (November) and 2018 Budgets.

10.2.3 Financial implications of the NNDR1 for Merton's MTFS

a) Estimated Surplus/Deficit:

Based on the information from Merton's final outturn for 2017/18 (as per the NNDR3 return) and latest estimates for the level of appeals and required Bad Debt Provision, there will an estimated deficit of £4.531m on the Collection Fund at 31 March 2019.

This will be shared as follows:-

Table 29: Share of Deficit on Collection Fund – Business Rates

	£m
Merton	3.250
GLA	1.621
Central Government	(0.340)
Total	4.531

b) Share of 2019/20 Business Rates

Assuming that the pool proceeds Merton's Business Rates income will be shared in the ratio 25:27:48 between the Government: GLA: Merton.

As Indicated in Merton's NNDR1 form for 2019/20 (included in Appendix 3), Merton's net amount receivable from Business Rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs and accounting adjustments, transitional protection and costs of collection is £88.061m.

Based on 75% Business Rates Retention, the distribution of the net amount of business rates receivable in 2019/20 is as follows:

Table 30: Share of Business Rates 2019/20

	£m
Central Government	22.015
Merton	42.269
GLA	23.777
Total	88.061

Under the pilot pool arrangements, Merton will become a tariff authority (i.e. it has to contribute an element of its business rates to the government to fund other local authorities) and the Final Local Government Finance Settlement indicates that Merton's tariff will be £1.144m which means that Merton's estimated share of Business Rates income would be £41.125m in 2019/20.

c) Amount of Section 31 grant due from Central Government to compensate for reliefs

Merton's estimated share of Section 31 grant due in 2019/20 is £4.3m which is based on a 48% share under the pilot pool arrangements.

d) Impact on 2019/20 – Based on "No worse off" Position

As indicated previously in paragraph 2.2 of the report, at this stage it is important not to overestimate the level of funding that is achievable from business rates. Therefore, as for 2018/19 it is intended to use an estimate of the position Merton would be in if it was not participating in the 75% London pilot pool. This protects the Council from any risk arising

if the pilot pool did not proceed for any reason or if the Business Rates forecasts from other London boroughs indicate a decline in business rates in their areas. The “No worse off position based on latest information is as follows:-

Table 31: Business Rates “No worse off position”

	£m
Net retained rates under existing "67%" system	37.546
RSG rolled-in	5.076
S.31 grants not built into net retained rates above	0.861
"No worse off" level	43.483

The latest figures use the data from Merton's NNDR1 and the Final Local Government Finance Settlement together with the methodology adopted by London Councils' in their London Pilot Pool model. This produces the amount of NNDR and Section 31 grant Merton would receive assuming that Merton is not in a pool although under 75% Business Rates Retention the Government has removed the no detriment guarantee.

10.2.4 Impact of London 75% Business Rates Pilot Pool

The City of London Corporation is consolidating the NNDR1 returns from all London boroughs. Final figures for Merton's actual NNDR and Section 31 grant will not be known until all London boroughs have submitted audited NNDR 3 returns in the summer. It is impossible to estimate the final figure for Merton's resources at this stage.

11. **Council Tax Strategy**

- 11.1 The Localism Act 2011 amended the legislation regarding the calculation of council tax. It also provides for a council tax referendum to be held if an authority increases its relevant basis amount of council tax in excess of principles determined by the Secretary of State.
- 11.2 The Secretary of State has ruled that for most principal authorities, which includes Merton council, for 2019-20, the following referendum principles will apply:-
 - a core principle of up to 3%. This would apply to shire county councils apart from Northamptonshire County Council, unitary authorities, London borough councils, the Common Council of the City of London, the Council of the Isles of Scilly, the general precept of the Greater London Authority, and fire and rescue authorities;
 - a continuation of the Adult Social Care precept, with an additional 2% flexibility available for shire county councils, unitary authorities, London borough councils, the Common Council of the City of London and the Council of the Isles of Scilly. This is subject to total

increases for the Adult Social Care precept not exceeding 6% between 2017-18 and 2019-20, and increases being no more than 2% in 2019-20;

In addition, police and crime commissioners (PCCs) will be allowed increases of up to £24 in 2019-20 (including the Greater London Authority charge for the Metropolitan Police, and the PCC component of the Greater Manchester Combined Authority precept).

- 11.3 For Merton, a Council Tax increase of 5% would be regarded as excessive but a core principle of 2.99% plus Adult Social Care precept of 2% (i.e. 4.99%) would be in accordance with the thresholds set.

12. Council Tax Base

- 12.1 Cabinet on 10 December 2018 agreed the Council Tax Base calculation for 2018/19. Details of the calculation are included as Appendix 3.

- 12.2 For 2019/20 the Council Tax Base has been calculated as:-

Table 32: Council Tax Base 2019/20

Council Tax Base 2019/20	74,951.7
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- 12.3 A separate council tax base calculation has been produced for the properties covered by the Wimbledon and Putney Common Conservators (WPCC) area. For 2019/20 the Council Tax Base for Wimbledon and Putney Commons Conservators has been calculated as:-

Table 33: WPCC Council Tax Base 2019/20

WPCC Council Tax Base 2019/20	11,464.4
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13. Greater London Authority Precept and Other Levies

- 13.1 The Greater London Authority (GLA) sets a budget for itself and each of the four functional bodies: Transport for London, the London Development Agency, the Metropolitan Police Authority, and the London Fire and Emergency Planning Authority. These budgets together form the consolidated budget.
- 13.2 On 20 December 2018, the Mayor of London published his draft revenue budget and capital spending plan for 2019-20 for consultation. This includes his draft budget proposals for the GLA (Mayor and Assembly), the Mayor's Office for Policing and Crime (MOPAC), the London Fire and Emergency Planning Authority (LFEPA), Transport for London (TfL), the London Legacy Development Corporation (LLDC) and the Old Oak and Park Royal Development Corporation (OPDC). On 24 January 2019 the draft consolidated budget for 2019-20 was considered by the London Assembly.

- 13.3 The draft consolidated budget proposes an increase in the Mayor's Band D council tax precept of £26.28 (8.9 percent) from £294.23 to £320.51 in 2019-20 for council taxpayers in the 32 London boroughs. This is made up of a £2.28 increase in non-police precept and a £24 increase in the policing element. These increases represent the maximum increases permitted under the draft Council Tax referendum thresholds for the GLA.
- 13.4 Once final NNDR1 returns are made at the end of January 2019 by the 33 billing authorities in London in respect of their retained business rates forecasts and council tax bases for 2019-20 and collection fund surpluses and deficits for 2018-19, there will be changes to the precept calculations. These will be reflected in the Mayor's final draft budget for 2019-20, which will be considered by the Assembly on 25 February 2019. Following this the Mayor will confirm formally the final precept and GLA group budget for 2019-20.

13.5 Other Levies

- 13.5.1 The Council is required by statute to pay certain levies to the organisations listed below. Not all of the levies for 2019/20 have been confirmed and the latest position is as set out in the following table:-

Table 34: Other Levies

	2018/19 £000	2019/20 £000	2019/20 Change %
London Pension Fund Authority	260	TBA	TBA%
Lee Valley Regional Park	179	178	(0.6)%
Environment Agency	168	171	1.4%

13.6 Wimbledon and Putney Commons Conservators (WPCC)

- 13.6.1 A separate precept is levied in respect of those residents of properties bordering the Wimbledon and Putney Commons. The amount is calculated on the basis of the amount levied by the Commons Conservators and the Band D Council Tax in respect of the WPCC precept in 2019/20 will be £342,822, an increase of £11,473 (3.5%) from the 2018/19 levy of £331,349.

Table 35: Wimbledon and Putney Commons Conservators Precept

	2018/19 £000	2019/20 £000	Change %
Wimbledon & Putney Commons Conservators	331	343	3.5%

- 13.6.2 The average Band D cost to a council taxpayer in the WPCC area has changed from £29.30 in 2018/19 to £29.90 (+2.0%) in 2019/20.

14. CONCLUSIONS

- 14.1 It is a statutory requirement that the council sets a balanced budget in 2019/20.
- 14.2 In accordance with sections 52ZY and 68 of the Local Government Finance Act 1992 ('the 1992 Act'), section 139A of the Local Government Finance Act 1988, and section 230 of the Local Government Act 1972 authorities are required to supply information required to measure whether any proposed Council Tax increase is in excess of the principles laid down requiring a local referendum.
- 14.3 The Government return is the Council Tax Requirement form CTR1 and authorities are required to complete and submit this to the Ministry of Housing, Communities and Local Government within 7 days of approving their Council Tax requirements.
- 14.4 The Medium Term Financial Strategy assumes that all of the corporate provisions and proposals for savings, in 2019/20 discussed in this report are agreed and if this is the case, the following financial position is achieved:-

Table 36: Average Band D Council Tax

Average Council Tax Calculation at Band D	2018/19 £m	2019/20 £m
Budget Requirement	144.333	143.054
Settlement Funding Assessment inc. Section 31 Grant	(47.611)	(44.026)
New Homes Bonus	(2.371)	(2.108)
PFI Grant	(4.797)	(4.797)
ASC Improved BCF	(2.115)	(1.054)
Collection Fund (Surplus)/Deficit (Net)	(0.430)	1.301
Council Tax Requirement	87.009	92.370
Council Tax Base	74,124	74,951.7
Average Council Tax	1,173.83	1,232.39

- 14.5 The calculation of Band D council tax for properties outside the Wimbledon and Putney Commons Conservators area is as follows:

Table 37: Council Tax calculation

Council Tax Calculation Band D	2018/19 £m	2019/20 £m
Budget requirement	144.333	143.054
WPCC	(0.331)	(0.343)
RSG + Business Rates (inc. S.31 grant) + Transition	(47.611)	(44.026)
New Homes Bonus	(2.371)	(2.108)
PFI Grant	(4.797)	(4.797)
ASC Improved BCF	(2.115)	(1.054)
Collection Fund Surplus	(0.430)	1.301
Balance to be met from Council Tax	86.678	92.027
Implied Council Tax (Band D)	1,169.36	1,227.82

- 14.6 The implications for the level of Council Tax on a Band D property, including the GLA precept are set out as follows:-

Table 38: Band D Council Tax

Council Tax at Band D	2018/19 £	2019/20 £	% change from 2018/19
Merton (exc. WPCC)	1,169.36	1,227.82	*5.0%
GLA Precept (Provisional)	294.23	320.51	8.9%
Implied Council Tax at Band D	1,463.59	1,548.33	5.8%

* The actual increase is 4.999% and it is important to stay below the 5% threshold to avoid triggering the requirement for a referendum

- 14.7 A summary Statement of Council Tax requirements and balances based on the proposals set out in this report is attached as Appendix 6, and a revised MTFS summary incorporating the proposed changes set out in this report is provided at Appendix 7.

15. Risk Management

- 15.1 The management of risk is strategically driven by the Corporate Risk Management Group. This is the central hub of a number of council mechanisms for risk management including a Corporate Key Strategic Risk Register, departmental risk registers and project risk registers. The group collates on a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership, to be put forward for discussion at CMT. Reports on risk are made through the Standards and General Purposes Committee to Cabinet and Council. Developing a corporate business plan and setting a balanced budget 2019-23 and beyond has been highlighted as a key strategic risk on the corporate risk register.

- 15.2 Currently c.£6.6 million of savings are being progressed for 2018-19, coupled with a further c. £15.7m of savings identified for 2019-23. Current practice is to monitor delivery of savings as part of the monthly Business Plan Monitoring, it is envisaged that given the size of the savings target over the next three years, additional mechanisms may need to be established to monitor more transformational and longer term projects.

16. Summary

- 16.1 Taking into account the changes that have taken place since the Cabinet meeting in January, before taking into account any changes that Cabinet are minded to make following the feedback from Scrutiny, the budget gap in the MTFS has changed to the following:-

Table 39: Cumulative MTFS Gap 2019-2023

Cumulative	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Gap exc. Savings/Growth	9,341	17,260	22,975	23,747
Savings/Growth	(9,341)	(16,148)	(17,564)	(17,669)
Gap Net of Savings/Growth	0	1,112	5,411	6,078

17 Future Years

- 17.1 As indicated in the updated MTFS there is a gap between the forecast level of resources and budget requirements for later years which will need to be addressed if balanced budgets are to be set for those years. The updated MTFS is set out in Appendix 7.
- 17.2 The budget process for 2020/21 will commence in the new financial year and some of the options available to the Council to eliminate the budget gaps include:-
- Savings – reduction/deletion of services
 - Savings – efficiencies including procurement
 - Income – increase in fees and charges/new sources of income/commercialisation
 - Council Tax increase
 - Use of balances

18. Positive Assurance Statement

- 18.1 Section 25(2) of the Local Government Act 2003 requires the Chief Financial Officer of an authority to report on:

- (a) the robustness of the estimates made for the purposes of the calculations, and
- (b) the adequacy of the proposed financial reserves.

In doing so, the Director of Corporate Services has had particular regard to the guidance offered by the Chartered Institute of Public Finance and Accountancy and the views of the Council's external auditor.

- 18.2 One of the Council's stated priorities is to keep council tax low. To achieve this, the Council must have regard to the major risks to its financial position and in particular:
- The current economic position including future risks relating to Brexit
 - Whether budget setting and monitoring processes are robust and effective
 - Demand pressures on the budget
 - Identifying and achieving cost and income improvements
 - Risks to Government funding levels, particularly in light of the impending Spending Review 2019 and the Fair Funding Review currently both due to take effect in 2020/21
 - Risks to other income streams including Business Rates Retention
- 18.3 Since 2010 local government finance issues have been dominated by cuts in government funding and pressure to keep council tax increases down with a recent change in emphasis to allow council tax increases to help alleviate service pressures, particularly in adult social care. This year's Financial Settlement includes a Council Tax referendum threshold for 2019-20 of 5% (comprising up to 2% for expenditure on adult social care and 3% for other expenditure). Alongside this, the Government has approved the 75% London Business Rates Pilot pool for 2019/20 and all London boroughs have signed up to participate in this.
- 18.4 The 75% London Pilot Pool for 2019/20 replaces the 100% London Pilot Pool which is operating in 2018/19. The new 75% has been approved for 2019/20 and the Government plan to fully implement 75% Business Rates Retention for all local authorities in 2020/21.
- 18.5 Following on from the Spending Review, which will determine the resources overall for local government, the longer term position is also made more uncertain by potential changes in the way Government Funding is allocated. In the Local Government Finance Settlement, the Government issued a technical consultation paper "Fair funding review: a review of relative needs and resources" with the objective to set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources, using the best evidence available. The current methodology has not been updated since the introduction of the 50% business rate retention system in 2013/14. The Government proposes to work towards an implementation date for the review of 2020/21 and the review will include:-

- setting new baseline funding allocations for local authorities,
 - delivering an up-to-date assessment of the relative needs of local authorities. to enable redistribution of business rates between local authorities
 - examining the relative resources of local authorities including how council tax income should be taken into account when redistributing business rates at local government finance settlements, and will also consider other potential sources of income available to councils,
- 18.6 The redistribution of resources arising from the review could therefore have significant, ongoing implications for the Council's Medium Term Financial Strategy from 2020/21 onwards and although the MTFS shows significant progress to date towards a balanced budget over the next two years there is an increasing budget gap from 2021/22 onwards still to be addressed, with increases in council tax already built in.
- 18.7 The Council has sufficient reserves to deal with such a position in the short term and will be reviewing transformation of the authority to identify further saving opportunities over the next four year budgeting period. The Council's reserves and their usage is linked to both the capital and revenue budget. A list of the current reserves held by the Council is attached at Appendix 8. A new issue arising in 2018/19, is the deficit on the Dedicated Schools Budget, a common issue across London and elsewhere. Discussions with Government are ongoing on this and it is hoped this is addressed within the Spending Review as without resolution, this could increase and undermine the Council's future plans. Reserves are likely to reduce overall, and this is a result of their use for the purposes for which they were established and in order to address pressures in demand-led budgets. The overall level therefore remains adequate.
- 18.8 It should be noted that the Pension Fund Reserve is, in common with many other Pension Funds, showing a large deficit. The Council has a long term recovery plan for the fund and expects employer funding requirements to be improved by the outcome of the Governments proposed changes to public sector pension schemes and the implementation of the revised Pension Fund Investment Strategy. Balancing this, the expected reducing numbers contributing to the fund over time will increase pressure on employer contribution rates.
- 18.9 Chief Officers have reviewed their budgets in line with departmental finance officers and are confident that the budgets set for their services are robust and with the corporate contingency will meet the strategic objectives and performance targets set out in the Business Plan.
- 18.10 In summary, it is the view of the Chief Financial Officer (being the Director of Corporate Services) that the estimates are robust for the purposes of the required budget/council tax calculations and that the Council's reserves are adequate.

DRAFT RESOLUTIONS**Revenue Report:**

1. Members consider the views of the Overview and Scrutiny Commission set out in a separate report on the agenda (Item 6), and approve the proposed budget for 2019/20 set out in Section 2 of the revenue report, together with the proposed Council Tax levy in 2019/20.
2. That it be noted that at its meeting on 10 December 2018 the Council calculated its **Council Tax Base for the year as 74,951.7** in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012(SI 2012: 2914).
3. That it be noted that the Council calculated the **Wimbledon and Putney Commons Conservators (WPCC) Tax Base for the year as 11,464.4** in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.
4. That the Council agrees 4(a) - 4(i) below, which are calculated in accordance with Section 31A to 49B of the Localism Act 2011, amending Section 32 of the Local Government Finance Act 1992.
 - a) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) (a) to (f) of the Act

	£m
Gross Revenue Expenditure of Service Committees	546.797
Corporate Provisions	(3.777)
Amounts Payable to the Levying Bodies	0.951
Contribution to/(from) Financial Reserves	(4.188)
Gross Expenditure	539.783

- b) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act

	£m
Gross Income	(447.413)

- c) being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 31(4) of the Act, as its Council Tax Requirement for the year

	£m
Council Tax Requirement for the Council's own purposes for 2017/18 (including special expenses re WPCC)	92.370

- d) being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of revenue support grant, and baseline funding (NNDR) to constitute the Council's Settlement Funding Assessment

	£m
Revenue Support Grant including Transition Grant	0
Baseline funding NNDR inc. top-up & Section 31 Grant	(44.026)
Settlement Funding Assessment	(44.026)

- e) being the amount at 4(c) above, divided by the amount for Council Tax Base at 2 above, calculated by the Council above, in accordance with Section 31B of the Act as the basic amount of its Council Tax for the year (including special items (WPCC)).

	£
Merton's General Band D Council Tax Levy (including properties within Wimbledon and Putney Commons Conservators area)	1,232.39

- f) being the aggregate amount of all special items referred to in Section 34(1) of the Act

	£
Wimbledon and Putney Commons Conservators Special Levy	342,822

- g) being the amount at 4(e) above, less the result given by dividing the amount at 4(f) above by the amount of the Council Tax Base at 2 above in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items (WPCC special levy) relates.

	£
Merton's General Band D Council Tax Levy (excluding WPCC)	1,227.82

- h) being the amounts given by adding to the amount at 4(g) above, the amounts of the special item or items relating to dwellings in the area of Wimbledon and Putney Commons Conservators (WPCC) mentioned above at 4(f) divided by the amount at 3 above, calculated in

accordance with Section 34(1) of the Act, as the basic amounts of its Council Tax for the year for dwellings in the area of WPCC.

	£
Wimbledon and Putney Commons Conservators Band D	1,257.72

- i) being the amounts given by multiplying the amounts at 4(g) and 4(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 30 and 36 of the Local Government Finance Act 1992, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Part of the Councils Area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
	818.55	954.97	1,091.40	1,227.82	1,500.67	1,773.52	2,046.37	2,455.64
Parts inc. WPCC	838.48	978.23	1117.97	1,257.72	1,537.21	1,816.71	2,096.20	2,515.44

5. To note that the Greater London Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below, and that the Council agrees the Council Tax levy for 2019/20 by taking the aggregate of 4(i) above and the Greater London Authority precept.

Precepting Authority	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
G L A	213.67	249.29	284.90	320.51	391.73	462.96	534.18	641.02

For information purposes this would result in the following Council Tax Levy for Merton residents:-

Part of the Council's Area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
	1,032.22	1,204.26	1,376.30	1,548.33	1,892.40	2,236.48	2,580.55	3,096.66
Parts inc. WPCC	1,052.15	1,227.52	1,402.87	1,578.23	1,928.94	2,279.67	2,630.38	3,156.46

LOCAL GOVERNMENT FINANCE SETTLEMENT 2019/20

Overview

Details of the provisional Local Government Settlement were published on 13 December 2018. The details in the Provisional Settlement were confirmed on 29 January 2019 and the only changes within the Final settlement did not affect London, i.e. Northamptonshire CC has been given an additional 2% flexibility on its main council tax referendum limit (which generates an additional £6m if taken up) and there have been some very minor changes (totalling £84k) to new homes bonus allocations but these are all outside of London.

This is a summary of the main details included in the Settlement, with particular emphasis on the implications for Merton.

Alongside the Provisional Local Government Finance Settlement, the Government also published two consultation papers titled:-

- a) "Business Rates Retention Reform – Sharing Risk and Reward, managing volatility and setting up the reformed system".
- b) "Review of local authorities' relative needs and resources - Technical consultation on the assessment of local authorities' relative needs, relative resources and transitional arrangements"

Summaries of both these consultation papers are also included in the report on the Business Plan which went to Cabinet on 14 January 2019.

1. Provisional Local Government Settlement

1.1 Settlement Funding Assessment (SFA)

This section sets out the main details included in the Final Settlement and assesses the implications for Merton's finances as set out in the Medium Term Financial Strategy (MTFS).

The Settlement outlined core funding allocations (Settlement Funding Assessment (SFA) for local authorities for 2019-20.

The Settlement Funding Assessment is the total of Revenue Support Grant (RSG) and Baseline Funding (BF) from Business Rates.

	2016/17 Final	2017/18 Final	2018/19 Final	2019/20 Provisional
Merton (£m)	55.5	48.5	44.7	40.5
Annual % Change	-	-12.6%	-7.8%	-9.4%
Cumulative % change	-	-12.6%	-19.5%	-27.0%
England (£m)	18,601.5	16,632.4	15,574.2	14,559.6
Annual % Change	-	-10.6%	-6.5%	-6.5%
Cumulative % change	-	-10.6%	-16.3%	-21.7%
London Boroughs (£m)	3,398.5	3,078.3	2,901.2	2,713.5
Annual % Change	-	-9.4%	-5.8%	-6.5%
Cumulative % change	-	-9.4%	-14.6%	-20.2%

1.2 Core Spending Power

There have been a number of changes to Core Spending Power in this Settlement. Core Spending Power includes two new funding elements in 2019-20 compared with 2018-19. These are the adult social care “Winter pressures grant” (totalling £240 million nationally in both 2018-19 and 2019-20) and the new “Social care support grant” (totalling £410 million nationally in 2019-20).

Core Spending Power in 2019-20 is therefore made up of:

- Settlement Funding Assessment
- Estimated Council Tax Requirement excluding Parish Precepts
- Compensation for under-indexing the business rates multiplier
- Additional Council Tax revenue from referendum principle for social care
- Potential additional Council Tax revenue from referendum principle for all districts.
- Improved Better Care Fund
- New Homes Bonus and New Homes Bonus Returned Funding;
- Rural Services Delivery Grant
- Adult Social Care Support grant
- Winter Pressures Grant
- Social Care Support Grant

At the England level across the four years there will be a cumulative increase in spending power of £2.7 billion (6% in cash terms) from £43.7 billion to £46.4 billion. The equivalent figures for London boroughs are an increase of £238.4(3.6%) from £6.7 billion to £6.9 billion.

However, as Core Spending Power includes a number of assumptions, this is unlikely to be an accurate reflection of the actual resources available to local authorities. In particular it assumes:-

- All authorities that are eligible raise the social care precept to its maximum in 2019-20
- All authorities increase overall council tax by the maximum amount (3% in 2019-20)
- Tax base increases at the same average rate for each authority as between 2014-15 and 2018-19
- New Homes Bonus allocations are based on the share of NHB to date

In England the level of assumed spending power will increase by £1.3 billion (2.8%) in 2019-20 from £45.1 billion to £46.4 billion. In London boroughs the assumed increase is £157 million (2.4%) in 2019/20 from £6.7 billion to £6.9 billion.

A summary of Merton’s assumed Core Spending Power from 2016/17 to 2019/20 is included in the following table:-

Detailed Breakdown of Core Spending Power – Merton

	Final	Final	Final	Provisional	Annual Change (18- 19 to 19-20)	Cumulative Change (16-17 to 19-20)
	2016-17	2017-18	2018/19	2019/20		
	£m	£m	£m	£m	%	%
Council Tax	78.920	82.563	87.009	93.320	7%	18%
Settlement Funding Assessment*	55.500	48.545	44.662	40.460	-9%	-27%
Compensation for under-indexing the business rates multiplier	0.476	0.504	0.793	1.153	45%	142%
Improved Better Care Fund	0.000	2.746	3.523	4.114	17%	-
New Homes Bonus	4.658	4.068	2.371	2.108	-11%	-55%
New Homes Bonus – returned funding	0.076	0.080	0.000	0.000	-	-100%
Transition Grant	0.567	0.557	0.000	0.000	-	-100%
Adult Social Care Support Grant	0.000	0.751	0.467	0.000	-100%	-
Winter Pressures Grant	0.000	0.000	0.748	0.748	-	-
Social Care Support Grant	0.000	0.000	0.000	1.278	-	-
Core Spending Power	140.197	139.815	139.574	143.182	3%	2%

* SFA figures do not reflect the London Business Rates Pilot Pool

1.3 Council tax referendum principles for principal local authorities

In terms of controlling the level of council tax increases that local authorities can set, without the need for a local referendum, the Government has decided to maintain the core principles that it used in 2018-19. However, in the Provisional Settlement the Government also states that “in recognition of substantial increases in pressures, we are providing additional flexibility for police and crime commissioners. In doing so the Government continues to ensure that council tax payers can veto excessive increases via a local referendum”

The 2019/20 Council Tax referendum principles are:-

- a core principle of up to 3%. This would apply to shire county councils, apart from Northamptonshire County Council, unitary authorities, London borough councils, the Common Council of the City of London, the Council of the Isles of Scilly, the general precept of the Greater London Authority, and fire and rescue authorities;
- a continuation of the Adult Social Care precept, with an additional 2% flexibility available for shire county councils, unitary authorities, London borough councils, the Common Council of the City of London and the Council of the Isles of Scilly. This is subject to total increases for the

Adult Social Care precept not exceeding 6% between 2017-18 and 2019-20, and increases being no more than 2% in 2019-20;

- shire district councils in two-tier areas will be allowed increases of up to 3%, or up to and including £5, whichever is higher;
- police and crime commissioners (PCCs) will be allowed increases of up to £24 in 2019-20 (including the Greater London Authority charge for the Metropolitan Police, and the PCC component of the Greater Manchester Combined Authority precept). This investment in the police system, combined with extra grant, will help forces meet increased demand and financial pressures, as they work towards continued efficiency savings in 2019-20.

If the 2% increase in 2019/20 proposed in the MTFs is agreed, Merton will have applied the Adult Social Care Precept in the following way:-

	2017/18 %	2018/19 %	2019/20 %	Total %
Council Tax increase - ASC	3	1	2	6

The financial projections in this report are based on the following levels of council tax increase:-

	2019/20 %	2020/21 %	2021/22 %	2022/23 %
Council Tax increase - General	2.99*	2	2	2
Council Tax increase - ASC	2	0	0	0
Total	4.99	2	2	2

* The Government's assumption in the calculation of core spending power in the Provisional Local Government Finance Settlement is that local authorities increase their Band D council tax in line with the 3% referendum limit

1.4 Special and specific grants

The distribution of a number of grants was published alongside the Provisional Settlement. Within core spending power these include:-

- New Homes Bonus
- Improved Better Care Fund
- Rural Services Delivery Grant (not applicable to London)
- Compensation for under-indexing the business rates multiplier
- Winter Pressures Grant
- Social Care Support Grant

Outside of the Provisional Settlement, allocations of a number of other grants have also been published including:-

- Lead Local Flood Authorities funding
- Flexible Homelessness Support Grant
- Homelessness Reduction Act new burdens funding

The provisional schools funding settlement for 2019/20 has been published by the Department for Education.

1.4.1 New Homes Bonus

Despite previously indicating that it might, the Government has decided not to make any additional change to the baseline, below which the Bonus will not be paid, and it will remain at 0.4% for the 2019-20 allocations. It retains the option of making adjustments to the baseline in future years.

Provisional NHB allocations for 2019-20 have been published. London's share of the national total has stayed broadly the same at 21%, receiving £190 million of the £918 million national total. Overall NHB funding has fallen by £30 million (3.1%). London boroughs' allocations have fallen by £10.6 million (5.3%). Funding for New Homes Bonus will be made up from £900 million provided from Revenue Support Grant, and an expected £20 million from departmental budgets.

Merton's provisional allocation for 2019/20 is £2.108m.

1.4.2 Improved Better Care Fund

There is no change to the figures announced in last year's Settlement. In 2019-20, the Government is providing £1.837 billion across England. London boroughs will receive £299 million in 2019-20. As confirmed in the allocation methodology last year, the allocation methodology takes into account the ability to raise Social Care Precept and therefore benefits those councils with lower capacity to raise council tax.

Merton's allocation is:-

Improved Better Care Fund	2019-20 £m
Merton	4.114

1.4.3 Compensation for under-indexing the business rates multiplier

At Autumn Budget 2017, the government announced plans to bring forward a move from RPI to CPI indexation of the business rates multiplier. This change took effect from 2018/19 instead of 2020/21. In the 2018/19 Settlement £275 million of section 31 grant was made to local authorities in compensation for lost income of which £48.7 million was paid to London boroughs. This rises to £400 million in 2019/20 (£70.9 million in London). This compensation grant is included within Core Spending Power.

Merton's allocation for this is:-

Compensation for under-indexing the business rates multiplier	2019-20 £m
Merton	1.153

1.4.4 Lead Local Flood Authority Grant

The Government has also published Lead Local Flood Authority Grant allocations for 2019-20 (for the grant that sits outside the funding within SFA). London Boroughs will receive £0.87 million (from the national total of £4.3 million).

Merton's allocation for this is:-

	2019-20 £m
Lead Local Flood Authority Grant	
Merton	0.179

1.4.5 Flexible Homelessness Support Grant

The Government has also published Flexible Homelessness Support Grant allocations for 2019-20. London boroughs will receive £107.7 million in 2019-20 – this is 54% of the national total of £200 million.

Merton's allocation for this is:-

Flexible Homelessness Support Grant	2019-20 £m
Merton	0.716

1.4.6 Homelessness Reduction Act new burdens funding

Homelessness Reduction Act new burdens funding was published in October 2017. London boroughs will receive £9.4m(38%) of the England total of £24.8m in 2019-20.

	2019-20 £m
Homelessness Reduction Act new burdens funding	
Merton	0.136

1.4.7 Winter Pressures Grant

Additional funding of £240 million was allocated in both 2018-19 and 2019-20 to assist authorities with winter pressures. This has been distributed using the adult social care relative needs formula and London boroughs are expected to receive £37.2 million (15.5%) of the England total in 2019-20.

Merton's allocation is:-

Winter Pressures	2018-19 £m	2019-20 £m
Merton	0.748	0.748

1.4.8 Social Care Support Grant

As announced in the Budget 2018, an additional £410m is provided in 2019-20 for adults and children's social care. Merton's estimated share of this is £1.278m. The Government is consulting on the method of distribution and is proposing to use the adult social care relative needs formula only. This would mean London boroughs receiving £63.5 million (15.5% of the total). As some of this funding can be spent on children's social care, London Councils will encourage the Government to use the children's social care relative needs formula to determine at least part of the distribution as London boroughs receive 25% of the national total of the children's social care relative needs formula.

Merton's allocation is:-

Social Care Support Grant	2019-20 £m
Merton	1.278

This will be held as a corporate item for 2019/20 to be drawn on by Adult Social Care and Children's Social Care as required.

1.4.9 Business Rate Levy Account Surplus

As a result of increased growth in business rates income the government has announced that it is intending to distribute £180 million of the Levy Account surplus to local authorities on the basis of need. Merton's share of this one-off payment in 2019/20 is £0.543m.

1.5 Provisional Settlement Consultation Response

The government consulted on the provisional settlement figures with a four week deadline of 10 January 2019 and finalised the Settlement on 29 January 2019.

2. Public Health Grant 2019/20

2.1 The Government announced allocations of the local government public health grant for 2019/20 on 20 December 2018. The allocation is unchanged from the provisional allocation announced in December 2017.

2.2 The public health grant is ring-fenced for use on public health functions exclusively for all ages.

2.3 Merton's allocation for 2019/20 is:-

	2019/20 £000
Merton – Public Health Grant	10,175

3. School Funding Announcement 2019/20

- 3.1 The School Revenue Funding Settlement: 2018 to 2019 was published on 17 December 2018. The distribution of the DSG to local authorities is set out in four blocks for each authority: a schools block, a high needs block, an early years block, and the new central school services block. The main allocations for Merton announced on 17 December 2018 are:-

Dedicated schools grant: 2019-20 allocations local authority summary	2019-20 DSG allocations, prior to recoupment and deductions for direct funding of high needs places by ESFA				
	2019-20 schools block (£million)	2019-20 central school services block allocation (£million)	2019-20 provisional high needs block allocation (£million)	2019-20 early years block (£million)	2019-20 total DSG allocation (£million)
Merton	122.978	1.041	33.319	15.571	172.909

Dedicated schools grant: 2019-20 allocations local authority summary	2019-20 DSG allocations, after deductions for academies recoupment and direct funding of high needs places by ESFA				
	2019-20 schools block (£million)	2019-20 central school services block allocation (£million)	2019-20 high needs block allocation (£million)	2019-20 early years block (£million)	2019-20 total DSG allocation (£million)
Merton	122.978	1.041	33.033	15.571	172.623

There is a more detailed update on Schools funding in Section 3 of this report.

4. Business Rates Retention

4.1 Consultation Paper

Alongside the Provisional Local Government Finance Settlement, the Government also published a consultation paper titled “Business Rates Retention Reform – Sharing Risk and Reward, managing volatility and setting up the reformed system”.

The reform of the business rates retention system will sit alongside wider changes to the local government finance system which the Government aims to introduce in 2020; notably the review of relative needs and resources, which will review the relative needs and resources of all local authorities, and the upcoming Spending Review, which will set the overall level funding for local government.

The scope of the consultation will be the reform of aspects of the business rates retention system in England, which the Government aims to implement in 2020. How local authorities transition from the current system to a reformed system and how reforms are operationalised are not being consulted on at this point; the Government expects to consult on these in 2019.

The upcoming Spending Review will determine the spending envelope for local government and therefore the quantum of funding available to local authorities is outside of the scope of the consultation.

The consultation will last for 10 weeks from 13 December 2018 to 21 February 2019. A summary of the key points in the consultation paper is included on the Cabinet agenda for 14 January 2019.

4.2 2019-20 Business Rates Retention Pilots

In 2017-18 and 2018-19, a number of local authorities piloted 100% Business Rates Retention. In July 2018, the Government confirmed that authorities in Greater Manchester, Liverpool City Region, Cornwall, the West of England and West Midlands Combined Authority areas would continue to retain 100% of business rates in 2019-20.

In July 2018, the Government launched a competitive bidding round, inviting pools of authorities to bid to pilot 75% business rates retention in 2019-20. The Government has selected fifteen areas to pilot increased business rates retention as part of the move towards wider reform of the system from 2020 onwards.

Following separate negotiations with London authorities, it has also been agreed that London will be piloting 75% business rates retention in 2019-20. The arrangements for these pilot authorities have no impact on the funding available for other areas.

In all the pilot areas, authorities have agreed to forego funding streams in return for higher shares of business rates. In London, the boroughs, the City of London Corporation, and the Greater London Authority (GLA) will forego RSG. GLA will also forego the GLA Transport grant from the Department for Transport (DfT).

The 75% and 100% business rates retention pilots are cost neutral at the point of delivery, although there is a cost to the exchequer arising from the additional growth foregone.

As reported to Cabinet in December 2018, final projections for Business Rates retention in 2019/20 under the revised pool will be based on London Boroughs NNDR1 returns for 2019/20 which are due to be returned to central government by 31 January 2019.

5. Fair Funding Review – Technical Consultation paper

- 5.1 Alongside the Provisional Local Government Finance Settlement, the Government also published a technical consultation paper “Review of local authorities’ relative needs and resources - Technical consultation on the assessment of local authorities’ relative needs, relative resources and transitional arrangements”.
- 5.2 This consultation seeks views on the approach to measuring the relative needs and resources of local authorities, which will determine new baseline funding allocations for local authorities in England in 2020-21. The consultation will last for 10 weeks from 13 December 2018 to 21 February 2019. A summary of the key points in the consultation paper is included on the Cabinet agenda for 14 January 2019.

6. Additional Funding Announced outside the Local Government Funding Settlement

- 6.1 On 28 January 2019, the Secretary of State announced additional funding of £56.5m nationally stating that “local government will play a critical role in making a success of Brexit at the local level. My Department is committed to ensuring councils have the support and the funding they need to prepare for an orderly exit from the EU and do appropriate contingency planning.”
- 2.1.4 The Government is allocating £20m in 2018/19 and £20m in 2019/20. Merton will receive £0.105m in both 2018/19 and 2019/20.

THE COLLECTION FUND, COUNCIL TAX BASE AND BUSINESS RATES

1. Introduction

- 1.1 This appendix summarises three key areas which are fundamental to the Council's revenue resource generation. It sets out the procedures and calculations that underpin each of them.

2. Collection Fund

- 2.1 The Collection Fund is a statutory fund separate from the General Fund. It accounts for income from Council Tax, including those properties within the Wimbledon and Putney Commons Conservators area. The bodies on whose behalf the council tax income has been raised are the Council and the Greater London Authority (which includes the services of the Metropolitan Police and the London Fire and Emergency Planning Authority (LFEPA). The Council's demand on the Collection Fund is by its General Fund. The Greater London Authority's demand is expressed as a precept.
- 2.2 Under the localised arrangements for council tax support, the Collection Fund entries for council tax remain unchanged, and council tax discounts reduce the council tax base and the amount of collectable council tax income.
- 2.3 The Collection Fund also accounts for National Non-Domestic Rates and there have been significant changes to the treatment of NNDR due to the changes to local government funding arising from business rates retention and the Local Government Finance Act 2012 (Section 3, part 2). There are further changes in 2019/20 arising from the proposed pool to pilot 75% business rates retention in London which is a change from the 100% pilot pool in 2018/19. These are set out in more detail in paragraph 4.
- 2.4 The Collection Fund will account for receipts from business ratepayers, together with payments:
- to central government in respect of the central share. This will be 25% in 2019/20 if the London 75% pilot pool proceeds.
 - to/from central government in respect of transitional protection payments where applicable
 - to relevant precepting authorities in respect of their share of rating income, in Merton's case this is central government and the GLA.
- 2.5 While there remains a single Collection Fund, local authorities now have to be able to separate the elements relating to council tax and non-domestic rates and calculate separate surpluses and deficits on each.
- 2.6 A billing authority needs to ensure that its collection fund has sufficient resources to meet the demands on it at all times. To the extent that there is insufficient in the collection fund to meet those demands at any time, the

billing authority has temporarily to "borrow" from its general fund.

- 2.7 The Collection Fund accounts are kept on an accrual basis and a surplus or deficit for the year in the collection fund is estimated accordingly.
- 2.8 The audited accounts for 2017/18 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2018:-

	Surplus/ (deficit) as at 31/03/18 Outturn	Surplus/ (deficit) as at 31/03/18 Outturn	Total surplus/ (deficit) as at 31/03/18
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(994)	(994)
GLA	531	(1,140)	(609)
Merton	2,086	(914)	1,172
Total	2,617	(3,048)	(431)

2.9 Council Tax

The estimated surplus on the Collection Fund as at 31st March 2019 due to Council Tax is £2.438m. This is to be shared £1.949m (80%) to Merton and £0.489m (20 %) to the GLA.

2.10 NNDR

Since 2013/14, it is necessary to calculate the estimated surplus/deficit on the Collection Fund arising from Business Rates. This estimation is required as part of the council's NNDR1 Return which has to be submitted to the Ministry of Communities and Local Government (MHCLG) by 31 January 2019. As Merton is part of the London Pool it also had to return the NNDR1 to the GLA/City of London Corporation by 24 January 2019. Part 4 of this return relates to the calculation of the estimated Collection Fund balance as at 31/3/19.

Based on the calculation in the Council's NNDR1 (Part 4) there is an estimated deficit on the Collection Fund as at 31st March 2019 due to NNDR of £4.531m. This is to be shared £3.250m to Merton and £1.621m to the GLA with a repayment of £0.340m to Central Government which reflects an over contribution towards the 2017/18 deficit which will be refunded in 2019/20,

3. **Council Tax Base 2019/20**

- 3.1 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent).

- 3.2 Since 2013/14 the Council Tax Base calculation has been affected by the introduction of the new local council tax support scheme and technical reforms to council tax. On 30 November 2012, new regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) came into force. These regulations ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.
- 3.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 3.4 The relevant amounts are calculated as
- number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
 - adjusted for the number of discounts, and reductions for disability, that apply to those Dwellings
- 3.5 All authorities notify the MHCLG of their unadjusted Council Tax Base using a CTB Form using valuation list information as at 10 September 2018. The deadline for return was 12 October 2018 and Merton met this deadline.
- 3.6 The CTB form (October 2018) includes the latest details about the Council Tax Support Scheme and the technical reforms which impacted on discounts and exemptions.
- 3.7 There is a separate council tax base for those properties within the area covered by Wimbledon and Putney Commons Conservators. The Conservators use this, together with the Council Tax bases from RB Kingston, and Wandsworth to calculate the levy which is charged each year.
- 3.8 Assumptions in the MTFS for calculating the 2019/20 Council Tax Base
- 3.8.1 In producing a forecast of council tax yield in future years, there are two key variables to be considered:-
- the year on year change in Council Tax Base
 - the council tax collection rate
- 3.8.2 The draft MTFS reported to Cabinet assumes that the Council Tax Base increases 0.5% per year and that the collection rate is 98.5% in each of the years.
- 3.9 Details of the Council's Tax Base calculation for 2019/20 were reported to Cabinet on 10 December 2018 and a Council Tax Base for Merton as a whole

and for the Wimbledon and Putney Commons Conservators area was agreed as follows:-

Council Tax Base	2018/19	2019/20	Change
			%
Whole Area	74,124.0	74,951.7	1.1%
Wimbledon & Putney Common Conservators	11,308.8	11,464.4	1.4%

3.10 Council Tax Yield 2019/20

3.10.1 Based on the latest information about Council Tax proposals for 2019/20 the estimated Council Tax yield for 2019/20 is:-

	2019/20 CT Base	2019/20 Band D £	2019/20 Yield £000	2019/19 CT Base	2018/19 Band D £	2018/19 Yield £000
Merton General	74,951.7	1,159.98	86,942	74,124.0	1,124.95	83,386
ASC 2017/18	74,951.7	33.06	2,478	74,124.0	33.06	2,451
ASC 2018/19	74,951.7	11.35	851	74,124.0	11.35	841
ASC 2019/20	74,951.7	23.43	1,756	74,124.0		0
Sub-total: ASC		67.84	5,085		44.41	3,292
Sub-total		1,227.82	92,027		1,169.36	86,678
WPCC	11,464.4	29.90	343	11,308.8	29.30	331
GLA	74,951.7	320.51	24,023	74,124.0	294.23	21,810

The amounts collected for the GLA and WPCC are paid over to each of them as precepts.

4. Business Rates

4.1 Introduction

The Local Government Finance Act 2012 entailed major changes to the funding of local government. From April 2013, the Government reformed the way in which local government is funded through the introduction of the business rates retention scheme. 2019-20 will be the seventh year of the rates retention scheme. From 2013/14 to 2016/17 for London boroughs, 50% of the income was paid to central government, the Greater London Authority (GLA) received 20%, leaving London boroughs with the remaining 30%. This changed in 2017/18 as part of the GLA pilot arrangements towards 100% retention of Business Rates by 2020 and then in 2018/19 all London

Boroughs and the GLA formed a 100% Business Rates Retention pilot pool. For 2019/20, the Government has withdrawn the offer of a 100% business rates pool for London and instead London boroughs and the GLA have agreed to participate in the offer of a 75% Business Rates pilot pool.

4.2 London Pilot Pool 2019/20

The pilot pool provides for 75% Business Rates retention, in line with the other pilot pools to be agreed for 2019-20 – i.e. without a “no detriment” guarantee, and with a “safety net” level of 95% (reduced from 97% in the current year to reflect the lower exposure to variation in rates income).

The financial benefit of a 75% retention pilot would, of course, depend on the level of growth in business rate income across the capital next year, which cannot currently be accurately calculated.

The Government plans to introduce 75% Business Rates Retention fully with effect from 2020/21.

All London boroughs, the City of London and the GLA will all need to agree an updated Memorandum of Understanding for the operation of the pilot pool under the revised terms. In practice, therefore, continuation of the pilot in 2019-20 requires continued unanimous support within London Government.

The current administrative arrangements, including the role of the City of London as Lead Authority, would continue unchanged.

4.4 NNDR1

The statutory framework effectively requires a billing authority, before the beginning of a financial year, to forecast the amount of business rates that it will collect during the course of the year and, from this, to make a number of allowable deductions in order to arrive at a figure for its non-domestic rating income. It is the non-domestic rating income that is shared between the parties to the scheme. The framework also sets out how the billing authority is to treat allowable deductions – requiring that either they are paid to major precepting authorities, or transferred to the authority’s General Fund.

4.5 The calculations that authorities make before the start of the financial year determine how much they must pay to central government and their major precepting authorities during the course of the year. Since these payments are fixed at the outset of the year, it follows that any difference between forecast amounts and final outturns will result in a surplus, or deficit on the billing authority’s Collection Fund. Any such surplus or deficit is shared between government, billing authorities and their major preceptors (excluding policing bodies) in line with their share of the business rates baseline.

4.6 The estimate for the actual income figure (or net rate yield) for 2019/20 is based on the NNDR1 return to the MHCLG. This had to be returned to the MHCLG by 31 January 2019, and calculates the amounts to be paid to central government, to the GLA and the amount to be retained by Merton to be used

as part of the budget setting process. There was also the additional responsibility to provide the City of London as lead authority for the London Pilot Pool with the completed NNDR1 by 24 January 2019 to enable them to consolidate Merton's NNDR1 details with those of the other London boroughs to be able to calculate the overall NNDR resources for London and the individual allocations to each borough.

4.7 Other changes relating to NNDR

- 4.7.1 The Government has published a consultation paper titled "Business Rates Retention Reform – Sharing Risk and Reward, managing volatility and setting up the reformed system". The reform of the business rates retention system will sit alongside wider changes to the local government finance system which the Government aims to introduce in 2020; notably the review of relative needs and resources, which will review the relative needs and resources of all local authorities, and the upcoming Spending Review, which will set the overall level funding for local government.

The scope of the consultation will be the reform of aspects of the business rates retention system in England, which the Government aims to implement in 2020. How local authorities transition from the current system to a reformed system and how reforms are operationalised are not being consulted on at this point; the Government expects to consult on these in 2019.

The upcoming Spending Review will determine the spending envelope for local government and therefore the quantum of funding available to local authorities is outside of the scope of the consultation.

Tariff and Top-up adjustments

Updated top-ups and tariffs for 2019-20 were published as part of the Local Government Finance Settlement, which take out the one-off adjustment made in 2018-19 as a result of the impact of the business rates revaluation.

Since becoming part of the London pilot pool, Merton has moved from a top-up authority to a tariff authority as can be seen from the Settlement Funding assessment information in the Local Government Finance Settlement.

	2017-18 £m	2018-19 £m	2019-20 £m
Settlement Funding Assessment	48.545	44.662	40.460
of which:			
Revenue Support Grant	14.963	-	-
Baseline Funding Level	33.583	44.662	40.460
(Tariff)/Top-Up	9.083	(9.568)	(1.144)
2017-18 Tariff and Top-up reconciliation		(0.179)	
Safety Net Threshold	31.064	43.323	38.437

The business rate multipliers for 2019/20 are:-

- Small Business Multiplier 49.1p per £ (48.0p in 2018/19)
- Standard Multiplier 50.4p per £ (49.3p in 2018/19)

Large individual properties in London with a rateable value of more than £70,000 will also be subject to a 2p in the £ business rate supplement to help pay for Crossrail.

The Business Rates Multipliers are normally increased annually by the annual inflation rate based on the previous September to the year concerned. RPI increases were previously used but this has now changed to CPI.

	2017-18 Rate in £	2018-19 Rate in £	2019-20 Rate in £
Small Business Multiplier	46.6p	48.0p	49.1p
Standard Multiplier	47.9p	49.3p	50.4p

4.8 **Estimating the net rate yield for 2019/20**

The starting point is the aggregate rateable value for Merton as at 20 December 2018. (£213.559m) This is a fixed figure based on the VO's valuations for all business properties in Merton at that date. A multiplier is then applied to this rateable value as set by central government (the rate in the pound charged for that year, which for 2019/20 will be 49.1p in the £). This gives a gross rates figure of £105.308m.

4.9 Estimating the income figure is extremely difficult, as there are many factors which can significantly affect the overall figure. These include:

- Changes in rateable value from new properties entering rating or properties being taken out of rating
- Revaluations due to the backlog of appeals which, if successful, will be backdated in most cases to April 2017.
- Empty and charitable reliefs
- Losses in collection

4.10 Estimated Surplus or Deficit

Due to the variability of some of the factors, it is inevitable that the final figure at the end of each year will be different to the estimate. Therefore, a further calculation is required at the end of each year to estimate the surplus or deficit on the Collection Fund (as is also done for Council Tax).

4.11 2015-16 was the first year for which authorities had to estimate the non-domestic rating surplus, or deficit on the Collection Fund. The Non-Domestic Rating (Rates Retention) Regulations 2013 (SI 2013/452) require billing authorities to notify the Secretary of State and their major precepting authorities

of their calculation of non-domestic rating income for 2019-20 and estimate the surplus/deficit on the Collection Fund by 31 January 2019.

Regulation 13 effectively requires an estimate of the surplus/deficit that the authority believes will exist at 31 March 2019, on the basis of a statutory calculation set out in Schedule 4 to the Regulations. The estimated amount will be shared between the authority, its major preceptors and central Government and will be added (or subtracted) from each party's share of 2019-20 non-domestic rating income.

- 4.12 A copy of Merton's NNDR1 for 2019/20 is attached.
- 4.13 Merton's final 2019/20 funding from Business Rates will be based on the allocations from the consolidated NNDR1's from all London authorities using the methodology approved as part of the decision to participate in the 75% Business Rates Retention London Pilot Pool arrangements.
- 4.14 Government Decisions that impact on Business Rates Income
As part of Autumn Statement 2013, the Chancellor announced changes to business rates. Some of these measures continue to have a financial impact in 2019-20. Further measures were announced as part of Autumn Statements 2015 and 2016, and the Budgets for 2017 and 2018. The cost of the 2013, 2014, 2015, 2016 and 2017 Autumn Statements, and 2017 and 2018 Budget measures, will be fully met by Government. Accordingly, authorities will be compensated for any loss to their "local share" of business rates. Compensation will be provided by means of Section 31 grant.
- 4.15 Budget 2018

In the Budget 2018 (October) the government introduced a number of measures to provide support to businesses through the business rates system. Local authorities will be compensated for loss of income via Section 31 grant.
- 4.16 Estimate Based on "No Worse Off" position
At this stage it is important not to overestimate the level of funding that is achievable from business rates. Therefore, as for 2018/19 it is intended to use an estimate of the position Merton would be in if it was not participating in the 75% London pilot pool. This protects the Council from any risk arising if the pilot pool did not proceed for any reason or if the Business Rates forecasts from other London boroughs indicate a decline in business rates income in their areas. The "No worse off position based on latest information is as follows:-

Business Rates “No worse off position”

	£m
Net retained rates under existing "67%" system	37.546
RSG rolled-in	5.076
S.31 grants not built into net retained rates above	0.861
"No worse off" level	43.483

The latest figures use the data from Merton's NNDR1 and the Final Local Government Finance Settlement together with the methodology adopted by London Councils' in their London Pilot Pool model. This produces the amount of NNDR and Section 31 grant Merton would receive assuming that Merton is not in a pool although under 75% Business Rates Retention the Government has removed the no detriment guarantee.

The City of London Corporation is consolidating the NNDR1 returns from all London boroughs. Final figures for Merton's actual NNDR and Section 31 grant will not be known until all London boroughs have submitted audited NNDR 3 returns in the summer. It is impossible to estimate the final figure for Merton's resources at this stage.

Forecasting Business Rates over the MTFS period

Given that it is impossible to know what next year's business rates income will be, it is even more difficult to accurately forecast this over the following three years of the MTFS.

However, assuming Merton's Baseline Funding Level is based on the "No Worse Off" level in 2019/20, CPI inflation is at the Government's target of 2% per year over the MTFS period and Safety Net levels of funding are 95% produces the following forecasts:-

	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
Baseline Funding Level at "No Worse Off" Level	43.483	43.483	44.353	45.240
Annual inflation increase in multiplier (2% CPI)		0.870	0.887	0.905
Sub-total		44.353	45.240	46.145
Business Rates at Safety Net Level (95%)		42.135	42.978	43.837

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2019-20

Please e-mail to: nndr.statistics@communities.gov.uk by no later than 31 January 2019.
In addition, a certified copy of the form should be returned by no later than 31 January 2019 to the same email address

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Select your local authority's name from this list:

Mansfield
Medway UA
Melton
Mendip
Merton
Mid Devon

Authority Name
E-code
Local authority contact name
Local authority contact number
Local authority e-mail address

Merton
E5044
Eamon Maher
020 8545 3177
eamon.maher@merton.gov.uk

Ver 1.0

PART 1A: NON-DOMESTIC RATING INCOME
COLLECTIBLE RATES

1. Net amount receivable from rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs and accounting adjustments

£
88,885,305

TRANSITIONAL PROTECTION PAYMENTS

2. Sums due to the authority

0

3. Sums due from the authority

513,806

COST OF COLLECTION (See Note A)

4. Cost of collection formula

260,923

5. Legal costs

50,000

6. Allowance for cost of collection

310,923

SPECIAL AUTHORITY DEDUCTIONS

7. City of London Offset : Not applicable for your authority

0

DISREGARDED AMOUNTS

8. Amounts retained in respect of Designated Areas

0

9. Amounts retained in respect of Renewable Energy Schemes
(See Note B)

0

of which:

10. sums retained by billing authority

0

11. sums retained by major precepting authority

0

12. Amounts retained in respect of Shale Gas Schemes (see Note C)

0

NON-DOMESTIC RATING INCOME

13. Line 1 plus line 2, minus lines 3, 6 + 9 and 12

88,060,576

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2019-20

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All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Local Authority : Merton

Ver 1.0

PART 1B: PAYMENTS

This page is for information only; please do not amend any of the figures

The payments to be made, during the course of 2019-20 to:

- i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013;
- ii) major precepting authorities in accordance with Regulations 5, 6 and 7; and to be
- iii) transferred by the billing authority from its Collection Fund to its General Fund,

are set out below

	Column 1 Central Government	Column 2 Merton	Column 3 Greater London Authority	Column 4	Column 5 Total
Retained NNDR shares	£	£	£	£	£
14. % of non-domestic rating income to be allocated to each authority in 2019-20	25%	48%	27%	0%	100%
Non-Domestic Rating Income for 2019-20					
15. Non-domestic rating income from rates retention scheme	22,015,144	42,269,076	23,776,356	0	88,060,576
16.(less) deductions from central share	0	0	0	0	0
17 TOTAL:	22,015,144	42,269,076	23,776,356	0	88,060,576
Other Income for 2019-20					
18. add: cost of collection allowance		310,923			310,923
19. add: amounts retained in respect of Designated Areas		0			0
20. add: amounts retained in respect of renewable energy schemes		0	0		0
21. add: amounts retained in respect of shale gas schemes		0	0	0	0
22. add: qualifying relief in Designated Areas		0	0	0	0
23. add: City of London Offset		0			0
24. add: additional retained Growth in Pilot Areas		0	0	0	0
25. add: in respect of Port of Bristol hereditament		0			0
Estimated Surplus/Deficit on Collection Fund	£	£	£	£	£
Percentages to be used to distribute the collection fund surplus deficit					
26. % for distribution of "in-year" surplus/deficit (ie 2018-19)	0%	64%	36%	0%	100%
26a. "In-year surplus (positive) /deficit (negative)	0	-3,559,304	-2,002,108	0	-5,561,412
27. % for distribution of "prior-year" surplus/deficit (ie 2017-18)	33%	30%	37%	0%	100%
27a. "Prior-year" surplus (positive) / deficit (negative)	340,052	309,138	381,271	0	1,030,461
28. Estimated Surplus/Deficit at end of 2018-19	340,052	-3,250,166	-1,620,837	0	-4,530,951
TOTAL FOR THE YEAR	£	£	£	£	£
29. Total amount due to authorities	22,355,196	39,329,833	22,155,519	0	83,840,548

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2019-20

Please e-mail to: nndr.statistics@communities.gov.uk by no later than 31 January 2019.
In addition, a certified copy of the form should be returned by no later than 31 January 2019 to the same email address

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Local Authority : Merton

Ver 1.0

PART 1C: SECTION 31 GRANT (See Note D)

This page is for information only; please do not amend any of the figures

Estimated sums due from Government via Section 31 grant, to compensate authorities for the cost of changes to the business rates system announced in the 2013 to 2016 Autumn Statements and 2017 (March and November) & 2018 (October) Budgets

Column 2
MertonColumn 3
Greater London
Authority

Column 4

Column 5
Total

Multiplier Cap

30. Cost of cap on 2014-15, 2015-16 and post-2018-19 small business rates multipliers

£	£	£	£
1,377,404	774,790	0	2,152,194

Small Business Rate Relief

31. Cost of doubling SBRR & threshold changes for 2019-20

£	£	£	£
1,753,634	986,419	0	2,740,053

31a. Additional compensation for loss of supplementary multiplier income

£	£	£	£
131,194	73,797	0	204,991

32. Cost to authorities of maintaining relief on "first" property

£	£	£	£
0	0	0	0

Rural Rate Relief

33. Cost to authorities of providing 100% rural rate relief

£	£	£	£
0	0	0	0

Local Newspaper Temporary Relief

34. Cost to authorities of providing relief

£	£	£	£
0	0	0	0

Supporting Small Businesses Relief

35. Cost to authorities of providing relief

£	£	£	£
12,190	6,857	0	19,047

Discretionary Scheme

36. Cost to authorities of providing relief

£	£	£	£
-45,500	-25,594	0	-71,094
45,500	25,594	0	71,094

Designated Areas qualifying relief in 100% pilot areas

37. Cost to authorities of providing relief

£	£	£	£
0	0	0	0

Telecoms Relief

38. Cost to authorities of providing relief

£	£	£	£
0	0	0	0

Retail discount

39. Cost to authorities of providing relief

£	£	£	£
977,306	549,735	0	1,527,041

TOTAL FOR THE YEAR

40. Amount of Section 31 grant due to authorities to compensate for reliefs

£	£	£	£
4,297,228	2,417,192	0	6,714,420

NB To determine the amount of S31 grant due to it, the authority will have to add / deduct from the amount shown in line 40, a sum to reflect the adjustment to tariffs / top-ups in respect of the multiplier cap (See notes for Line 40)

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2019-20

Please e-mail to: nndr.statistics@communities.gov.uk by no later than 31 January 2019.
In addition, a certified copy of the form should be returned by no later than **31 January 2019** to the same email address

All figures must be entered in whole £

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Certificate of Chief Financial Officer / Section 151 Officer

NNDR1 2019-20

I confirm that the entries in this form are the best I can make on the information available to me and amounts are calculated in accordance with regulations made under Schedule 7B to the Local Government Act 1988. I also confirm that the authority has acted diligently in relation to the collection of non-domestic rates.

Name of Chief Financial Officer
or Section 151 Officer :

Caroline Houghton

Signature :

CH

Date :

23-1-19

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2019-20

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Ver 1.0

Local Authority : Merton

PART 2: NET RATES PAYABLE

You should complete column 1 only

GROSS RATES PAYABLE

(All data should be entered as +ve unless specified otherwise) - see Note E

	Column 1 BA Area (exc. Designated areas) Complete this column £	Column 2 Designated areas Do not complete this column £	Column 3 TOTAL (All BA Area) Do not complete this column £
1. Rateable Value at 20/12/2018	213,559,369	0	213,559,369
2. Small business rating multiplier for 2019-20 (pence) 49.1			
3. Gross rates 2019-20 (RV x multiplier)	104,857,650	0	
4. Estimated growth/decline in gross rates (+ = increase, - = decrease)	450,000	0	
5. Forecast gross rates payable in 2019-20	105,307,650	0	105,307,650

TRANSITIONAL ARRANGEMENTS (See Note F)

6. Revenue foregone because increases in rates have been deferred (Show as -ve)	-407,714	0	-407,714
7. Additional income received because reductions in rates have been deferred (Show as +ve)	921,520	0	921,520
8. Net cost of transitional arrangements	513,806	0	
9. Changes as a result of estimated growth / decline in cost of transitional arrangements (+ = decline, - = increase)	0	0	
10. Forecast net cost of transitional arrangements	513,806	0	513,806

TRANSITIONAL PROTECTION PAYMENTS (See Note F(a))

11. Sum due to/(from) authority	-513,806	0	-513,806
---------------------------------	----------	---	----------

MANDATORY RELIEFS (See Note G) (All data should be entered as -ve unless specified otherwise)

Small Business Rate Relief

12. Forecast of relief to be provided in 2019-20	-4,853,373	0	-4,853,373
13. of which: relief on existing properties where a 2nd property is occupied	0	0	0
14. Additional yield from the small business supplement (Show as +ve)	2,142,595	0	2,142,595
15. Net cost of small business rate relief (line 12 + line 14)	-2,710,778	0	-2,710,778

Charitable occupation

16. Forecast of relief to be provided in 2019-20	-6,214,200	0	-6,214,200
--	------------	---	------------

Community Amateur Sports Clubs (CASCs)

17. Forecast of relief to be provided in 2019-20	-119,146	0	-119,146
--	----------	---	----------

Rural rate relief

18. Forecast of relief to be provided in 2019-20	0	0	0
--	---	---	---

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2019-20

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Ver 1.0

Local Authority : Merton

PART 2: NET RATES PAYABLE

You should complete column 1 only

Column 1
BA Area (exc.
Designated areas)

Column 2
Designated
areas

Column 3
TOTAL
(All BA Area)

19. Forecast of mandatory reliefs to be provided in 2019-20 (Sum of lines 15 to 18)

-9,044,124

0

20. Changes as a result of estimated growth/decline in mandatory relief (+ = decline, - = increase)

-1,115,035

0

21. Total forecast mandatory reliefs to be provided in 2019-20

-10,159,159

0

-10,159,159

UNOCCUPIED PROPERTY (See Note H) (All data should be entered as -ve unless specified otherwise)

Partially occupied hereditaments

22. Forecast of 'relief' to be provided in 2019-20

0

0

0

Empty premises

23. Forecast of 'relief' to be provided in 2019-20

-828,478

0

-828,478

24. Forecast of unoccupied property 'relief' to be provided in 2019-20 (Line 22 + line 23)

-828,478

0

25. Changes as a result of estimated growth/decline in unoccupied property 'relief' (+ = decline, - = increase)

-650,000

0

26. Total forecast unoccupied property 'relief' to be provided in 2019-20

-1,478,478

0

-1,478,478

DISCRETIONARY RELIEFS (See Note J) (All data should be entered as -ve unless specified otherwise)

Charitable occupation

27. Forecast of relief to be provided in 2019-20

-407,066

0

-407,066

Non-profit making bodies

28. Forecast of relief to be provided in 2019-20

-104,192

0

-104,192

Community Amateur Sports Clubs (CASCs)

29. Forecast of relief to be provided in 2019-20

-2,543

0

-2,543

Rural shops etc

30. Forecast of relief to be provided in 2019-20

0

0

0

Small rural businesses

31. Forecast of relief to be provided in 2019-20

0

0

0

Other ratepayers

32. Forecast of relief to be provided in 2019-20

-100,000

0

-100,000

of which:

of which:

33. Relief given to Case A hereditaments

0

0

34. Relief given to Case B hereditaments

0

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2019-20

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Ver 1.0

Local Authority : Merton

PART 2: NET RATES PAYABLE

You should complete column 1 only

Column 1
BA Area (exc.
Designated areas)Column 2
Designated
areasColumn 3
TOTAL
(All BA Area)35. Forecast of discretionary relief to be provided
in 2019-20 (Sum of lines 27 to 32)

-613,801

0

36. Changes as a result of estimated
growth/decline in discretionary relief
(+ = decline, - = increase)

300,000

0

37. Total forecast discretionary relief to be
provided in 2019-20

-313,801

0

-313,801

DISCRETIONARY RELIEFS FUNDED THROUGH SECTION 31 GRANT
(See Note K) (All data should be entered as -ve unless specified otherwise)

Rural Rate Relief

38. Forecast of relief to be provided in 2019-20

0

0

0

Local Newspaper Relief

39. Forecast of relief to be provided in 2019-20

0

0

0

Supporting Small Businesses Relief

40. Forecast of relief to be provided in 2019-20

-24,594

0

-24,594

Discretionary Scheme

41. Forecast of relief to be provided in 2019-20

-91,800

0

-91,800

Telecoms Relief (see Note L)

42. Forecast of relief to be provided in 2019-20

0

0

0

Retail Discount

43. Forecast of relief to be provided in 2019-20

-1,971,800

0

-1,971,800

44. Forecast of discretionary reliefs funded
through S31 grant to be provided in 2019-20
(Sum of lines 38 to 43)

-2,088,194

0

45. Changes as a result of estimated
growth/decline in Section 31 discretionary relief
(+ = decline, - = increase)

0

0

46. Total forecast of discretionary reliefs
funded through S31 grant to be provided in
2019-20

-2,088,194

0

-2,088,194

NET RATES PAYABLE

47. Forecast of net rates payable by rate payers after
taking account of transitional adjustments, unoccupied
property relief, mandatory and discretionary reliefs£
91,781,824£
0£
91,781,824

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**2019-20**

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Ver 1.0

Local Authority : Merton**PART 2: NET RATES PAYABLE****You should complete column 1 only**Column 1
BA Area (exc.
Designated areas)Column 2
Designated
areasColumn 3
TOTAL
(All BA Area)

Checked by Chief Financial / Section 151 Officer :



PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2019-20

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Ver 1.0

Local Authority : Merton

PART 3: COLLECTABLE RATES AND DISREGARDED AMOUNTS

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas) <i>Complete this column</i>	Column 2 Designated Areas <i>Do not complete this column</i>	Column 3 TOTAL (All BA Area) <i>Do not complete this column</i>
	£	£	£
NET RATES PAYABLE			
1. Sum payable by rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs	91,781,824	0	91,781,824
(LESS) LOSSES			
2. Estimated bad debts in respect of 2019-20 rates payable	-917,818	0	-917,818
3. Estimated repayments in respect of 2019-20 rates payable	-1,978,701	0	-1,978,701
COLLECTABLE RATES			
4. Net Rates payable less losses	88,885,305	0	88,885,305
DISREGARDED AMOUNTS			
5. Renewable Energy	0	0	0
6. Shale Gas (see Note C)	0	0	0
7. Transitional Protection Payment		0	
8. Baseline		0	
DISREGARDED AMOUNTS			
9. Total Disregarded Amounts		0	0
DESIGNATED AREAS IN 100% PILOT AREAS			
10. Designated Areas Qualifying Relief	0	0	0
DEDUCTIONS FROM CENTRAL SHARE			
11. Designated Areas Qualifying Relief: Not applicable	0	0	0
Growth Pilot Areas			
12. Net Rates payable for Growth Baseline comparison	0		0
13. Growth Baseline	0		0
14. Additional Growth in 'Growth Pilot' Areas	0		0
Port of Bristol			
15. In respect of Port of Bristol: Not applicable	0		0
DEDUCTIONS FROM CENTRAL SHARE			
16. Total Deductions	0	0	0

Merton

Total Designated Area value

All figures must be entered in whole £

Designated Area

[illegible]

Checked by Chief Financial / Section 151 Officer :

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2019-20

All figures must be entered in whole £

If you are content with your answers please return this form to MHCLG as soon as possible

Ver 1.0

Local Authority : Merton

PART 4: ESTIMATED COLLECTION FUND BALANCE

OPENING BALANCE

1. Opening Balance (From Collection Fund Statement)

£

£

-3,046,920

BUSINESS RATES CREDITS AND CHARGES

2. Business rates credited and charged to the Collection Fund in 2018-19

91,126,522

3. Sums written off in excess of the allowance for non-collection

0

4. Changes to the allowance for non-collection

30,367

5. Amounts charged against the provision for appeals following RV list changes

1,785,295

6. Changes to the provision for appeals

-9,418,529

7. Total business rates credits and charges (Total lines 2 to 6)

83,523,655

OTHER RATES RETENTION SCHEME CREDITS

8. Transitional protection payments received, or to be received in 2018-19

0

9. Transfers/payments to the Collection Fund for end-year reconciliations

0

10. Transfers/payments into the Collection Fund in 2018-19 in respect of a previous year's deficit

4,077,381

11. Total Other Credits (Total lines 8 to 10)

4,077,381

OTHER RATES RETENTION SCHEME CHARGES

12. Transitional protection payments made, or to be made, in 2018-19

-839,188

13. Payments made, or to be made, to the Secretary of State in respect of the central share in 2018-19

0

14. Payments made, or to be made to, major precepting authorities in respect of business rates income in 2018-19

-31,673,040

15. Transfers made, or to be made, to the billing authority's General Fund in respect of business rates income in 2018-19

-56,307,628

16. Transfers made, or to be made, to the billing authority's General Fund; and payments made, or to be made, to a precepting authority in respect of disregarded amounts in 2018-19

-265,211

17. Transfers/payments from the Collection Fund for end-year reconciliations

0

18. Transfers/payments made from the Collection Fund in 2018-19 in respect of a previous year's surplus

0

19. Total Other Charges (Total lines 12 to 18)

-89,085,067

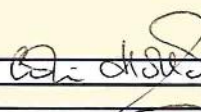
ESTIMATED SURPLUS/(DEFICIT) ON COLLECTION FUND IN RESPECT OF FINANCIAL YEAR 2018-19 - Surplus (positive), Deficit (Negative)

£

20. Opening balance plus total credits, less total charges (Total lines 1, 7, 11 & 19)

-4,530,951

Checked by Chief Financial / Section 151 Officer :



OTHER CORPORATE ITEMS - CABINET 18 February 2019				
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Asset Rentals: Depreciation	(22,903)	(22,903)	(22,903)	(22,903)
Deficiency/Redundancy	(463)	(463)	(463)	(463)
Change in corporate Specific and Special Grants	208	219	205	210
CHAS Dividend	(1,367)	(1,367)	(1,367)	(1,367)
WPCC	343	343	343	343
Bad Debt provision	500	500	500	500
Further provision for revenueisation/RCCO	517	582	143	213
Overheads - Charge to non-general fund	96	94	98	98
Contingency	1,500	1,500	1,500	1,500
Pensions Strain/Redundancy	1,000	1,000	1,000	1,000
Transport	122	122	122	122
Local Election	0	0	0	350
LPFA - Provision for deficit contribution	86	86	86	86
Balance Sheet Management - CT & HB Credits	(220)	(220)	(220)	(220)
Loss of HB Admin. Grant	83	83	83	83
Apprenticeship Levy	450	450	450	450
Cyber Security	92	92	92	92
Brexit Costs	500	0	0	0
Rounding	0	1	0	0
Other Corporate items	(19,456)	(19,882)	(20,330)	(19,906)

Summarised Transition from Council February 2018 to Cabinet February 2019

Budget Forecast 2019/20 to 2023/24				
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Budget Gap Council February 2018	1,285	15,418	17,443	18,500
EXPENDITURE				
Inflation - Pay	(16)	(22)	(28)	(34)
Inflation - Prices	(141)	(282)	(423)	(564)
FYE - Amendments to existing savings since Cabinet 28 February 2018	206	0	0	0
Adult Social Care - 2% Council Tax Flexibility (Contra in Council Tax)	1,742	1,742	1,742	1,742
Adult Social Care - Improved Better Care Fund (As per LGF Settlement)	1,054	0	0	0
Adult Social Care - 2% Flexibility	11	11	11	11
FYE - Amendments to existing savings since Council 28 February 2018	0	3,218	3,218	3,218
Unfunded ASC commitments if BCF Removed	0	(1,742)	(1,742)	(1,742)
External Borrowing Costs	(571)	(1,403)	(726)	(31)
Change in Departmental Overheads	(80)	(80)	(80)	(80)
Change in NNDR	63	63	63	63
Change in Dept. Appropriations to/from Reserves (Contra in corporate items)	135	(287)	(470)	(470)
<u>Other Corporate Items</u>				
C&H: Taxicard & Concessionary Fares	(413)	(413)	(413)	(413)
Overheads - Charge to non-general fund	80	79	79	79
Further Provision for Revenuisation	500	500	0	0
Brexit Costs	500	0	0	0
NEW SAVINGS 2019/20:	(2,577)	(8,072)	(9,373)	(9,478)
<u>Levies</u>				
Environment Agency	3	3	3	3
Lee Valley Regional Park	(1)	(1)	(1)	(1)
WPCC	12	12	12	12
FUNDING				
RSG	5,076	0	0	0
NNDR	(8,123)	(1,409)	(1,692)	(2,336)
NNDR - Section 31 Grant	(543)	0	0	0
Brexit Grant	(210)	0	0	0
Adult Social Care - 2% Council Tax Flexibility (Contra in C&H Dept.-ASC)	(1,742)	(1,742)	(1,742)	(1,742)
Council Tax income	(646)	(766)	(926)	(1,114)
Council Tax - WPCC Levy	(12)	(12)	(12)	(12)
Collection Fund - t/f of Ctax surplus(-)/deficit	(1,949)	0	0	0
Collection Fund - t/f of BRates surplus(-)/deficit	3,250	0	0	0
New Homes Bonus	(80)	0	0	0
Appropriations to/from departmental reserves (Contra)	(135)	287	470	470
Rounding				
Use of Reserves	3,323	(3,988)	0	0
Rounding	0	(1)	(1)	(2)
Cabinet 18 February 2019	0	1,112	5,411	6,078

STATEMENT OF COUNCIL TAX REQUIREMENTS AND BALANCES

	ORIGINAL BUDGET 2015/16	ORIGINAL BUDGET 2016/17	ORIGINAL BUDGET 2017/18	ORIGINAL BUDGET 2018/19	ORIGINAL BUDGET 2019/20	2015/16 Band D Council Tax Equivalent	2016/17 Band D Council Tax Equivalent	2017/18 Band D Council Tax Equivalent	2018/19 Band D Council Tax	2019/20 Band D Council Tax
	£m	£m	£m	£m	£m	£	£	£	£	£
<u>Merton</u>										
Net Cost of General Fund Services	149.062	134.496	138.220	136.059	138.095	2,140.53	1,885.63	1,907.99	1,835.56	1,842.45
Contingency	1.500	1.500	1.500	1.500	1.500	21.54	21.03	20.71	20.24	20.01
	150.562	135.996	139.720	137.559	139.595	2,162.07	1,906.66	1,928.70	1,855.80	1,862.47
<u>Levies</u>										
Lee Valley	0.209	0.204	0.190	0.179	0.178	3.00	2.86	2.62	2.41	2.37
London Pensions Fund	0.264	0.262	0.260	0.260	0.260	3.79	3.67	3.59	3.51	3.47
Environment Agency	0.159	0.162	0.164	0.168	0.171	2.28	2.27	2.26	2.27	2.28
Total Levies	0.632	0.628	0.614	0.607	0.609	9.08	8.80	8.48	8.19	8.13
TOTAL BUDGET (before balances, etc adjustment)	151.194	136.624	140.334	138.166	140.204	2,171.14	1,915.46	1,937.18	1,863.98	1,870.59
<u>Provisions, Contributions and Balances</u>										
Appropriations to/from Reserves	(4.771)	1.683	(3.533)	(1.332)	(4.188)	-68.51	23.60	(48.77)	(17.97)	(55.88)
TOTAL BUDGET REQUIREMENT	146.423	138.307	136.801	136.834	136.016	2,102.63	1,939.06	1,888.41	1,846.01	1,814.72
<u>Less: Central Government Support</u>										
Government (Formula) Grant:										
Revenue Support Grant (including Transition Grant)	(30.425)	(23.156)	(15.520)	0.000	0.000	(436.90)	(324.65)	(214.24)	0.00	0.00
National Non-Domestic Rates inc. Section 31 Grant	(34.820)	(35.052)	(36.519)	(47.611)	(44.026)	(500.01)	(491.43)	(504.11)	(642.32)	(587.39)
Brexit Grant					(0.210)					(2.80)
Adult Social Care Improved Better Care Fund	0.000	0.000	(0.751)	(2.115)	(1.054)	0.00	0.00	(10.37)	(28.53)	(14.06)
Total Revenue Support Grant + Baseline NNDR Funding:	(65.245)	(58.208)	(52.790)	(49.726)	(45.290)	(936.92)	(816.07)	(728.72)	(670.85)	(604.26)
Contribution to/(from) Collection Fund	(4.420)	(1.479)	(1.766)	(0.430)	1.301	(63.47)	(20.74)	(24.38)	(5.80)	17.36
Council Tax Requirement										
Merton - General (excluding WPCC)	76.758	78.620	82.245	86.678	92.027	1,102.25	1,102.25	1,135.31	1,169.36	1,227.82
Merton - COUNCIL TAX FUNDING REQUIREMENT	76.758	78.620	82.245	86.678	92.027	1,102.25	1,102.25	1,135.31	1,169.36	1,227.82
<u>Greater London Authority Precept</u>										
Metropolitan Police Authority/Mayor's Office for Policing and Crime	14.939	14.750	14.933	16.169	18.148	214.52	206.79	206.13	218.13	242.13
Other Non-Police Services	5.604	4.937	5.353	5.641	5.875	80.48	69.21	73.89	76.10	78.38
Greater London Authority Precept	20.543	19.686	20.285	21.810	24.023	295.00	276.00	280.02	294.23	320.51
TOTAL COUNCIL TAX REQUIREMENT	97.302	98.306	102.530	108.488	116.050	1,397.25	1,378.25	1,415.33	1,463.59	1,548.33

DRAFT MTFS 2019-23:				
	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000
Departmental Base Budget 2018/19	149,808	149,808	149,808	149,808
Inflation (Pay, Prices)	4,244	7,094	9,945	12,796
Autoenrolment/Nat. ins changes	0	0	0	0
FYE – Previous Years Savings	(4,464)	(6,070)	(6,185)	(6,185)
FYE – Previous Years Growth	(2,506)	(2,006)	(2,006)	(2,006)
Amendments to previously agreed savings/growth	206	0	0	0
Change in Net Appropriations to/(from) Reserves	901	622	595	532
Taxi card/Concessionary Fares	37	487	937	1,387
Change in depreciation/Impairment (Contra Other Corporate items)	3,895	3,895	3,895	3,895
Adult Social Care - Additional Spend	1,054	0	0	0
Other	2,334	4,421	4,701	4,777
Re-Priced Departmental Budget	155,508	158,251	161,690	165,003
Treasury/Capital financing	9,817	10,834	12,218	12,133
Pensions	3,552	3,635	3,718	3,801
Other Corporate items	(19,456)	(19,882)	(20,330)	(19,906)
Levies	609	609	609	609
Sub-total: Corporate provisions	(5,478)	(4,804)	(3,785)	(3,363)
Sub-total: Repriced Departmental Budget + Corporate Provisions	150,030	153,447	157,904	161,640
Savings/Income Proposals 2018/19	(2,577)	(8,072)	(9,373)	(9,478)
Sub-total	147,453	145,375	148,531	152,162
Appropriation to/from departmental reserves	(2,152)	(1,873)	(1,846)	(1,783)
Appropriation to/from Balancing the Budget Reserve	(2,036)	(3,988)	0	0
BUDGET REQUIREMENT	143,265	139,514	146,685	150,379
Funded by:				
Revenue Support Grant	0	0	0	0
Business Rates (inc. Section 31 grant)	(44,026)	(39,135)	(39,978)	(40,837)
Brexit Grant	(210)	0	0	0
Adult Social Care Grants inc. BCF	(1,054)	0	0	0
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(2,108)	(1,304)	(1,008)	(800)
Council Tax inc. WPC	(92,371)	(94,641)	(96,968)	(99,343)
Collection Fund – (Surplus)/Deficit	1,301	0	0	0
TOTAL FUNDING	(143,265)	(139,877)	(142,750)	(145,777)
GAP including Use of Reserves (Cumulative)	0	(364)	3,935	4,602
Potential Unfunded ASC commitments due to Loss of Better Care Funding	0	3,218	3,218	3,218
GAP assuming no new ASC Government Grant (Cumulative)	0	2,854	7,153	7,820
Possible Offset if 2019/20 ASC CT hypothecation can be used to replace Better Care Funding	0	(1,742)	(1,742)	(1,742)
GAP assuming no new ASC Government Grant but 2019/20 CT hypothecation can be used(Cumulative)	0	1,112	5,411	6,078

Reserves

Forecast Movement in Reserves 2018-23	Bal. at 31/3/18 £'000	Net Movt. in year £'000	Bal. at 31/3/19 £'000	Net Movt. in year £'000	Bal. at 31/3/20 £'000	Net Movt. in year £'000	Bal. at 31/3/21 £'000	Net Movt. in year £'000	Bal. at 31/3/22 £'000	Net Movt. in year £'000	Bal. at 31/3/23 £'000
General Fund Reserve	12,778	0	12,778	0	12,778	0	12,778	0	12,778	0	12,778
Earmarked Reserves	28,346	(6,508)	21,838	(5,879)	15,958	(6,166)	9,792	59	9,852	147	9,999
Grants & Contributions	3,223	(2,569)	655	(491)	163	(19)	144	(19)	125	(19)	107
Total Available Gen. Fund Rev. Reser	44,347	(9,077)	35,270	(6,371)	28,900	(6,185)	22,715	40	22,755	128	22,883
Fixed to Contracts	1,955	0	1,955	0	1,955	0	1,955	0	1,955	0	1,955
Total General Fund revenue reserves	46,301	(9,077)	37,225	(6,371)	30,854	(6,185)	24,669	40	24,710	128	24,838
Schools Balances & Reserves	14,420	(5,153)	9,267	9	9,276	(360)	8,916	(516)	8,400	(453)	7,947

APPENDIX 8

Analysis	Bal. at 31/3/18 £'000	Net Movt. in year £'000	Bal. at 31/3/19 £'000	Net Movt. in year £'000	Bal. at 31/3/20 £'000	Net Movt. in year £'000	Bal. at 31/3/21 £'000	Net Movt. in year £'000	Bal. at 31/3/22 £'000	Net Movt. in year £'000	Bal. at 31/3/23 £'000
Earmarked Reserves											
Outstanding Council Programme Board Reserve	4,545	(822)	3,723	(2,059)	1,664	(1,258)	406	(88)	318	0	318
For use in future years' budgets	11,131	(5,107)	6,024	(2,037)	3,987	(3,987)	0	0	0	0	0
Revenue Reserve for Capital/Revenuisation	3,498	(107)	3,391	(500)	2,891	(500)	2,391	0	2,391	0	2,391
Energy renewable reserve	1,523	0	1,523	(300)	1,223	(500)	723	0	723	0	723
Repairs and Renewals Fund	1,090	0	1,090	(450)	640	0	640	0	640	0	640
Pension Fund additional contribution	453	0	453	(125)	328	0	328	0	328	0	328
Local Land Charges	2,038	177	2,215	177	2,392	177	2,569	177	2,746	177	2,923
Apprenticeships	261	(152)	108	(40)	68	(68)	0	0	0	0	0
Community Care Reserve	1,385	0	1,385	0	1,385	0	1,385	0	1,385	0	1,385
Local Welfare Support Reserve	376	(30)	346	(30)	316	(30)	286	(30)	256	(30)	226
Economic Development Strategy	2	(2)	0	0	0	0	0	0	0	0	0
LEP - New Homes Bonus funded projects	122	0	122	0	122	0	122	0	122	0	122
Corporate Services Reserves	1,771	(465)	1,306	(365)	941	0	941	0	941	0	941
Wimbledon Tennis Court Renewal Fund	150	0	150	(150)	0	0	0	0	0	0	0
Earmarked Reserves	28,346	(6,508)	21,838	(5,879)	15,958	(6,166)	9,792	59	9,852	147	9,999
Culture and Environment contributions	14	148	162	(162)	0	0	0	0	0	0	0
Culture and Environment grant	517	(434)	83	(26)	57	(19)	38	(19)	19	(19)	0
Childrens & Education grant	426	(122)	304	(304)	0	0	0	0	0	0	0
Adult Social care grants	2,161	(2,161)	(0)	0	(0)	0	(0)	0	(0)	0	(0)
Housing GF grants	106	0	106	0	106	0	106	0	106	0	106
Public Health Grant Reserve	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)
Grants & Contributions	3,223	(2,569)	655	(491)	163	(19)	144	(19)	125	(19)	107
Total	31,569	(9,077)	22,492	(6,371)	16,122	(6,185)	9,937	40	9,977	128	10,105
Insurance Reserve	1,955	0	1,955	0	1,955	0	1,955	0	1,955	0	1,955
Fixed to Contracts	1,955	0	1,955	0	1,955	0	1,955	0	1,955	0	1,955

APPENDIX 8

Analysis	Bal. at 31/3/18 £'000	Net Movt. in year £'000	Bal. at 31/3/19 £'000	Net Movt. in year £'000	Bal. at 31/3/20 £'000	Net Movt. in year £'000	Bal. at 31/3/21 £'000	Net Movt. in year £'000	Bal. at 31/3/22 £'000	Net Movt. in year £'000	Bal. at 31/3/23 £'000
DSG Reserve	928	(5,428)	(4,500)	0	(4,500)	0	(4,500)	0	(4,500)	0	(4,500)
Governor Support Reserve	28	0	28	0	28	0	28	0	28	0	28
Schools Reserve	0	0	0	0	0	0	0	0	0	0	0
CSF reserve	25	0	25	0	25	0	25	0	25	0	25
Refund of PFI contributions	0	0	0	0	0	0	0	0	0	0	0
Schools PFI Fund	5,247	275	5,522	9	5,530	(360)	5,171	(516)	4,655	(453)	4,202
Earmarked Schools Balances	8,145	0	8,145	0	8,145	0	8,145	0	8,145	0	8,145
Schools Standards Fund balances	372	0	372	0	372	0	372	0	372	0	372
Schools Fund	(325)	0	(325)	0	(325)	0	(325)	0	(325)	0	(325)
Schools Reserves	14,420	(5,153)	9,267	9	9,276	(360)	8,916	(516)	8,400	(453)	7,947

CAPITAL RESERVES

Forecast Movement in Reserves 2018-23	Bal. at 31/3/18 £'000	Net Movt. in year £'000	Bal. at 31/3/19 £'000	Net Movt. in year £'000	Bal. at 31/3/20 £'000	Net Movt. in year £'000	Bal. at 31/3/21 £'000	Net Movt. in year £'000	Bal. at 31/3/22 £'000	Net Movt. in year £'000	Bal. at 31/3/23 £'000
Capital Grants	3,476	(3,476)	0	0	0	0	0	0	0	0	0
Capital Contributions	0	0	0	0	0	0	0	0	0	0	0
CIL Reserve *	7,001	2,769	9,770	(5,753)	4,017	(3,477)	540	(540)	0	0	0
Capital Receipts	15,513	(9,457)	6,056	(6,056)	(0)	0	(0)	0	(0)	0	(0)
Capital Reserves	25,991	(10,164)	15,826	(11,809)	4,017	(3,477)	540	(540)	0	0	0

Standard Subjective Analysis – The Key

The CIPFA Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). SeRCOP applies to all local authority services throughout the United Kingdom from 1 April 2019 for the preparation of 2019/20 Budgets, Performance Indicators and Statements of Accounts.

The *Service Reporting Code of Practice* (SeRCOP) sets out guidelines for financial reporting, supplementing the principles and practice set out in the *Code of Practice on Local Authority Accounting in the United Kingdom*. It establishes proper practice with regard to consistent financial reporting below the statement of accounts level. It is prepared under International Financial Reporting Standards (IFRS) in accordance with the *Code of Practice on Local Authority Accounting*.

The aim is to ensure that there is consistent reporting of service costs and income across different service areas, thus building the framework for the production of comparative performance indicators. The code is revised annually to reflect changing circumstances across local authority services and changes in accounting standards.

The SeRCOP provides guidance in following areas:

- the definition of total cost
- service expenditure analysis – this provides service classifications and defines the mandatory divisions of service to which costs must be aggregated
- the recommended standard subjective analysis.

The **Recommended Standard Subjective Analysis** provides an analysis that is consistent with the subjective analysis required by government returns such as the Whole of Government Accounts.

Subjective Analysis 2019-20 (Source: Cipfa SeRCOP)**Groups Sub-groups****Employees**

This group includes the cost of employee expenses, both direct and indirect, to the authority.

Direct employee expenses and benefits

- Salaries
- Employer's National Insurance contributions
- Employer's retirement benefit costs:
 - current service costs
 - past service costs
 - settlements
- Agency staff
- Employee allowances (not including travel and subsistence)

Indirect employee expenses

- Relocation
- Interview
- Training
- Advertising
- Severance payments
- Employee-related schemes (eg welfare schemes, discount schemes)

Contributions to employee-related provisions

Debits relating from soft loans - employees

Employee expenses and benefits - Schools

Premises-related expenditure

This group includes expenses directly related to the running of premises and land.

- Repairs, alterations and maintenance of buildings
- Energy costs
- CRC allowances
- Rents
- Rates
- Water services
- Fixtures and fittings
- Apportionment of expenses of operational buildings
- Cleaning and domestic supplies
- Grounds maintenance costs
- Premises insurance
- Contributions to premises-related provisions

Transport-related expenditure

This group includes all costs associated with the provision, hire or use of transport, including travelling allowances and home to school transport.

Direct transport costs

- Repairs and maintenance, running costs and contributions to provisions in respect of vehicles, for example.
- Repairs and maintenance of (for example) roads are not included in this heading, but should be included in the relevant subjective headings (such as staff costs, supplies and services, etc).
- This could include the write-off in the year of any assets not deemed material by the authority's capital accounting policies (i.e. below de minimis thresholds set).

Recharges

Contract hire and operating leases

Public transport

Transport insurance

Car allowances

Contributions to transport-related provisions

Supplies and services

This group includes all direct supplies and service expenses to the authority.

Equipment, furniture and materials

- All items used in the operation or administration of the service, unless specifically contained in another sub-group (e.g. communications and computing). This could include the write-off in the year of any assets not deemed material by the authority's capital accounting policies (i.e. below de minimis thresholds set).

Catering

Clothes, uniform and laundry

Printing, stationery and general office expenses

Services

Communications and computing

Members' allowances

Expenses

Grants and subscriptions

Private Finance Initiative and Public Private Partnership schemes

Contributions to provisions

Miscellaneous expenses

Third party payments

A third party payment is a payment to an external provider or an internal service delivery unit defined as a trading operation – categories (a) to (d) in paragraph 2.30 of SeRCOP – which is operating independently, in return for the provision of a service or a subdivision of service as defined by Section 3 of SeRCOP.

Independent units within the council; include services defined as category (a) to (d) in paragraph 2.30 of SeRCOP

Joint authorities

Other local authorities

Health authorities

Government departments

Voluntary associations

Other establishments

Private contractors

Other agencies

Transport operators (in respect of concessionary fares)

Debits relating from soft loans - third party payments

Transfer payments

This includes the cost of payments to individuals for which no goods or services are received in return by the local authority. Four sub-groups are suggested; however, this list is not exhaustive.

Schoolchildren and students

Adult Social Services clients

Housing benefits

Debits relating from soft loans - transfer payments

Support services

Charges for services that support the provision of services to the public. The charges should be apportioned or allocated to the service divisions which they support on the basis of the seven principles of apportionment specified in Section 2 of SeRCOP.

Finance

IT

Human Resources

Property Management/Office Accommodation

Legal Services

Procurement Services

Corporate Services

Transport Functions

Depreciation and impairment losses

This provides the subjective analysis that will record the revenue impact of capital items in the service revenue accounts of the authority.

Depreciation

Revaluation losses

Loss on impairment of assets

Amortisation of intangible fixed assets
 Movement in fair value of investment property

Income

This group includes all income received by the service from external users or by way of charges. This group also includes recharges to internal users

Government grants

- Specific and special government grants.

Other grants reimbursements and contributions

- Revenue income received to finance a function/project jointly or severally undertaken with other bodies.
- Contributions from other local authorities.
- Value of costs recharged to outside bodies including other committees.

Customer and client receipts

- Sales of products or materials, data technology or surplus products.
- Fees and charges for services, use of facilities, admissions and lettings.
- Rents, tithes, acknowledgements, way leaves and other land and property-based charges of a non-casual user.

Interest

Recharges

- Value of costs recharged to internal users.

Credits resulting from soft loans

- All credits resulting from soft loans should be included in this subjective group (as a corporate entry).

Capital financing costs

This group includes the corporate capital financing costs of the authority.

Interest payments

- Interest payments will include the interest element of payments made under on Balance Sheet PFI/PPP schemes

Debt management expenses

Draft Departmental Budget Summaries 2019-20

NB: The financial information in the budget summaries includes the latest available details but may be subject to small changes as figures continue to be reviewed.

SUMMARY

FULL TIME EQUIVALENTS

Total FTE Staff

2018/19

2019/20

1,731.1

1,815.7

SERVICE AREA ANALYSIS

	2018/19 Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
Corporate Services	9,495	687	748	10,930
Education Services]				
CSF]	56,145	1,183	3,492	60,820
Children's Services]				
Environment and Regeneration	17,950	660	(2,779)	15,831
Adult Social Care]				
Cultural Services] C&H	63,755	1,204	(1,204)	63,755
Housing General Fund]				
Single Status	100	0	0	100
National insurances changes/autoenrolment	254	0	0	254
Pay Award	2,108	0	(1,231)	877
TOTAL NET SERVICE EXPENDITURE	149,808	3,734	(974)	152,568
<i>Corporate Provisions/Appropriations</i>	(5,475)	0	(3,828)	(9,302)
NET EXPENDITURE	144,333	3,734	(4,801)	143,266
Funded by:				
Revenue Support Grant	0	0	0	0
Business Rates	(47,611)	0	3,585	(44,026)
Improved Better Care Fund	(2,115)	0	1,061	(1,054)
Brexit Grant	0	0	(210)	(210)
New Homes Bonus	(2,371)	0	263	(2,108)
Council Tax	(86,678)	0	(5,350)	(92,028)
WPCC Levy	(331)	0	(11)	(343)
Collection Fund	(430)	0	1,731	1,301
PFI Grant	(4,797)	0	0	(4,797)
	(144,333)	0	1,068	(143,266)
NET	0	3,734	(3,734)	0
NB				
Public Health	0	0	0	0

Other Variations: Contingency/Other

Major Items: Corporate Provisions	£000	fte
Corporate borrowing and Investment	2,173	0.0
Further provision for revaluisation/RCCO	499	0.0
Pension Fund and Auto-enrolment	83	0.0
Contingency and centrally held provisions	72	0.0
Change in Grants	(1)	0.0
Appropriation to/from Reserves	(2,846)	0.0
Depreciation and impairment	(3,896)	0.0
Change in levies	13	0.0
Overheads - Charge to non-general fund	87	0.0
Transport - Additional provision	(26)	0.0
CHAS - IP/Dividend	(40)	0.0
Local Election	(350)	0.0
Loss of HB Admin. Grant	(96)	0.0
TOTAL	(3,828)	0

SUMMARY - SUBJECTIVE ANALYSIS**FULL TIME EQUIVALENTS**

Total FTE Staff

2017/18	2018/19
1,731.1	1,815.7

SUBJECTIVE ANALYSIS OF ESTIMATES**Expenditure**

	2018/19 Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
Employees	85,513	1,744	4,611	91,868
Premises	8,563	115	(61)	8,617
Transport	7,898	97	439	8,434
Supplies and Services	208,335	727	(18,757)	190,305
Third Party Payments	93,837	1,049	(4,929)	89,957
Transfer Payments	103,874	1	537	104,411
Support Services	27,750	0	2,552	30,302
Depreciation and Impairment Losses	19,008	0	3,896	22,904

GROSS EXPENDITURE

554,778	3,734	(11,714)	546,797
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Income

Government Grants	(293,905)	0	21,759	(272,146)
Other Reimbursements and Contributions	(23,700)	0	(3,804)	(27,504)
Customer and Client Receipts	(58,969)	0	(5,487)	(64,456)
Interest	(2,913)	0	(603)	(3,516)
Recharges	(25,288)	0	(2,028)	(27,316)
Reserves	(193)	0	904	711

GROSS INCOME

(404,969)	0	10,741	(394,228)
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NET EXPENDITURE

149,809	3,734	(973)	152,569
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Corporate Provisions

(5,475)	0	(3,828)	(9,302)
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NET EXPENDITURE

144,333	3,734	(4,799)	143,266
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Funded by:

Revenue Support Grant	0	0	0	0
Business Rates	(47,611)	0	3,585	(44,026)
Improved Better Care Fund	(2,115)	0	1,061	(1,054)
New Homes Bonus	(2,371)	0	263	(2,108)
Council Tax	(86,678)	0	(5,350)	(92,028)
WPCC Levy	(331)	0	(11)	(343)
Collection Fund	(430)	0	1,731	1,301
Brexit Grant	0		(210)	(210)
PFI Grant	(4,797)	0	0	(4,797)

(144,333)	0	1,068	(143,266)
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NET

0	3,734	(3,734)	0
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Other Variations: Contingency/Other

Major Items: Corporate Provisions	£000	fte
Corporate borrowing and Investment	2,173	0.0
Further provision for revaluation/RCCO	499	0.0
Pension Fund and Auto-enrolment	83	0.0
Contingency and centrally held provisions	72	0.0
Change in Grants	(1)	0.0
Appropriation to/from Reserves	(2,846)	0.0
Depreciation and impairment	(3,896)	0.0
Change in levies	13	0.0
Overheads - Charge to non-general fund	87	0.0
CHAS - IP/Dividend	(40)	0.0
Local Election	(350)	0.0
Loss of HB Admin. Grant	(96)	0.0
TOTAL	(3,828)	0

CORPORATE ITEMS ANALYSIS				
	2018/19 Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
Expenditure				
Cost of Borrowing including Minimum Revenue Provision	8,403	0	2,078	10,481
Further provision for revaluisation/RCCO	17	0	499	517
Pension Fund	3,006	0	83	3,089
Adjustment re Income re P3/P4	200	0	0	200
Overheads - Charge to non-general fund	15	0	87	102
Provision for excess inflation	378	0	72	450
Bad Debt Provision	500	0	0	500
Redundancy/Pension Strain	1,000	0	0	1,000
Transport - Additional provision	(102)	0	(26)	(128)
Contingency	1,500	0	0	1,500
Apprenticeship Levy	450	0	0	450
Brexit costs	0	0	500	500
Loss of HB Admin. Grant	179	0	(96)	83
Change in Corporate Specific and Special Grants	209	0	(1)	208
LPFA - Provision for deficit contribution	86	0	0	86
Cyber Security	92	0	0	92
Local Election	350	0	(350)	0
Levies:-				
Lee Valley	179		(1)	178
London Pensions Fund	259		0	259
Environment Agency	168		2	171
WPCC	331		11	343
GROSS EXPENDITURE	17,221	0	2,859	20,080
Income				
Investment Income	(759)		95	(664)
Depreciation & Impairment	(19,008)		(3,896)	(22,903)
Appropriations to/from reserves (excluding Public Health)	(1,342)		(2,846)	(4,188)
Balance Sheet Management CT & HB	(220)		0	(220)
CHAS - IP/Dividend	(1,367)		(40)	(1,407)
GROSS INCOME	(22,696)	0	(6,686)	(29,382)
NET EXPENDITURE	(5,475)	0	(3,828)	(9,302)



2019/2020 ESTIMATES

CORPORATE SERVICES DEPARTMENT

SUMMARY: CORPORATE SERVICES DEPARTMENT

FULL TIME EQUIVALENTS (FTE)
Number of Permanent Staff
Number of Fixed term contracts
Total FTE

2018/19	2019/20
472.4	469.4
7.0	24.1
479.4	493.5

SERVICE AREA ANALYSIS

CHANGE BETWEEN YEARS			
2018/19 Original Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
474	88	494	1,056
(225)	236	510	521
1,225	61	(719)	567
3,066	228	(812)	2,482
0	49	(9)	40
4,955	26	1,283	6,264
9,495	687	748	10,930
0	0	0	0
0	0	0	0
0	0	0	0
9,495	687	748	10,930

SUMMARY: CORPORATE SERVICES DEPARTMENT

FULL TIME EQUIVALENTS (FTE)
Number of Permanent Staff
Number of Fixed term contracts
Total FTE

2018/19	2019/20
472.4	469.4
7.0	24.1
479.4	493.5

SUBJECTIVE ANALYSIS OF ESTIMATES
Expenditure

	2018/19 Original Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
Employees	23,718	444	435	24,597
Premises	2,318	40	25	2,383
Transport	199	3	(3)	198
Supplies and Services	11,170	180	321	11,670
Third Party Payments	1,325	22	(23)	1,323
Transfer Payments	93,446	0	500	93,946
Support Services	8,217	0	2,131	10,348
Depreciation and Impairment Losses	1,961	0	386	2,347

GROSS EXPENDITURE

142,354	687	3,771	146,812
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Income

Government Grants	(94,915)	0	(1,388)	(96,303)
Other Reimbursements and Contributions	(1,442)	0	(40)	(1,482)
Customer and Client Receipts	(13,095)	0	(278)	(13,373)
Interest	0	0	0	0
Recharges	(23,407)	0	(2,029)	(25,436)
Reserves	0	0	711	711

GROSS INCOME

(132,859)	0	(3,024)	(135,883)
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NET EXPENDITURE

9,495	687	748	10,930
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Customers, Policy and Improvement

The Customers, Policy and Improvement Division consists of: Merton Link (including the Cash Office, Translation Services and Contact Centre), Registrars, Corporate Communications, Policy and Strategy, Web Team and Consultation & Community Engagement

FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff

Number of Fixed term contracts

Total FTE

2018/19	2019/20
46.6	46.6
0.0	2.0
46.6	48.6

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/19 Original Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
Expenditure				
Employees	2,098	52	(11)	2,139
Premises	120	2	(5)	117
Transport	3	0	(0)	3
Supplies and Services	2,017	30	(58)	1,989
Third Party Payments	268	4	(30)	242
Transfer Payments	0	0	0	0
Support Services	697	0	(88)	609
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	5,203	88	(193)	5,098
Income				
Government Grants	(16)	0	16	0
Other Reimbursements and Contributions	(3)	0	0	(3)
Customer and Client Receipts	(1,127)	0	160	(967)
Interest	0	0	0	0
Recharges	(3,583)	0	457	(3,126)
Reserves	0	0	54	54
GROSS INCOME	(4,729)	0	687	(4,042)
NET EXPENDITURE	474	88	494	1,056

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(110)	(1.0)
Transfer between departments	(30)	
Technical adjustments	211	1.0
Depreciation adjustments	0	
Overheads adjustments	369	
Use of reserves	54	2.0
TOTAL	494	2.0

INFRASTRUCTURE & TRANSACTIONS

The Infrastructure & Transactions Division consists of Facilities Management, Procurement, IT Service Delivery, Business Systems, Post & Print Room and Transactional services.

FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff

Number of Fixed term contracts

Total FTE

2018/19	2019/20
116.2	116.2
1.0	5.5
117.2	121.7

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/19 Original Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
Expenditure				
Employees	5,097	132	209	5,438
Premises	2,143	37	30	2,211
Transport	27	0	(2)	25
Supplies and Services	3,596	65	(218)	3,443
Third Party Payments	98	1	0	100
Transfer Payments	9	0	0	10
Support Services	1,130	0	204	1,333
Depreciation and Impairment Losses	1,961	0	386	2,347
GROSS EXPENDITURE	14,061	236	609	14,905
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(81)	0	0	(81)
Customer and Client Receipts	(2,501)	0	(107)	(2,608)
Interest	0	0	0	0
Recharges	(11,705)	0	(577)	(12,283)
Reserves	0	0	586	586
GROSS INCOME	(14,287)	0	(98)	(14,385)
NET EXPENDITURE	(225)	236	510	521

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(496)	
Transfer between departments	108	
Technical adjustments	300	
Depreciation adjustments	386	
Overheads adjustments	(374)	
Use of reserves	586	4.5
TOTAL	510	4.5

CORPORATE GOVERNANCE

The Corporate Governance Division consists of Internal Audit, Investigations, Democracy Services, Electoral Services, Information Governance and SLLp (South London Legal Partnership)

FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff

Number of Fixed term contracts

Total FTE

2018/19	2019/20
134.9	133.5
2.0	6.6
136.9	140.1

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/19 Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
Expenditure				
Employees	7,490	30	159	7,679
Premises	5	0	0	5
Transport	55	0	(19)	36
Supplies and Services	1,589	25	3	1,617
Third Party Payments	386	6	5	396
Transfer Payments	0	0	0	0
Support Services	511	0	90	601
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	10,035	61	238	10,334
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(130)	0	0	(130)
Customer and Client Receipts	(6,990)	0	(181)	(7,171)
Interest	0	0	0	0
Recharges	(1,690)	0	(776)	(2,466)
Reserves	0	0	0	0
GROSS INCOME	(8,810)	0	(957)	(9,767)
NET EXPENDITURE	1,225	61	(719)	567

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(50)	
Transfer between departments	(9)	
Technical adjustments	26	3.2
Depreciation adjustments	0	
Overheads adjustments	(686)	
Use of reserves		
TOTAL	(719)	3.2

RESOURCES

The Resources Division consists of Business Planning, Accountancy, Insurance, Treasury, Local Taxation, Bailiffs, Benefits Administration and Support team.

FULL TIME EQUIVALENTS

Number of Permanent Staff

Number of Fixed term contracts

Total FTE

2018/19	2019/20
142.1	140.5
4.0	6.0
146.1	146.5

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/19 Original Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
Expenditure				
Employees	6,445	175	28	6,647
Premises	2	0	0	2
Transport	112	2	18	132
Supplies and Services	3,137	48	(134)	3,051
Third Party Payments	279	4	0	284
Transfer Payments	0	0	0	0
Support Services	2,025	0	(64)	1,961
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	12,001	228	(152)	12,076
Income				
Government Grants	(1,195)	0	96	(1,099)
Other Reimbursements and Contributions	(1,149)	0	(40)	(1,189)
Customer and Client Receipts	(1,917)	0	(150)	(2,067)
Interest	0	0	0	0
Recharges	(4,674)	0	(596)	(5,270)
Reserves	0	0	30	30
GROSS INCOME	(8,935)	0	(660)	(9,594)
NET EXPENDITURE	3,066	228	(812)	2,482

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(556)	(4.5)
Transfer between departments	102	
Technical adjustments	272	4.9
Depreciation adjustments	0	
Overhead adjustments	(660)	
Use of Reserves	30	
TOTAL	(812)	0.4

HR

The HR division consists of: Strategic HR, Business Partnerships, Corporate Learning & Development, Diversity, iTrent Client team, Recruitment & Resourcing, Central Operations Team. The function also interfaces with Staff Side.

FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff

Number of Fixed term contracts

Total FTE

2018/19	2019/20
32.5	32.5
0.0	4.0
32.5	36.5

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/19 Original Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
Expenditure				
Employees	1,859	38	51	1,948
Premises	48	1	0	49
Transport	2	0	0	2
Supplies and Services	210	3	(17)	196
Third Party Payments	294	6	2	303
Transfer Payments	0	0	0	0
Support Services	368	0	64	432
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	2,781	49	100	2,930
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(79)	0	0	(79)
Customer and Client Receipts	(560)	0	0	(560)
Interest	0	0	0	0
Recharges	(2,143)	0	(149)	(2,292)
Reserves	0	0	40	40
GROSS INCOME	(2,781)	0	(109)	(2,890)
NET EXPENDITURE	0	49	(9)	40

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	0	
Transfer between departments	0	
Technical adjustments	36	0.0
Depreciation adjustments	0	
Overheads adjustments	(85)	
Use of reserves	40	4.0
TOTAL	(9)	4.0

CORPORATE ITEMS

Corporate Management is composed of Housing Benefit subsidy payments and entitlements, Agency contract, Democratic Representation & Management, Coroners Court and Severance payments.

FULL TIME EQUIVALENTS(FTE)
Number of Permanent Staff

2018/19	2019/20
0	0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/19 Original Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
Expenditure				
Employees*	730	17	0	747
Premises	0	0	0	0
Transport	0	0	0	0
Supplies and Services	621	9	744	1,374
Third Party Payments	0	0	0	0
Transfer Payments	93,436	0	500	93,936
Support Services	3,485	0	1,926	5,411
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	98,272	26	3,170	101,468
Income				
Government Grants	(93,704)	0	(1,500)	(95,204)
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	388	0	(388)	0
Reserves	0	0	0	0
GROSS INCOME	(93,317)	0	(1,888)	(95,204)
NET EXPENDITURE	4,955	26	1,283	6,264

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(30)	
Transfer between departments	0	
Technical adjustments	(226)	
Overheads adjustments	1,538	
TOTAL	1,283	0.0

* The employee budgets shown here relate to employee redundancy payments. There are no FTE's in Corporate Items



2019/2020 ESTIMATES

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

This Page contains the Budget for the whole Children, Schools and Families Department including funding provided directly to Merton's Schools

FULL TIME EQUIVALENTS

Number of Permanent Staff
 Number of DSG Staff
 Number of Fixed term contracts
 Total FTE

2018/19	2019/20
436.3	422.2
78.7	78.1
11.0	11.0
526.0	511.3

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/19 Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000	2019/20 DSG Estimate £000	2019/20 LA Estimate £000
Expenditure						
Employees	28,356	651	(329)	28,678	4,677	24,001
Premises	1,885	21	(116)	1,790	88	1,702
Transport	4,494	66	554	5,114	67	5,048
Supplies and Services	180,047	281	(20,705)	159,624	136,735	22,889
Third Party Payments	24,736	163	(672)	24,227	13,120	11,107
Transfer Payments	0	0	0	0	0	0
Support Services	5,016	0	95	5,111	233	4,877
Depreciation and Impairment Losses	7,033	0	2,989	10,022	0	10,022
GROSS EXPENDITURE	251,567	1,183	(18,184)	234,566	154,920	79,646
Income						
Government Grants	(185,555)	0	21,736	(163,818)	(152,980)	(10,839)
Other Reimbursements and Contributions	(6,755)	0	(315)	(7,070)	(1,589)	(5,481)
Customer and Client Receipts	(2,874)	0	62	(2,812)	(352)	(2,461)
Interest	0	0	0	0	0	0
Recharges	(46)	0	0	(46)	0	(46)
Reserves	(193)	0	193	0	0	0
GROSS INCOME	(195,422)	0	21,676	(173,747)	(154,920)	(18,827)
NET EXPENDITURE	56,145	1,183	3,492	60,819	(0)	60,819

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(572)	(4.4)
Overhead adjustments	10	
Depreciation adjustments	2,989	
Technical adjustments	510	
Transfer between departments	15	
Growth	500	
Use of Reserves adjustment	40	
TOTAL	3,492	(4.4)

SUMMARY: CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

SERVICE AREA ANALYSIS	2018/19		Other	2019/20	2019/20	2019/20
	Estimate £000	Inflation £000	Variations £000	Estimate £000	DSG Estimate £000	LA Estimate £000
Senior Management	1,240	21	85	1,345	0	1,345
Childrens Social Care	23,257	387	(221)	23,423	122	23,301
Education	32,579	375	183	33,137	17,960	15,177
Schools	(11,718)	0	3,200	(8,518)	(18,082)	9,564
Other Childrens, Schools and Families	10,786	400	246	11,432	0	11,432
TOTAL NET EXPENDITURE	56,145	1,183	3,492	60,819	(0)	60,819

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Senior Management

This budget contains provision for the Senior Management of Children, Schools and Families Department.

FULL TIME EQUIVALENTS

Number of Permanent Staff
 Number of DSG Staff
 Number of Fixed term contracts
 Total FTE

2018/19	2019/20
3.0	3.0
0.0	0.0
0.0	0.0
3.0	3.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/19 Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000	2019/20 DSG Estimate £000	2019/20 LA Estimate £000
Expenditure						
Employees	508	10	36	555	0	555
Premises	0	0	0	0	0	0
Transport	2	0	1	3	0	3
Supplies and Services	682	10	29	721	0	721
Third Party Payments	10	0	0	10	0	10
Transfer Payments	0	0	0	0	0	0
Support Services	38	0	18	56	0	56
Depreciation and Impairment Losses	0	0	0	0	0	0
GROSS EXPENDITURE	1,240	21	85	1,345	0	1,345
Income						
Government Grants	0	0	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0	0	0
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
GROSS INCOME	0	0	0	0	0	0
NET EXPENDITURE	1,240	21	85	1,345	0	1,345

Other Variations are analysed as follows:

Major Items	£000	fte
Overhead adjustments	0	
Transfer between departments	(0)	
Savings	(30)	0.0
Technical adjustments	115	
TOTAL	85	0.0

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Children's Social Care

This budget contains the funding for central social work; family and adolescent service; Mash and child protection; permanency, placements and looked after children; as well as safeguarding, standards and training.

FULL TIME EQUIVALENTS

Number of Permanent Staff
Number of DSG Staff
Number of Fixed term contracts
Total FTE

2018/19	2019/20
207.3	200.4
2.0	2.0
11.0	11.0
220.3	213.4

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/19 Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000	2019/20 DSG Estimate £000	2019/20 LA Estimate £000
Expenditure						
Employees	11,375	232	(112)	11,494	110	11,384
Premises	57	1	2	60	0	60
Transport	238	3	(7)	235	1	233
Supplies and Services	669	9	(2)	676	4	671
Third Party Payments	9,495	142	13	9,650	0	9,650
Transfer Payments	0	0	0	0	0	0
Support Services	2,552	0	46	2,597	6	2,591
Depreciation and Impairment Losses	0	0	0	0	0	0
GROSS EXPENDITURE	24,385	387	(60)	24,712	122	24,590
Income						
Government Grants	(1,086)	0	0	(1,086)	0	(1,086)
Other Reimbursements and Contributions	(41)	0	(161)	(203)	0	(203)
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	(0)	0	0	0
GROSS INCOME	(1,128)	0	(161)	(1,289)	0	(1,289)
NET EXPENDITURE	23,257	387	(221)	23,423	122	23,301

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(321)	(4.4)
Growth	0	
Transfer between departments	0	
Overhead adjustments	0	
Depreciation adjustments	0	
Use of Reserves adjustment	(136)	
Technical adjustments	236	
TOTAL	(221)	(4.4)

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Education

To page contains the budgets for school improvement; early years and children's centres; education inclusion; as well as special educational needs and disability integrated service.

FULL TIME EQUIVALENTS

Number of Permanent Staff
 Number of DSG Staff
 Number of Fixed term contracts
 Total FTE

2018/19	2019/20
208.4	200.4
76.7	75.1
0.0	0.0
285.1	275.5

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/19 Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000	2019/20 DSG Estimate £000	2019/20 LA Estimate £000
Expenditure						
Employees	12,546	253	(250)	12,549	3,647	8,902
Premises	1,133	11	(49)	1,094	21	1,074
Transport	4,251	63	560	4,874	66	4,808
Supplies and Services	3,834	44	180	4,057	1,667	2,390
Third Party Payments	13,971	5	(630)	13,346	12,964	382
Transfer Payments	0	0	0	0	0	0
Support Services	2,212	0	22	2,234	227	2,007
Depreciation and Impairment Losses	308	0	149	457	0	457
GROSS EXPENDITURE	38,255	375	(18)	38,612	18,592	20,020
Income						
Government Grants	(553)	0	(51)	(604)	0	(604)
Other Reimbursements and Contributions	(2,134)	0	(2)	(2,137)	(280)	(1,857)
Customer and Client Receipts	(2,796)	0	62	(2,734)	(352)	(2,382)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	(193)	0	193	0	0	0
GROSS INCOME	(5,676)	0	201	(5,475)	(632)	(4,843)
NET EXPENDITURE	32,579	375	183	33,137	17,960	15,177

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(200)	0.0
Growth	500	
Overhead adjustments	22	
Transfer between departments	15	
Use of Reserves adjustment	(90)	
Depreciation adjustments	149	
Technical adjustments	(213)	
TOTAL	183	0.0

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Schools

This budget covers schools funding as well as some centrally retained DSG money to support the schools function.

FULL TIME EQUIVALENTS

Number of Permanent Staff
 Number of DSG Staff
 Number of Fixed term contracts
 Total FTE

2018/19	2019/20
0.0	0.0
0.0	1.0
0.0	0.0
0.0	1.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/19 Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000	2019/20 DSG Estimate £000	2019/20 LA Estimate £000
Expenditure						
Employees	881	0	39	920	920	0
Premises	52	0	15	67	67	0
Transport	0	0	0	0	0	0
Supplies and Services	164,935	0	(21,198)	143,737	135,063	8,673
Third Party Payments	212	0	(56)	156	156	0
Transfer Payments	0	0	0	0	0	0
Support Services	0	0	0	0	0	0
Depreciation and Impairment Losses	6,724	0	2,840	9,564	0	9,564
GROSS EXPENDITURE	172,805	0	(18,360)	154,444	136,206	18,238
Income						
Government Grants	(183,363)	0	21,710	(161,653)	(152,980)	(8,673)
Other Reimbursements and Contributions	(1,159)	0	(150)	(1,309)	(1,309)	0
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
GROSS INCOME	(184,522)	0	21,560	(162,962)	(154,288)	(8,673)
NET EXPENDITURE	(11,718)	0	3,200	(8,518)	(18,082)	9,564

Other Variations are analysed as follows:

Major Items	£000	fte
Depreciation adjustments	2,840	
Use of Reserves adjustment	0	
Technical adjustments	360	
TOTAL	3,200	0.0

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Other Children Schools and Families Budgets

This budget covers asylum seeker costs, past and present pension and redundancy costs, ESG income and PFI unitary charges.

FULL TIME EQUIVALENTS

Number of Permanent Staff
 Number of DSG Staff
 Number of Fixed term contracts
 Total FTE

2018/19	2019/20
17.7	18.5
0.0	0.0
0.0	0.0
17.7	18.5

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/19 Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000	2019/20 DSG Estimate £000	2019/20 LA Estimate £000
Expenditure						
Employees	3,046	156	(42)	3,160	0	3,160
Premises	643	10	(84)	569	0	569
Transport	3	0	0	3	0	3
Supplies and Services	9,928	219	286	10,433	0	10,433
Third Party Payments	1,049	16	0	1,065	0	1,065
Transfer Payments	0	0	0	0	0	0
Support Services	215	0	9	223	0	223
Depreciation and Impairment Losses	0	0	0	0	0	0
GROSS EXPENDITURE	14,884	400	169	15,453	0	15,453
Income						
Government Grants	(552)	0	77	(475)	0	(475)
Other Reimbursements and Contributions	(3,421)	0	(1)	(3,422)	0	(3,422)
Customer and Client Receipts	(78)	0	0	(78)	0	(78)
Interest	0	0	0	0	0	0
Recharges	(46)	0	0	(46)	0	(46)
Reserves	0	0	0	0	0	0
GROSS INCOME	(4,097)	0	77	(4,021)	0	(4,021)
NET EXPENDITURE	10,786	400	246	11,432	0	11,432

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(21)	0.0
Transfer between departments	0	
Overhead adjustments	(12)	
Use of Reserves adjustment	266	
Technical adjustments	12	
TOTAL	246	0.0



2019/2020 ESTIMATES

ENVIRONMENT AND REGENERATION DEPARTMENT

SUMMARY: ENVIRONMENT & REGENERATION

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2018/19	2019/20
303	365
3	8
306	373

SERVICE AREA ANALYSIS

CHANGE BETWEEN YEARS			
2018/2019 Original Estimate £000	Inflation £000	Other Variations £000	2019/2020 Estimate £000
17,096	363	(1,146)	16,313
(8,658)	135	(1,665)	(10,188)
9,513	145	49	9,707
0	17	(17)	0
17,950	660	(2,779)	15,831

Public Space, Contracting & Commissioning

Public Protection and Development

Sustainable Communities

Senior Management and Support

TOTAL EXPENDITURE

ENVIRONMENT AND REGENERATION DEPARTMENT

Departmental Summary

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2018/19	2019/20
303	365
3	8
306	373

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/2019 Original Estimate £000	Inflation £000	Other Variations £000	2019/2020 Estimate £000
Expenditure				
Employees	13,774	273	4,069	18,116
Premises	3,505	41	(7)	3,539
Transport	1,790	8	(71)	1,727
Supplies and Services	10,635	189	2,113	12,937
Third Party Payments	10,272	149	(534)	9,887
Transfer Payments	0	0	0	0
Support Services	7,189	0	(189)	7,000
Depreciation and Impairment Losses	9,545	0	347	9,892
GROSS EXPENDITURE	56,710	660	5,728	63,098
Income				
Government Grants	(77)	0	(67)	(144)
Other Reimbursements and Contributions	(3,585)	0	(3,207)	(6,792)
Customer and Client Receipts	(33,261)	0	(5,234)	(38,495)
Recharges	(1,835)	0	1	(1,834)
Reserves	(0)	0	0	(0)
GROSS INCOME	(38,758)	0	(8,507)	(47,265)
NET EXPENDITURE	17,950	660	(2,779)	15,831

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(3,245)	
Growth	(115)	
Depreciation adjustments	347	
Overheads adjustments	(191)	
Transfer between departments	(257)	
Technical adjustments	532	
Use of Reserves adjustments	150	
TOTAL*	(2,779)	0

* Any difference due to roundings.

ENVIRONMENT AND REGENERATION DEPARTMENT

Public Space, Contracting, and Commissioning:

Greenspaces, Leisure & Culture, Transport Services, and Waste Management & Operations.

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2018/19	2019/20
78	73
0	1
78	75

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/2019 Original Estimate £000	Inflation £000	Other Variations £000	2019/2020 Estimate £000
Expenditure				
Employees	3,163	67	212	3,442
Premises	1,252	17	130	1,399
Transport	1,478	4	(36)	1,446
Supplies and Services	6,778	137	2,218	9,133
Third Party Payments	9,209	138	(233)	9,114
Transfer Payments	0	0	0	0
Support Services	2,024	0	(393)	1,631
Depreciation and Impairment Losses	1,805	0	(118)	1,687
GROSS EXPENDITURE	25,709	363	1,780	27,852
Income				
Government Grants	0	0	(7)	(7)
Other Reimbursements and Contributions	(951)	0	(159)	(1,110)
Customer and Client Receipts	(7,662)	0	(2,760)	(10,422)
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(8,613)	0	(2,926)	(11,539)
NET EXPENDITURE	17,096	363	(1,146)	16,313

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(944)	
Growth	35	
Depreciation adjustments	(118)	
Overheads adjustments	(393)	
Transfer between departments	(198)	
Technical adjustments	322	
Use of reserves adjustments	150	
TOTAL*	(1,146)	0.0

* Any difference due to roundings.

ENVIRONMENT AND REGENERATION DEPARTMENT

Public Protection:

Regulatory Services Partnership, Parking Control, and Safer Merton.

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2018/19	2019/20
133	198
0	4
133	202

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/2019 Original Estimate £000	Inflation £000	Other Variations £000	2019/2020 Estimate £000
Expenditure				
Employees	5,552	110	3,509	9,171
Premises	720	6	24	750
Transport	167	3	5	175
Supplies and Services	676	11	111	798
Third Party Payments	416	5	(85)	336
Transfer Payments	0	0	0	0
Support Services	2,412	0	465	2,877
Depreciation and Impairment Losses	172	0	164	336
GROSS EXPENDITURE	10,114	135	4,193	14,442
Income				
Government Grants	(76)	0	(60)	(136)
Other Reimbursements and Contributions	(1,324)	0	(3,455)	(4,779)
Customer and Client Receipts	(17,372)	0	(2,343)	(19,715)
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(18,772)	0	(5,858)	(24,630)
NET EXPENDITURE	(8,658)	135	(1,665)	(10,188)

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(2,146)	
Depreciation adjustments	164	
Overheads adjustments	465	
Transfer between departments	(100)	
Technical adjustments	(48)	
Use of Reserves adjustments	0	
TOTAL *	(1,665)	0

* Any difference due to roundings.

ENVIRONMENT AND REGENERATION DEPARTMENT

Sustainable Communities*: Traffic and Highway Services, Development Control, Building Control, Physical Regeneration, Spatial Planning and Policy, Regeneration Partnerships, Property Management, Transport Planning & Safety Education.

* Greenspaces and Leisure & Development transferred to Public Space, Contracting & Commissioning.

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2018/19	2019/20
84	85
3	3
87	88

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/2019 Original Estimate £000	Inflation £000	Other Variations £000	2019/2020 Estimate £000
Expenditure				
Employees	4,326	82	342	4,750
Premises	1,532	18	(161)	1,389
Transport	137	1	(41)	97
Supplies and Services	2,973	38	(215)	2,796
Third Party Payments	645	6	(216)	435
Transfer Payments	0	0	0	0
Support Services	2,620	0	(240)	2,380
Depreciation and Impairment Losses	7,568	0	301	7,869
GROSS EXPENDITURE	19,801	145	(230)	19,716
Income				
Government Grants	(1)	0	0	(1)
Other Reimbursements and Contributions	(1,310)	0	407	(903)
Customer and Client Receipts	(8,227)	0	(131)	(8,358)
Recharges	(750)	0	3	(747)
Reserves	(0)	0	0	(0)
GROSS INCOME	(10,288)	0	279	(10,009)
NET EXPENDITURE	9,513	145	49	9,707

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(155)	
Growth	(150)	
Depreciation adjustments	301	
Overheads adjustments	(240)	
Transfer between departments	41	
Technical adjustments	252	
Use of Reserves adjustments		
TOTAL*	49	0.0

* Any difference due to roundings.

ENVIRONMENT AND REGENERATION DEPARTMENT

Senior Management and Support: The Department's senior management and secretarial support, and Business Performance.

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2018/19	2019/20
8	8
0	0
8	8

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/2019 Original Estimate £000	Inflation £000	Other Variations £000	2019/2020 Estimate £000
Expenditure				
Employees	733	14	6	753
Premises	1	0	0	1
Transport	8	0	1	9
Supplies and Services	208	3	(1)	210
Third Party Payments	2	0	0	2
Transfer Payments	0	0	0	0
Support Services	133	0	(21)	112
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	1,085	17	(15)	1,087
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Recharges	(1,085)	0	(2)	(1,087)
Reserves	0	0	0	0
GROSS INCOME	(1,085)	0	(2)	(1,087)
NET EXPENDITURE	0	17	(17)	0

Other variations are analysed as follows:

Major Items	£000	fte
Savings	0	
Overheads adjustments	(23)	
Technical adjustments	6	
Use of Reserves adjustments	0	
TOTAL*	(17)	0.0

* Any difference due to roundings.



2019/2020 ESTIMATES

COMMUNITY AND HOUSING DEPARTMENT

SUMMARY: COMMUNITY AND HOUSING

Number of FTE Staff
 Number of FTE TUPE staff
 Number of Fixed Term contract
Total FTE

2018/19	2019/20
398.20	419.67
12.87	11.41
8.31	6.60
419.38	437.68

SERVICE AREA ANALYSIS

	2018/19 Original Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
Adult Social Care	58,777	1,067	(1,187)	58,657
Libraries and Heritage	2,736	63	56	2,855
Merton Adult Education	35	4	(16)	23
Housing General Fund	2,207	70	(57)	2,219
Public Health	0	0	(0)	0
NET EXPENDITURE	63,755	1,204	(1,204)	63,754

COMMUNITY AND HOUSING DEPARTMENT

Total

The department includes Adult Social Care, Housing, Libraries, Public Health and Merton Adult Learning.

FULL TIME EQUIVALENTS

Number of FTE Staff
 Number of FTE TUPE staff
 Number of Fixed Term contract
Total FTE

2018/19	2019/20
398.20	419.67
12.87	11.41
8.31	6.60
419.38	437.68

SUBJECTIVE ANALYSIS OF ESTIMATES

	2017/18 Original Estimate £000	Inflation £000	Other Variations £000	2018/19 Estimate £000
Expenditure				
Employees	17,202	376	1,667	19,245
Premises	855	14	36	905
Transport	1,414	21	(41)	1,394
Supplies and Services	6,484	77	(486)	6,074
Third Party Payments	57,504	715	(3,700)	54,519
Transfer Payments	10,428	1	37	10,465
Support Services	7,328	0	515	7,843
Depreciation and Impairment Losses	470	0	173	643
GROSS EXPENDITURE	101,685	1,204	(1,799)	101,088
Income				
Government Grants	(13,358)	0	1,477	(11,881)
Other Reimbursements and Contributions	(11,919)	0	(242)	(12,161)
Customer and Client Receipts	(9,739)	0	(37)	(9,776)
Interest	(2,913)	0	(603)	(3,516)
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(37,929)	0	595	(37,334)
NET EXPENDITURE	63,755	1,204	(1,204)	63,754

Other Variations are analysed as follows:

Major Items	£000	fte
Salary	1,786	18.30
Savings	(1,496)	
Growth	(2,854)	
Overheads adjustments	489	
Depreciation adjustments	173	
Inflation	35	
Rebasing of Income	0	
Technical adjustments	(546)	
Transfers between departments	(119)	
Grants	1,316	
Other	30	
Use of Reserves Adjustment	0	
TOTAL	(1,185)	18.30

COMMUNITY AND HOUSING DEPARTMENT

Adult Social Care

Adult Social Care is divided into three areas:- 1) Access & Assessment includes the following services:- older people, mental health, learning & physical disability, concessionary, reablement, equipment and safeguarding services. 2) Commissioning which includes:- Contracts, brokerage and voluntary organisation. 3) Direct Provision which includes all in-house provisions.

FULL TIME EQUIVALENTS

Number of FTE Staff
 Number of FTE TUPE staff
 Number of Fixed Term Contract
Total FTE

2018/19	2019/20
324.21	344.28
12.87	11.41
3.51	2.00
340.59	357.69

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/19 Original Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
Expenditure				
Employees	13,597	313	1,690	15,600
Premises	351	6	(6)	351
Transport	1,379	21	(42)	1,358
Supplies and Services	3,281	49	(416)	2,914
Third Party Payments	46,992	678	(3,339)	44,331
Transfer Payments	9,857	1	37	9,894
Support Services	6,183	0	497	6,681
Depreciation and Impairment Losses	111	0	47	158
GROSS EXPENDITURE	81,751	1,067	(1,531)	81,287
Income				
Government Grants	(1,417)	0	1,135	(282)
Other Reimbursements and Contributions	(9,410)	0	(336)	(9,746)
Customer and Client Receipts	(9,234)	0	149	(9,085)
Recharges	(2,913)	0	(603)	(3,516)
Reserves	0	0	0	0
GROSS INCOME	(22,974)	0	344	(22,630)
NET EXPENDITURE	58,777	1,067	(1,187)	58,657

Other Variations are analysed as follows:

Major Items	£000	fte
Salaries	1,690	17.10
Savings	(1,496)	
Growth	(2,854)	
Overheads adjustments	497	
Depreciation adjustments	47	
Inflation	0	
Rebasing of Income	0	
Technical adjustments	(151)	
Transfers between departments	(37)	
Grants	1,135	
Use of Reserves Adjustment	0	
TOTAL	(1,168)	17.10

COMMUNITY AND HOUSING DEPARTMENT

Library & Heritage Services

This service is provided through three main town centre libraries, Mitcham, Morden, Wimbledon and four neighbourhood libraries, Colliers Wood, Pollards Hill, Raynes Park and West Barnes. There are also additional services available for home visits and there is a Heritage Service located at Morden Library. The Service has also ventured into securing small grants from various organisations

FULL TIME EQUIVALENTS

Number of FTE Staff

Number of FTE TUPE staff

Number of Fixed Term Contract

Total FTE

2018/19	2019/20
31.35	29.65
0.00	0.00
0.00	0.00
31.35	29.65

SUBJECTIVE ANALYSIS OF ESTIMATES

Expenditure

Employees
Premises
Transport
Supplies and Services
Third Party Payments
Transfer Payments
Support Services
Depreciation and Impairment Losses

2018/19 Original Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
1,092	31	(57)	1,065
445	7	43	494
4	0	0	4
587	25	(41)	571
31	0	(13)	18
0	0	0	0
677	0	(8)	669
359	0	126	485
3,195	63	50	3,307
Income			
Government Grants	0	0	0
Other Reimbursements and Contributions	(139)	42	(96)
Customer and Client Receipts	(321)	(36)	(356)
Interest	0	0	0
Recharges	0	0	0
Reserves	0	0	0
GROSS INCOME	0	7	(452)
NET EXPENDITURE	63	56	2,855

Other Variations are analysed as follows:

Major Items	£000	fte
Salary	(57)	(1.70)
Savings	0	
Growth	0	
Overheads adjustments	(8)	
Depreciation adjustments	126	
Inflation	31	
Rebasing of Income	0	
Technical adjustments	(36)	
Transfers between departments	0	
Grants Reduction	0	
Use of Reserves Adjustment	0	
TOTAL	56	(1.70)

COMMUNITY AND HOUSING DEPARTMENT

Merton Adult Learning

This is a commissioned service via South Thames College, RHACC, GSS and May Project Gardens. The service continues to provide popular courses whilst expanding provision for families and enhancing offer in maths, English and employability courses.

FULL TIME EQUIVALENTS

Number of FTE Staff

Number of FTE TUPE staff

Number of Fixed Term contract

Total FTE

2018/19	2019/20
3.75	3.75
0.00	0.00
0.00	0.00
3.75	3.75

SUBJECTIVE ANALYSIS OF ESTIMATES

Expenditure

Employees 308
 Premises 17
 Transport 0
 Supplies and Services 21
 Third Party Payments 1,038
 Transfer Payments 0
 Support Services 31
 Depreciation and Impairment Losses 0

2018/19 Original £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
308	4	(119)	193
17	0	0	17
0	0	0	0
21	0	1	21
1,038	0	70	1,108
0	0	0	0
31	0	(0)	31
0	0	(0)	0
1,416	4	(49)	1,370
Income			
(1,346)	0	(1)	(1,347)
(28)	0	28	0
(7)	0	7	0
0	0	0	0
0	0	0	0
0	0	0	0
(1,380)	0	33	(1,347)
35	4	(16)	23

GROSS EXPENDITURE

Income

Government Grants (1,346)
 Other Reimbursements and Contributions (28)
 Customer and Client Receipts (7)
 Interest 0
 Recharges 0
 Reserves 0

GROSS INCOME

NET EXPENDITURE

Other Variations are analysed as follows:

Major Items	£000	fte
Salary	0	
Savings	0	
Growth	0	
Overheads adjustments	0	
Depreciation adjustments	0	
Inflation	4	
Rebasing of Income	0	
Technical adjustments	33	
Transfers between departments	(52)	
Grants	(1)	
Use of Reserves Adjustment	0	
TOTAL	(16)	0.00

COMMUNITY AND HOUSING DEPARTMENT

Housing General Fund

This service provides a statutory housing functions which includes prevention ,relief of homelessness, enforcement of regulations for the private rented sector and the provision og mandatory grant assistance for improvements and adaptations

FULL TIME EQUIVALENTS

Number of FTE Staff
 Number of FTE TUPE staff
 Number of Fixed Term Contract
Total FTE

2018/19	2019/20
23.03	26.53
0.00	0.00
2.00	2.00
25.03	28.53

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/19 Original Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
Expenditure				
Employees	1,024	29	160	1,213
Premises	40	1	(0)	40
Transport	29	0	1	30
Supplies and Services	189	3	(0)	192
Third Party Payments	2,475	37	(144)	2,368
Transfer Payments	571	0	0	571
Support Services	293	0	21	315
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	4,620	70	37	4,728
Income				
Government Grants	(144)	0	67	(77)
Other Reimbursements and Contributions	(2,092)	0	(5)	(2,097)
Customer and Client Receipts	(178)	0	(157)	(335)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(2,414)	0	(94)	(2,508)
NET EXPENDITURE	2,207	70	(57)	2,219

Other Variations are analysed as follows:

Major Items	£000	fte
Salary	160	3.50
Savings	0	
Growth	0	
Overheads adjustments	0	
Depreciation adjustments	0	
Inflation	0	
Rebasing of Income	0	
Technical adjustments	(93)	
Transfers between departments	(30)	
Grants	(94)	
Use of Reserves Adjustment	0	
TOTAL	(57)	3.50

COMMUNITY AND HOUSING DEPARTMENT

Public Health

Public Health services comprise of • Mandatory Services : Sexual health, NHS health checks, National Child Measurement Programme, Commissioning Support to CCG and the council, Health Protection Oversight and Health Intelligence including JSNA. • Universal Services : Smoking Cessation, Drugs and Alcohol, Obesity and Health Visiting Services, Improving Health and Wellbeing.

FULL TIME EQUIVALENTS

Number of FTE Staff

Number of FTE TUPE staff

Number of Fixed Term Contracts

Total FTE

2018/19	2019/20
15.86	15.46
0.00	0.00
2.80	2.60
18.66	18.06

SUBJECTIVE ANALYSIS OF ESTIMATES

	2018/19 Original Estimate £000	Inflation £000	Other Variations £000	2019/20 Estimate £000
Expenditure				
Employees	1,181	0	(7)	1,173
Premises	3	0	(0)	3
Transport	2	0	0	2
Supplies and Services	2,406	0	(30)	2,376
Third Party Payments	6,968	0	(274)	6,694
Transfer Payments	0	0	0	0
Support Services	143	0	5	148
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	10,702	0	(306)	10,396
Income				
Government Grants	(10,451)	0	276	(10,175)
Other Reimbursements and Contributions	(251)	0	30	(221)
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(10,702)	0	306	(10,396)
NET EXPENDITURE	0	0	(0)	0

Other Variations are analysed as follows:

Major Items	£000	fte
Salary	(7)	(0.60)
Savings	0	
Growth	0	
Overheads adjustments	0	
Depreciation adjustments	0	
Inflation	0	
Rebasing of Income	0	
Technical adjustments	(299)	
Transfers between departments	0	
Grants Reduction	276	
Other Income	30	
Use of Reserves Adjustment	0	
TOTAL	0	(0.60)

Risk Analysis for General Fund

- The Council's draft budget for 2019/20, has been analysed to identify key areas of risk. Costs that are regarded as fixed have been disregarded along with Schools' budgets.

	£m
Expenditure	
Employees	87.2
Premises Related Expenditure	8.5
Transport Related Expenditure	8.4
Supplies and Services	53.6
Third Party Payments	76.8
Transfer Payments	104.4
Support Services	30.1
Depreciation and Impairment Costs	22.9
Cost of Borrowing	9.8
Pension Fund	3.1
Contingency	1.5
Corporate Provisions	5.6
Incomes	
Government Grants	119.2
Other Grants, Reimbursements and Contributions	25.9
Customer and Client Receipts	64.1
Recharges	27.3
Corporate Provisions	1.8
Asset Rentals: Depreciation & Impairment	22.9
Overall Total	673.1

- In addition the savings proposals for 2019-23 have been assessed in terms of deliverable risk. The level of deliverable risk is:

Risk Rating	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total 2019-23 £000
Low	1,132	1,441	311	27	2,911
Medium	4,977	4,626	605	0	10,208
High	726	1,240	500	78	2,544
Total	6,835	7,307	1,416	105	15,663

- Using the data available the levels of risk for the key areas have been assessed as shown in the following table:

	£m	Min %	Mid %	Max %
Expenditure				
Employees	87.2	0.30	0.50	0.75
Premises Related Expenditure	8.5	1.50	2.50	3.50
Transport Related Expenditure	8.4	2.50	3.50	4.00
Supplies and Services	53.6	2.50	3.50	4.50
Third Party Payments	77.0	3.75	5.50	7.50
Transfer Payments	104.4	2.75	3.75	4.75
Incomes				
Government Grants	119.2	1.00	2.00	3.00
Other Grants, Reimbursements and Contributions	25.9	1.00	2.00	3.00
Customer and Client Receipts	64.1	1.75	3.00	4.00
Savings				
Low Deliverability Risk	2.9	1.50		
Medium Deliverability Risk	10.2		3.00	
High Deliverability Risk	2.5			7.50
DSG	4.5	10.00	50.00	100.00
Safety Net Threshold	1.8	100.00	100.00	100.00

4. Applying the risk levels in the table above produces the following level of addressed risk:

	£m	Min £m	Mid £m	Max £m
Employees exc. DSG	87.2	0.26	0.44	0.65
Premises Related Expenditure	8.5	0.13	0.21	0.30
Transport Related Expenditure	8.4	0.21	0.29	0.34
Supplies and Services exc. DSG	53.6	1.34	1.88	2.41
Third Party Payments	77.0	2.89	4.24	5.78
Transfer Payments	104.4	2.87	3.92	4.96
Incomes				
Government Grants	119.2	1.19	2.38	3.58
Other Grants, Reimbursements and Contributions	25.9	0.26	0.52	0.78
Customer and Client Receipts	64.1	1.12	1.92	2.56
Savings				
Low Deliverability Risk	2.9	0.04		
Medium Deliverability Risk	10.2		0.31	
High Deliverability Risk	2.5			0.19
DSG	4.5	0.45	2.25	4.5
Safety Net Threshold	1.8	1.77	1.77	1.77
Total	570.2	12.53	20.12	27.81

SECTION 3: Schools Funding 2019/20

1. Introduction

- 1.1 The Government announced the Dedicated Schools Grant allocation on 17th December 2018. Merton's allocation is split over the four blocks as follows:

Description	2019/20 £000	2018/19 £000
Schools Block	122,978	119,012
Central Schools Services Block	1,041	1,021
Early Years Block	15,571	17,088
High Needs Block	33,033	31,951
Total as at Schools Forum meeting	172,623	169,072
Academy recoupment	(24,842)	(21,615)
Final allocation for the year	147,781	147,457

- 1.2 This report provides details of how the four blocks of the DSG are budgeted to be used in 2019/20.

2. Schools Block

- 2.1 The Schools Block allocation of £122.978m is split into the following expenditure types:

Description	2019/20 £000	2018/19 £000
Growth Fund	600	1,160
Transfers to the High Needs Block	600	500
De-delegated items	1,985	1,967
Central duties to maintained schools (ESG)	635	636
Individual School Budgets	119,263	114,749
One-off funding allocated from Merton's General Fund included in ISB above	(105)	0
Total Schools Block	122,978	119,012

- 2.2 The growth fund was reduced to £600k for 2019/20 (£1.16m in 2018/19). The growth funding was calculated using a new formulaic method based on lagged growth data.
- 2.3 There is budget provision for two Primary schools that are continuing to provide extra classes flowing through the school with a funding allocation of £60k each (£120k in total).
- 2.4 With regard to existing secondary schools including Academies, there is budget allowance for up to four classes with a funding allocation of £80k each (£320k in total). Two classes are set through the continuing expansion of Harris Academy Merton but the remaining two are held as a maximum requirement and may not be implemented but budget provision is required in case classes are needed. They will only be implemented if necessary to ensure sufficient school places are provided in the area as the first priority is to

make all schools fill first; a review will be undertaken in mid-February when the first results of the Pan-London admissions data exchange is known.

- 2.5 We are also holding £60k for diseconomy of scale costs for new schools as these should be paid for by the growth fund and £100k to fund a contingency to support already expanded schools where under-occupied bulge class arrangements are causing funding pressures. If these are required, details will be brought to schools forum for discussion.
- 2.6 New free schools as they increase in size (Park Community School that opened in 2014 and Harris Academy Wimbledon that opened in September 2018) are funded through the schools funding formula rather than through bulge classes. These costs are included in the formula and not funded from the growth fund.
- 2.7 For 2019/20 Merton will transfer £600k from the Schools Block to the High Needs Block (£500k in 2018/19). This represents 0.49% of the Schools Block allocation and will be used to continue to fund the growing cost pressure of increased numbers of Education Health and Care Plans (EHCPs).
- 2.8 The total de-delegated budget for 2019/20 is £1.985m (£1.967m in 2018/19). The table below details the total allocation to de-delegated services as well as the unit cost for each of these services.

Service	Total £000	2019/20 Unit Cost	2018/19 Unit Cost	Measure
Licences and Subscriptions	114	£5.63	£5.53	NOR
School Meals Subsidy	19	£1.29	£1.25	NOR
Schools in Challenging Circumstances	390	£19.23	£18.91	NOR
Attainment	98	£4.81	£4.83	NOR
Parenting and TU cover	861	£42.41	£41.65	NOR
Ethnic minorities & bilingual learners	99	£23.54	£46.60	EAL
Tree work	63	£3.13	£2.36	NOR
Behaviour Support	198	£32.54	£33.13	Low Att
School Improvement	143	£7.02	£1.47	NOR
Total budget	1,985			

(NOR= Number on Roll; EAL factor= English as an Additional Language; Low Att= Lower Attainment factor for low cost, high incidence SEN)

- 2.9 In order to maintain the statutory central duties to Merton maintained schools (the services previously funded by the Education Service Grant (ESG)), schools are required to make a contribution towards these services based on numbers on roll through the AWPUP factor (top-up NOR for special schools). The cost to primary, secondary and special schools will be £31.25 per pupil on roll to provide an overall de-delegated budget of £650k (the same as in 2018/19).
- 2.10 For 2019/20 this means that £635k is contributed from the schools block while £15k comes from the high needs block for special schools (£636k for schools block and £14k from high needs block in 2018/19). As detailed in the schools

consultation document, schools are funding 32% of the costs while the LA funds 68%. We have maintained the local authority funding of these services to minimise the impact on school budgets.

- 2.11 The total amount available to be paid to schools, academies and free schools for 2019/20 as part of the Individual Schools Budget (ISB) is £119.263m (£114.749m in 2018/19). The £119.263m ISB minus £5k held as contingency provides the overall £119.258m allocation.

3. School Funding Formula Factors

- 3.1 Following consultation with schools and the agreement of the Schools Forum at their meeting on the 31st October 2018, Merton is using its local funding formula to apportion funding to schools and academies in 2019/20 and the additional funding available is allocated through the Free School Meals factor (option b per the consultation).

- 3.2 AWPU rates for Primary and Secondary KS3 and KS4 have been kept the same as in 2018/19.

Description	2019/20	2018/19
Primary	£3,305	£3,305
Secondary Key Stage 3	£4,326	£4,326
Secondary Key Stage 4	£5,229	£5,229

- 3.3 The primary to secondary funding ratio has increased from 1:1.31 in 2018/19 to 1:1.32 in 2019/20. As the local formula is moving closer to the national funding formula, the ratio will move closer to the national ratio which for Merton is expected to be about 1:1.34.
- 3.4 As a result of additional funding going through the Free School Meals factor, the unit values were increased to £1,278.21 for Primary and £1,480.28 for Secondary schools (£883.35 and £893.92 respectively in 2018/19). Through the formula this resulted in a total budget allocation of £4.493m (£3.130m in 2018/19) for Primary schools and £3.595m (£2.094m in 2018/19) for Secondary schools.
- 3.5 The Income Deprivation Affecting Children Index (IDACI) is a subset of the Indices of Multiple Deprivation (IMD). It is an area-based measure which is interpreted as the proportion of families with children under 16 which is income deprived.
- 3.6 We have kept the IDACI unit values the same as in 2018/19. Through the formula this resulted in a total budget allocation of £436k (£450k in 2018/19) and £265k (£254k in 2018/19) for Primary and Secondary schools respectively.

- 3.7 The English as an Additional Language (EAL) factor unit values were kept the same as in 2018/19 at £390.81 and £1,004.93 for Primary and Secondary schools respectively. This allocates a total budget of £1.695m (£1.781m in 2018/19) for Primary schools and £481k (£481k in 2018/19) for Secondary schools.
- 3.8 Due to the change in the Primary school prior attainment factor, the total budget and unit cost for this factor are adjusted annually. The overall Primary school budget for this factor, which supports Low Cost, High Incidence SEN students, was kept the same as in 2018/19 at £3.879m. The total budget for Secondary schools for 2019/20 is £3.032m (£2.947m for 2018/19). This resulted in unit values of £681.46 (£717.12 in 2018/19) and £1,651.11 (£1,651.11 in 2017/18) for Primary and Secondary schools respectively.
- 3.9 The lump sum factor was kept the same as in 2018/19 at £150k and the split site factor (which is updated annually) is £85k (£84k in 2018/19).
- 3.10 The rates factor was increased by 270k to £2.916m (£2.646m in 2018/19) reflecting Valuation Office revaluations as well as ceasing the discretionary rate allowance for Voluntary Aided (VA) schools. In order to help fund the one-off costs associated with the VA school adjustment, Merton will transfer an estimated £105k from the General Fund to the DSG.
- 3.11 The minimum funding guarantee floor was set at 0.5% as agreed at the Schools Forum meeting on the 31st October 2018. Due to the overall changes in factors, the requirement for MFG decreased from £127k in 2018/19 to £30k in 2019/20.
- 3.12 These figures exclude the 6th form funding which still needs to be provided by the ESFA and does not form part of the schools funding formula. It also excludes additional resource provision and individual pupil statement funding which forms part of the high needs block.

4. Central Schools Services Block

- 4.1 The central school services block (CSSB) was introduced in 2018/19 to fund local authorities for the statutory duties that they hold for both maintained schools and academies. The CSSB brings together:
- Funding for ongoing central functions, such as admissions, previously top-sliced from the schools block
 - Residual funding for historic commitments, previously top-sliced from the schools block
 - Funding previously allocated through the retained duties element of the Education Services Grant (ESG)
- 4.2 Merton's Central Schools Services Block retained items are detailed in the table below.

Description	2019/20 £000	2018/19 £000
Central licences negotiated by the Secretary of State	123	119
School admissions	287	271
Servicing of school forums	12	12
Prudential borrowing	207	207
Statutory and regulatory duties LAs hold for all schools (including academies & free schools)	412	412
Total Schools Block	1,041	1,021

- 4.3 The statutory and regulatory duties that LAs hold for all schools, including academies & free schools, (as set out in Schedule 2, Parts 1 to 5 of the School and Early Years Finance Regulations 2017) does not include funding that has been retained centrally from maintained school budgets only (as set out in Schedule 2, Parts 6 and 7), see section 2.8 to 2.10 above.

5. Early Years Block

- 5.1 The Early Years Block allocation is split into the following areas:

Description	2019/20 £000	2018/19 £000
3&4 YO universal funding	10,777	10,237
3&4 YO working parents extended funding	2,604	1,485
2 Year Old Offer (schools, academies and PVI (includes SENIF for 2s)	1,671	1,316
Centrally Retained Items (5% retained element and 2 year old retained element)	713	665
Contingency	237	755
Additional grant expected (repaid in 2018/19)	(564)	2,509
Pupil Premium	97	83
Disability Access Fund	36	38
Total Early Years Block	15,571	17,088

- 5.2 Based on the 2018 calendar year pupil counts, the estimated funding relating to 3 and 4 year old children for Merton maintained schools and PVI settings is expected to be in line with the budgets above. However, these are estimated budgets and the figures will be updated every term following the actual pupil counts. The formula used to allocate this funding, following on from consultation, is detailed in section 6 of this report.
- 5.3 The budget for the working parents extended entitlement has been set using headcount data with an uplift to accommodate predicted take up. As with basic entitlements, these are estimates and the figures will be updated every term following the actual pupil counts.
- 5.4 Based on the 2018 calendar year pupil counts, with a small uplift to accommodate predicted growth in take up, the estimated funding relating to 2 year old children for Merton settings is shown above. The formula used to allocate this funding is detailed in section 6 of this report.

- 5.5 The £713k allocation for centrally retained items includes funding for training, inclusion and SEN support and advisory work, market management/sufficiency and information, and back office/administrative functions. This represents 5% of the expected 3&4 year old grant as well as £12k of 2 year old grant. LAs are capped at 5% of their 3&4 year old grant with no limit on the 2 year old grant. The amount of funding that must pass through to providers for 3 and 4 year olds is called the “High Pass Through Rate”. Schools Forum agreed at their meeting on 31st October 2018 that these funds can be centrally retained for 2019/20.
- 5.6 The contingency for 2019/20 has been set at £237k and forms part of the high pass through rate. This provides a small amount of funding to accommodate any variance in the actual take up of places that are not fully accounted for in the overall final grant allocation. It also allows some additional funds to support any possible pressure on the SENIF or deprivation factor. The final grant will be based on 5/12ths of the January 2018 count and 7/12ths of the January 2019 count.
- 5.7 We also account for the difference between the initial grant allocation and Merton’s expected grant allocation which is based on anticipated take-up. For 2019/20 we are expecting to receive an additional £564k in grant while our initial estimate for 2018/19 was that the government overestimated our grant by £2,509k. These large variances relate to the information the ESFA use to calculate the Early Years grant and the timing differences when these adjustments are made.
- 5.8 The ESFA will continue to pay Early Years Pupil Premium as a separate funding stream. This is paid to settings and schools after each term’s headcount at 0.53 pence per hour. Any underspend on EYPP is expected to be clawed back. Total budget is £97k.
- 5.9 The ESFA will continue with the Disability Access Fund which was introduced in 2017/18 and sits outside of the formula. This is a one off lump sum payment of £650 and the total budget is £36k. The LA is currently able to retain the DAF, which has not been allocated to a setting, and use this in line with the principles and aims of DAF.

6. Early Years Funding Formula

3 and 4 year old formula

- 6.1 In line with the statutory requirement Merton has one new **base rate** in the formula for 3 and 4 year olds (universal and extended entitlement) for all settings as per the table below.

Description	2019/20 Rate	2018/19 Rate
All settings	£4.93	£4.85

- 6.2 Criteria for EYPP will continue to be used as a measure of **deprivation** for 2018/19.

Description	2019/20 Rate	2018/19 Rate
Criteria for EYPP	80p	70p

- 6.3 The table below shows the optional supplementary supplement for “**sparsity**”

Description	2019/20 Rate	2018/19 Rate
Sparsity/small providers child-minders	60p	60p

Outside of formula: SEN Inclusion Fund

- 6.4 The table below shows the mandatory **SEN inclusion Fund** (SENIF) pupil rates (3 and 4 year olds)

Description	2019/20 Rate	2018/19 Rate
SEN Support Level 1a (local offer)	nil	nil
SEN Support Level 1b	£2.80	£2.50
SEN Support Level 1c	£10.50	£7.76
SENDIF contribution to Special schools level 1d – with EHCP	£12.70	£12.70
SENDIF contribution to Special schools level 1e – without EHCP	£14.05	N/A

- 6.5 SEN support funding is allocated in accordance with the published criteria and associated processes. The SENIF, whilst not an allowable supplement within the formula, is included within the 95% high pass through rate. There is a requirement to publish the value of the fund each year.
- 6.6 The indicative SENIF budget for 2019/20 is £645k. £504k of this is formula based, whilst £141k relates to lump sum “notional” SEN funding for EHCPs.
- 6.7 The funding element for each SEN support level of the SENIF is through this inclusion fund, and SEN support funding remains at the same level once the EHCP is in place. This means that early years SEN and HNB EHCP funding is now more closely aligned to the schools methodology and maximises EY funding to support children with EHCPs.

Outside of formula: Contingency

- 6.8 There is a contingency of £232k for 3 and 4 year olds to support any in-year growth for children, including those with SEN eligible for the deprivation factor and for children who start mid-way through a funding period (after headcount).
- 6.9 The contingency is included as part of the high pass through rate and as such any surplus will be allocated across the sector in accordance with agreed methodology.

Outside of formula: Retained Items

- 6.10 Within the grant allocation LAs can retain up to 5% of the total 3 and 4 year old allocation for 2019/20.
- 6.11 Retained items can only be used to support the delivery of early year's provision in accordance with the statutory duties, including advice; training; information and securing sufficiency and market management. These duties are embedded within the Childcare Act 2006 and are underpinned by Statutory Guidance.
- 6.12 This year, £701k has been allocated for retained items for 3 and 4 year olds.

2 year old formula

- 6.13 The ESFA has allocated a separate pot of funding for 2 year olds, which is underpinned by a separate set of requirements. LAs have local discretion, as long as the specific grant requirements for each block are not compromised, to move the allocations between each other. This includes local discretion for support for children with SEN and retaining an element from the 2 year allocation.
- 6.14 The table below shows the **base rate** for 2 year olds

Description	2019/20 Rate	2018/19 Rate
All settings	£5.67	£5.65

Outside of formula: SEN Inclusion Fund

- 6.15 The table below shows the **discretionary SEN Inclusion Fund** for 2 year olds

Description	2019/20 Rate	2018/19 Rate
SEN Support Level 1a (local offer)	nil	nil
SEN Support Level 1b	£2.55	£2.50
SEN Support Level 1c	£7.80	£7.76

- 6.16 The funding element for each level of the SENIF is through the inclusion fund, and SEN support funding remains at the same level once the EHCP is in place. This means that early years SEN and HNB EHCP funding is now more closely aligned to the schools methodology and maximises EY funding to support children with EHCPs.
- 6.17 There is no requirement to have a SENIF for 2 year funding, and therefore there is not a requirement to publish this. However, the total indicative fund for 2 year olds is £54k. £50k of this is formula based, whilst £4k relates to lump sum "notional" SEN funding for EHCPs.

Outside of formula: Contingency

- There is a contingency of £5k for 2 year olds in 2019/20 to support any in-year growth for SEN support and late starters (not on headcount).

Outside of formula: Retained Items

- 6.20 There are no specific parameters for retained elements within the 2 year old formula. This year £12k has been allocated for retained items which are included in the overall £713k in the table at paragraph 5.1.

7 High Needs Block

High Needs Block funding

- 7.1 The high needs funding system is designed to support a continuum of provision for pupils and students with Special Educational Needs (SEN), learning difficulties and disabilities, from their early years to age 25.
- 7.2 Base funding ("place funding") is given to local authorities to distribute to institutions for them to provide places on an on-going basis. This is supplemented with "top-up funding" which follows individual pupils and students. The top-up funding provided to local authorities includes funding for central services to support these high cost places.
- 7.3 The table below shows how Merton's High Needs Block funding is allocated.

Description	2019/20 £000	2018/19 £000
Mainstream settings (Individual SEN statements)	4,139	3,960
Special Schools	9,601	8,360
Additional Resource Provision bases	2,369	2,217
Pupil Referral Unit (PRU)	1,813	1,800
Centrally retained High Needs funding for commissioned services	13,588	13,997
Post 16 FE and ISP funding	2,060	2,060
Centrally retained High Needs funding for special schools	48	43
Central duties to maintained schools (ESG)	15	14
Transfers from other blocks	(600)	(500)
Total Funding	33,033	31,951

Mainstream settings

- 7.4 Schools are expected to contribute the first £6,000 of additional educational support for High Needs pupils and students. This additional support is for a provision over and above the standard offer of teaching and learning for all pupils or students in a setting. Pre-16, schools and Academies will continue to receive a clearly identified notional SEN budget from which to make this contribution. Merton will provide this budget for maintained schools while the

EFA will provide it for Academies. The notional SEN will comprise three elements as detailed below.

Formula factor	2019/20
Age Weighted Pupil Allowance (AWPU)	2.5%
Deprivation (Free School Meals & IDACI)	10%
Low cost, high incidence SEN (Low Attainment)	100%

- 7.5 The notional SEN budget should be used to support pupils with low cost, high incidence SEN as well as the first £6,000 support for pupils with statements.
- 7.6 The notional allocation is only a guide and schools are expected to set their budgets in such a way as to meet the needs of all their pupils, including those with additional needs, within the resources they receive.
- 7.7 Early Years settings with SEN children are funded differently from mainstream schools at SEN support, as all funding is child led. All children whose places are funded through the EY DSG (school nursery classes and PVI) receive their SEN funding as described in section 6 of this report.
- 7.8 Where schools have a high number of SEN students, the allocation to support these pupils through the schools formula might not be sufficient. Funding will be set aside in the High Needs Block to support such schools. If more than 2.5% of a school's NOR are pupils with statements, the excess percentage will be multiplied by the school's NOR and multiplied by £6,000 to calculate additional support for the school.
Example:

9 pupils as a percentage of 186	4.84%
Less 2.5% threshold	2.34%
186 x 2.34%	4.35 pupils
4.35 pupils x £6,000	£26,100

In 2019/20 £329k is budgeted to be allocated to schools through this mechanism.

- 7.9 The NOR is based on the October count and the numbers of SEN statements are based on the numbers as per the October SEN statement payment to schools. The number of statements used will exclude pupils funded in special units.
- 7.10 Merton's basic statement funding will be kept the same as in 2018/19 and is detailed in the table below.

Band	Reception onwards		Universal Entitlement 2, 3 and 4 year olds		Extended Entitlement 2, 3 and 4 year olds	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Band1	Part of £6,000 notional SEN funding	Part of £6,000 notional SEN funding	Part of SEN support funding	Part of SEN support funding	Part of SEN support funding	Part of SEN support funding
Band 2	£5,805	£5,805	£5,903	£5,903	£9,739	£9,739
Band 3	£7,983	£7,983	£6,992	£6,992	£11,536	£11,536
Band 4	£10,160	£10,160	£8,080	£8,080	£13,332	£13,332
Band 5	£12,338	£12,338	£9,169	£9,169	£15,129	£15,129

- 7.11 The band amounts shown for 2, 3 and 4 year olds are inclusive, and represent the total funds that a setting will receive. This amount is made up from the EYDSG as explained in section 6 above and the “top up” is from the HNB. For children taking up the extended entitlement the EHCP is not transferable and therefore a child can only access one provision. On this basis, the extended hours EHCP is funded at 60%.

Special Schools

- 7.12 Specialist SEN and LDD schools will continue to receive a base level of funding on the basis of an agreed number of planned places at £10,000 per place. Top-up funding above this level will be increased by 2% for 2019/20.
- 7.13 Due to the budgeted increase in pupil numbers at special schools by 31 to 402, the special school budget will be increased to cover the cost pressure of supporting these additional children.
- 7.14 The total for specialist SEN and LDD settings includes the school budgets for Cricket Green, Perseid, and Melrose special schools.

Additional Resource Provision bases

- 7.15 Places in special units and resourced provision attracts a base level of funding of either £6,000 or £10,000 per place, depending on whether a place was occupied or empty at the time of the October census. Each child will also receive a top-up element of funding which is recalculated annually to ensure that the funding change does not impact on the total base funding settings received in the previous financial year.
- 7.16 Where numbers have increased/decreased, top-up funding has been adjusted to reflect these adjustments. Any additional funding to the base totals will be equal to band 5 (£12,338) of statement funding as agreed by the SEN Manager.
- 7.17 ARP allocations for 2019/20 will remain the same as in 2018/19.

Pupil Referral Unit (SMART Centre)

- 7.18 The PRU will receive a base level of funding of £10,000 per place. Top-up funding above this level is set at £6,765 which has been uplifted by 2% this year in line with special schools.
- 7.19 Mainstream schools and Academies have important commissioning responsibilities with regard to pupils of compulsory school age who are placed in Alternative Provision (AP) for the purpose of early intervention or as a result of fixed-term exclusion. In such instances they are responsible for paying top-up funding to the AP settings in which they place pupils.
- 7.20 Alternative education and medical service provision are also delivered through the SMART Centre.
- 7.21 The exclusion process currently involves a deduction of AWPUP against a national criteria and a local agreement to pay £3,000 per excluded pupil and receive £3,000 for a re-integrated pupil. This agreement is between all secondary maintained schools and academies and will continue in 2019/20.

Centrally retained funding for commissioned services

- 7.22 These services are retained centrally by the Local Authority to deliver direct services or procure services from external providers to ensure the most economic use of resources. The table below details these services.

Description	2019/20 £000	2018/19 £000
Independent providers	8,669	9,243
Cost of Merton pupils in other LA maintained schools	2,170	2,313
Cost to other LAs for their children in Merton maintained schools	(1,159)	(1,159)
Merton academies (Individual SEN statements)	680	480
Virtual School	396	396
Sensory Team	391	391
SSQ Core Offer	359	359
Language and Learning therapy	354	354
Other non-maintained school EHCP related costs	342	178
Education psychology	266	266
Behaviour Support	235	235
Education welfare	168	168
SEN referral & early help 0-25 team	165	165
Vulnerable Children's Education	123	123
Social Inclusion	105	105
Merton Autism Outreach Service (MAOS)	100	100
SEN support	81	81
Therapy in Special schools	56	112
Independent hospital provision	50	50
Portage	37	37
Total Cost	13,588	13,997

- 7.23 The growth received on the HNB is not sufficient to cover the cost pressures. For 2019/20 the increase will be allocated against various budgets with known pressures to address the expected overspends.
- 7.24 Spend on the internal provision identified above will be reviewed during the 2019/20 financial year with the aim of identifying savings in some areas to fund growth required resulting from increased numbers of EHCPs in services such as speech and language therapy.

Post 16 Further Education (FE) College and Independent Specialist Provider (ISP) funding

- 7.25 The funding in this area relates to high level SEN or LDD costs for young people aged over 16 in FE colleges and ISPs. The responsibility for these payments transferred to Local Authorities in September 2013.

Centrally retained funding for special schools

- 7.26 This includes the funding for centrally provided services for the special schools, similar to de-delegated budgets held for the maintained primary and secondary schools. The services available are detailed in the table below.

Service	Total £000	2019/20 Unit Cost	2018/19 Unit Cost	Measure
Licences and Subscriptions	3	£5.63	£5.53	NOR
School Meals Subsidy	1	£1.29	£1.25	NOR
Schools in Challenging Circumstances	10	£19.23	£18.91	NOR
Parenting and TU cover	21	£42.41	£41.65	NOR
Support to underperforming ethnic minority groups and bilingual learners	2	£4.86	£46.60	EAL
Tree work	1	£3.13	£2.36	NOR
Behaviour Support	5	£9.76	£9.41	Low Att
School Improvement	3	£7.02	£1.47	NOR
Attain	2	£4.81		NOR
Total budget	48			

Central duties to maintained schools (ESG)

- 7.27 In order to maintain the statutory central duties to Merton maintained schools (the services previously funded by the Education Service Grant (ESG)), schools are required to make a contribution towards these services based on numbers on roll through the AWPU factor (top-up NOR for special schools). The cost to primary, secondary and special schools will be £31.25 per pupil on roll to provide an overall de-delegated budget of £650k (the same as in 2018/19).

7.28 For 2019/20 £635k is contributed from the schools block while £15k comes from the high needs block for special schools (£636k for schools block and £14k from high needs block in 2018/19). As detailed in the schools consultation document, schools are funding 32% of these costs while the LA funds 68%

Transfers from other blocks

7.29 For 2019/20 Merton will transfer £600k from the Schools Block to the High Needs Block (£500k in 2018/19). This represents 0.49% of the Schools Block allocation and will be used to continue to fund the growing cost pressure of increased numbers of Education Health and Care Plans (EHCPs).

Financial pressure on the High Needs Block

7.30 Due to the cost pressure on the High Needs Block, Merton's DSG will be going into a deficit position during 2018/19. The continued increase in numbers of EHCPs as detailed in the following table means that this pressure is expected to continue in 2019/20.

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	1,045	100%	1,078	100%	1,264	100%	1,486	100%

7.31 Merton is working with other boroughs and partners to:

- Share strategies to reduce costs
- Utilise shared commissioning partnerships to reduce costs including the use of a dynamic purchasing system
- Review benchmarking information of identifying high cost areas we can focus on with the aim to identify savings
- Lobby government about insufficient high needs funding

7.32 We have also reviewed our in-house provision and in conjunction with our strategic needs analysis have expanded our own provision and continue to look at further opportunities for state funded provision that may reduce reliance on more expensive Independent School Placements.

8 Schools general

- 8.1 On 31 March 2018 Merton held balances for 48 (49 in 2017) schools to the value of £6.924m (£6.795m in 2017). Of these schools, 6 (4 in 2017) had deficit balances with a total value of £301k (£408k in 2017). The other 42 schools had balances ranging from £0k to £594k.
- 8.2 For 2018/19, 14 schools submitted deficit balances (5 in 2017/18) and the Local Authority is working closely with these schools to review their progress. We are anticipating that a similar number of schools will again request deficit budgets for 2019/20, and we will require deficit recovery plans to accompany these requests.

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CABINET

Date: 18 February 2019

Subject: Financial Report 2018/19 – December 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 underspend at year-end of £1.49m million, 0.28% of gross budget.
- B. That Cabinet note the adjustments to the Capital Programme contained in Appendix 5b and approve the items in the Table below:

Scheme	2018/19 Budget	Narrative
<u>Children, Schools and Families</u>		
Devolved Formula Capital	713,860	Additional Government Ringfenced Funding 2018/19
Harris Academy Wimbledon	(183,160)	Virement to cover final contractual costs
Perseid Expansion	183,160	Virement to cover final contractual costs
<u>Environment and Regeneration</u>		
Higways & Footways - Causality Reduction & Schools	145,000	Virement between TfL funded Schemes
Higways & Footways - A298/A238 Strategic Corridor	(81,000)	Virement between TfL funded Schemes
Mitcham Trans Imps - Figges March	(64,000)	Virement between TfL funded Schemes
Total	713,860	

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for quarter 3, 31st December 2018 presented in line with the financial reporting timetable.

This financial monitoring report provides-

- The income and expenditure at period 9 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 continues 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 9 to 31st December 2018, the year-end forecast is a net £1.49m underspend compared to the current budget, 0.28% of the gross revenue budget (£0.2m forecast overspend at period 8). The forecast position has improved by £1.7m compared to last month.

Summary Position as at 31st December 2018

	Current Budget 2018/19 £000s	Full Year Forecast (Dec) £000s	Forecast Variance at year end (Dec) £000s	Forecast Variance at year end (Nov) £000s	Outturn variance 2017/18 £000s
Department					
3A. Corporate Services	10,934	9,305	(1,629)	(1,424)	(812)
3B. Children, Schools and Families	56,540	59,627	3,088	3,341	2,249
3C. Community and Housing	64,044	63,931	(113)	(120)	922
3D. Public Health	0	(0)	(0)	0	0
3E. Environment & Regeneration	18,314	16,846	(1,468)	(844)	(1,211)
Overheads	0	0	0	0	0
NET SERVICE EXPENDITURE	149,831	149,709	(122)	954	1,148
3E. Corporate Items					
Impact of Capital on revenue budget	8,404	8,930	526	526	(103)
Other Central budgets	(14,801)	(16,694)	(1,893)	(1,265)	(823)
Levies	938	938	0	0	0
TOTAL CORPORATE PROVISIONS	(5,458)	(6,825)	(1,367)	(739)	(926)
TOTAL GENERAL FUND	144,373	142,884	(1,489)	215	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	40	(1,449)	(1,489)	215	(265)

The current level of GF balances is £12.778m and the minimum level reported to Council for this is £12.09m.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2018/19 Current Budget £000	2018/19 Full year Forecast (December) £000	2018/19 Full Year Forecast Variance (December) £000	2018/19 Full Year Forecast Variance (November) £000	2017/18 Outturn Variance £000
Customers, Policy & Improvement	3,637	3,629	-8	-72	46
Infrastructure & Technology	11,171	10,943	-228	-190	71
Corporate Governance	2,425	2,287	-138	-145	-229
Resources	6,312	5,842	-470	-408	-515
Human Resources	1,811	1,822	11	4	-207
Corporate Other	768	-27	-795	-613	22
Total (Controllable)	26,124	24,495	-1,629	-1,424	-812

Overview

At the end of period 9 (December) the Corporate Services (CS) department is forecasting an underspend of £1,629k 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 £204k compared to the period 8 (November) position.

Customers, Policy and Improvement - £8k under

The principal reason for the forecast underspend is additional income within the registrars and translations services reflecting an increased level of demand and a lower than budgeted cost of the cash collection service. There is also a forecast underspend on customer contact due to lower than budgeted support costs for the current system. These underspends are largely offset by an underachievement of advertising income within the communications service.

There has been an adverse movement of £64k from the position reported in November, mainly due to maintenance work planned at the Morden Park House registry office and reduced registrars income relating to marriage licences and identity checks. The staffing forecast has also increased within the Communications team.

Infrastructure & Technology - £228k under

There is a forecast underspend of £183k against the corporate print strategy budget that reflects the recharge to clients for the services provided within the division. There is also additional rental income compared to the budget for the Civic Centre and further income from the recovery of expenses within transactional services. These underspends are partly offset by 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 a favourable movement of £38k from the position reported in November. This is mainly due to the corporate print strategy and high volume printing reflecting increased recharges to clients.

Corporate Governance – £138k under

Merton's legal services outside of the SLLp model is forecasting a £94k underspend due to the over achievement of income relating to property work, planning agreements and court fees. The AD budget is also forecasting an underspend in year on various small running cost budgets. There has been an adverse movement across Corporate Governance of £7k from the position reported in November due to small changes to the forecast for legal income and the Information Governance team.

Resources - £470k under

The Merton Bailiff Service is forecasting to underspend by £286k mainly due to income in excess of the budget. This is in line with the 2017/18 position. There is a forecast underspend of £232k within Benefits Administration principally due to additional one-off unbudgeted income from DWP for a number of schemes, as well as underspends across various supplies and services budgets. There is a forecast overspend within Local Taxation Services of £44k principally due to additional IT licence and postage costs.

Further underspends are forecast within the Director of Corporate Services budget (£56k) due to unused consultancy budget, Business Planning (£53k) due to vacancies and within the Assistant Director's budget (£51k) mainly within consultancy. These will be used to part fund a forecast overspend of £127k on the Financial Information System's 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 has been a favourable movement of £62k from the position reported in November, mainly due to the recognition of the underspend within the Director of Corporate Services budget.

Human Resources – £11k 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 buy back 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 £7k from the position reported in November, mainly due to estimating a lower recharge to the pension fund for payroll services pending additional information from Kingston.

Corporate Items - £795k under

The Housing Benefit budget shows a forecast surplus of £1.36m on the account against a budgeted surplus of £1m. The unbudgeted surplus relates to an underspend against the budget to top-up the bad debt provision, part offset by a reduced subsidy forecast as it is expected the lower error rate threshold will be triggered in 17/18, reducing the subsidy receivable. The amount is yet to be audited and represents an estimate at this stage which will continue to be reviewed.

The remaining underspend relates to the budget held for corporately funded items which is not currently forecast to be required and a £150k underspend on redundancy payments based on redundancy costs to date. This is partly offset by a forecast overspend on Merton's share of the coroners' court due to unbudgeted coroner costs for Grenfell and the Westminster Bridge inquest. There is also an underachievement of the budgeted charges to clients for the use of the Comensura agency staff service.

There has been a favourable movement of £182k from the position reported in November, mainly due to the forecast for redundancy payments being further decreased and income from Merantun for overhead charges being added to the forecast.

Environment & Regeneration

Environment & Regeneration	2018/19 Current Budget	Full year Forecast (Dec)	Forecast Variance at year end (Dec)	Forecast Variance at year end Oct (Nov)	2017/18 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(11,242)	(12,192)	(950)	(998)	(1,602)
Public Space	14,982	13,652	(1,330)	(376)	632
Senior Management	1,005	969	(36)	3	3
Sustainable Communities	8,215	9,063	848	528	(244)
Total (Controllable)	12,960	11,492	(1,468)	(843)	(1,211)

Description	2018/19 Current Budget	Forecast Variance at year end (Dec)	Forecast Variance at year end (Nov)	2017/18 Variance at year end
	£000	£000	£000	£000
Overspend within Regulatory Services	578	170	186	78
Underspend within Parking Services	(12,706)	(1,166)	(1,199)	(1,663)
Overspend within Safer Merton & CCTV	886	46	15	(47)
Total for Public Protection	(11,242)	(950)	(998)	(1,602)
Underspend within Waste Services	13,790	(1,469)	(706)	97
Underspend within Leisure & Culture	736	(76)	(66)	(166)
Overspend within Greenspaces	1,363	143	277	754
Overspend within Transport Services	(907)	72	119	(53)
Total for Public Space	14,982	(1,330)	(376)	632
Underspend within Senior Management & Support	1,005	(36)	3	3
Total for Senior Management	1,005	(36)	3	3
Overspend within Property Management	(2,902)	634	265	(422)
Overspend within Building & Development Control	(32)	250	256	397
Underspend within Future Merton	11,149	(36)	7	(219)
Total for Sustainable Communities	8,215	848	528	(244)
Total Excluding Overheads	12,960	(1,468)	(843)	(1,211)

Overview

The department is currently forecasting an underspend of £1,468k at year end. The main areas of variance are Parking Services, Waste Services, Property Management, and Development & Building Control.

Public Protection

Parking Services underspend of £1,166k

The underspend is mainly as a result of additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£1,218k).

Included within this forecast is employee related overspend of c£158k 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.

The new Head of Service is looking undertake a review of the staffing requirements and budgets within the section to address the continued overspend in this area

Public Space

Waste Services underspend of £1,469k

The forecast underspend is largely as a result of an in-year underspend on disposal costs of £1,891k, which can be attributed to two main factors. Firstly, the section has continued to experience a reduction in total waste tonnages being generated across all of the authority's waste streams. Secondly, Viridor our disposal contractor, is nearing the end of testing the new ERF facility. During this commissioning phase, currently six months, the authority will benefit from reduced disposal costs leading to an estimated cost reduction of c£900k 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).

Sustainable Communities

Property Management overspend of £634k

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 departure of the leaseholder (£673k). Authority for demolition has now been agreed and so the forecast now includes the estimated demolition and associated management fee costs of £176k, which should remove most of these costs in the future.

The section is also forecasting to incur some significant, but essential, costs this year on several of the buildings the Authority manages, attributing to a forecast premises related overspend of £200k.

In addition, the section is forecasting to overspend on consultants by c£131k due to the need for independent valuations to benchmark property disposals, obtain a temporary and long term injunction, progress rent reviews due to a lack of internal resource, and on external valuations to support asset valuations.

The section is also incurring some one-off, but un-budgeted, external audit fees of c£72k as a result of additional audit work required for the 2017/18 Statement of Accounts.

These pressures are being partially mitigated by exceeding their commercial rental income expectations by £453k mainly due to conducting the back log of rent reviews in line with the tenancy agreements. Approximately £251k relates to ongoing rental income but £202k is one-off due this year only.

Development & Building Control overspend by £250k

The section is forecasting to underachieve on income by £235k, in particular within building control, which reflects the continued reduction in the Authority's market share against target.

Children Schools and Families

Children, Schools and Families	2018/19 Current Budget £000	Full year Forecast (Dec) £000	Forecast Variance at year end (Dec) £000	Forecast Variance at year end (Nov) £000	2017/18 Variance at year end £000
Education	19,345	19,725	380	457	(703)
Social Care and Youth Inclusion	21,500	24,998	3,498	3,646	3,596
Cross Department budgets	480	450	(30)	(30)	(95)
PFI	8,075	7,712	(363)	(335)	(342)
Redundancy costs	2,124	1,727	(397)	(397)	(207)
Total (controllable)	51,524	54,612	3,088	3,341	2,249

Overview

At the end of December Children Schools and Families has a forecast overspend of £3.088m on local authority funded services; a reduction in overspend from November'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 budget variances identified to date are detailed in the table below:

Description	Budget £000	Dec £000	Nov £000	2017/18 £000
Procurement & School organisation	643	(381)	(379)	(319)
SEN transport	4,133	1,017	1,017	566
Short breaks	217	207	202	64
My futures team	509	(135)	(135)	(212)
Other small over and underspends	13,843	(328)	(248)	(802)
Subtotal Education	19,345	380	457	(703)
Fostering and residential placements (ART)	7,094	1,000	1,092	813
Un-accompanied asylum seeking children (UASC)	902	851	912	693
Community Placement	0	500	500	750
No Recourse to Public Funds (NRPF)	21	294	294	353
MASH & First Response staffing	1,587	311	291	403
Legal costs	514	215	190	126
Other small over and underspends	11,382	327	367	458
Subtotal Children's Social Care and Youth Inclusion	21,500	3,498	3,646	3,596

Education Division

Procurement and school organisation budgets are forecast to underspend by £381k because of lower spend on revenue budgets. 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 £1.017m at the end of the financial year, which includes £926k maintained school taxi cost and £165k direct payments. The forecast outturn for maintained school taxis is £3.199m, circa £476k more than last year. Substantial management action was undertaken over the summer period such that at the end of October, 17 extra children were being transported compared to the end of June using the same number of taxi routes. The taxi forecast this month is the same as in November.

The overall forecast overspend reflects increased demand over a number of years although the budget for taxi commissioning has not been increased for demographic pressures since 2015/16. Over the period from September 2015 to September 2018, there has been a 30% increase in the number of children transported by taxi.

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 pressure, including continuing to maximise any further opportunities for placing more children on the buses, re-tendering routes, considering any consolidation possible and encouraging parents to accept personal budgets to directly arrange transport. The expansion of Cricket Green School will enable extra local places from September 2019 and the draft capital programme includes further proposals to increase the range of in-borough special educational needs provision to reduce the reliance on transporting children significant distances to out of borough special schools.

The children's short breaks budget is forecast to overspend by £207k. This relates to an increase in caseload from 398 in April 2018 to 446 in November 2018. A review of short break services delivered across the department is being carried out with the aim to reduce the overall cost pressure of short breaks. Realistically any changes resulting from this review will only impact on cost in next financial year.

The My Futures team is forecast to underspend by £135k due to vacancies held during the year as part of management action to reduce the departmental in-year overspend.

There are various other small over and underspends forecast across the division netting to a £328k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £380k.

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

At the end of December we had 161 LAC. 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. The December placements forecast overspend has decreased by £158k due to a reduction in caseload across most placement groups as detailed in the table below.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Dec £000	Nov £000	Dec No	Nov No
Residential Placements	2,271	2,685	414	470	19	19
Independent Agency Fostering	1,816	1,967	151	172	36	41
In-house Fostering	978	1,418	440	411	62	59
Secure accommodation	136	129	(7)	(26)	1	1
Mother and baby	101	44	(57)	(57)	1	1
Supported lodgings/housing	1,792	1,851	59	122	50	55
Total	7,094	8,094	1,000	1,092	169	177

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 £414k. The reduction of £56k in cost in December is due to reduction in respite cost for two children.
- The agency fostering expenditure is forecast to be overspent by £151k. This agency overspend has decreased by £21k from last month. This is due to 5 placements ending.
- The in-house foster carer expenditure is forecast to overspend by £440k. The increase of £29k in December is due to a net of 3 placements (5 new placements and two placement ending).
- The secure accommodation expenditure is forecast to be underspent by £7k in December. This forecasted underspend has decreased from last month due to a placement from earlier in the financial year (September 2018 to October 2018) which is included in the forecast for December.
- The mother and baby assessment unit expenditure is forecast to underspend by £57k. There is no change from last month.

- We are forecasting that the budget for the semi-independent accommodation and supported lodgings/housing placements will overspend by £59k, which is reduction of £63k from last month. This is due to 5 placements ending.

At the end of December, UASC placements and previously UASC that are now care leavers are expected to overspend by £1,753k this year.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Dec £000	Nov £000	Dec No	Nov No
Independent Agency Fostering	372	415	43	40	10	10
In-house Fostering	363	519	156	138	21	20
Supported lodgings/housing	167	819	652	734	29	34
Total	902	1,753	851	912	60	64

- At the end of December, we had 31 placements for UASC young people under 18. Merton receives UASC grant towards these placements although it is not sufficient to cover the full cost. The overall cost for Fostering has increased from £178k in November to £199k in December while the overall cost for Semi- Independent has decreased from £734k to £652k over the same period.
- We have budgeted for 29 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 in the forecast those young people currently in placement who are under 18 and who will become 18 during this financial year.
- For 2017/18 Merton received additional UASC capacity support funding of £94k. We have been 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 Rotas. We therefore now have an allocation of 33 and at the end of December we had 31 placements.

We are forecasting a £500k 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 current estimate and is subject to change as we are still in negotiation. A review has been underway to change the current provision with the expectation that, once resolved, this should reduce the cost to Merton. Forecast costs are currently based on an interim arrangement in place while further work is undertaken to secure the right long-term support arrangements. The CCG seems to be retreating from its understood position that this is accepted as a continuing care case and that the council should be responsible for the education cost only. Once the position is finalised, education costs 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 £294k in the current financial year. This is about £59k less than last year's overspend. The NRPF worker is working closely with housing colleagues to manage cases as they arise and reviews historic cases to identify ones where claimant circumstances have changed and they 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 £311k on the MASH and First Response teams' staffing costs. This is because the team is covering 14 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.

Legal costs are expected to overspend by £215k. This cost relate to third party legal fees including Counsel, court and medical fees as well as independent expert witness and Family Drug and Alcohol Court (FDAC) costs.

There are various other small over and underspends forecast across the division netting to a £327k overspend. These combine with the items described above to arrive at the total reported divisional overspend of £3.498m.

Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £5.345m. 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. We are currently in discussion with our external auditors about the correct treatment of this deficit in the financial statements.

The main reasons for the forecast relates to an estimated overspend of £3.602m on Independent Day School provision. This is £105k increase from last month due to an increase in numbers although cost increases will only be pro-rata to the current financial year. At the end of December we had 194 placements, an increase of 7 since last month.

Other pressures include £658k on EHCP allocations to Merton primary and secondary schools, £820k on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.055m on one-to-one support, OT/SLT and other therapies as well as alternative education. We are also forecasting £430k overspend on post 16 further education and independent special school provision. There are underspending budgets in three areas which is reducing the overall overspend. We are forecasting a £681k underspend on independent residential placements, £305k on the growth fund and £167k on de-delegated parenting cover. The table below shows the increase in number of EHCPs over the past 4 years. At the end of December there were 1,763 EHCPs.

+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 £67k underspend which, combined with the items above, equates to the net overspend of £5.345m.

Additional High Needs Block grant was announced in the December 2018. Initial workings suggests that this would allocate an estimated £483k of additional funding to Merton. Once the allocation has been confirmed, this will be added to the forecast to reduce the overall DSG overspend.

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 and have responded to the national consultation relating to the treatment of DSG deficits.

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. There are various reasons for schools requiring to set deficit budgets including unfunded pay increases, increased cost relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in pupil numbers and reduced levels of reserves that schools would previously have used to balance their budgets.

Management action

Quarter three staffing report

The number of employed Social Workers increased this quarter to 125 (118.20 WTE). There has been ongoing strong recruitment with 31 new starters in the last year. Additionally, there has been a number of internal transfers where staff have had opportunities for career development. Vacancy rates reduced in Q3 to 19.84% and has been on a general downward trend since September 2017. Turnover increased this quarter to 21.14%, which reflects the increase in leavers in the last 3 quarters (22 SW's).

Agency social workers make up 14% of the Social Worker workforce. Agency expenditure is on a general downward trend and the lowest spend in at least the last decade. 44% of all agency workers

are working in Safeguarding & Care Planning/ Vulnerable Children's Teams and 21% in First Response. Most agency workers are covering vacant posts (78%). 22% 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 for non-social work posts.

Placements

We have good management oversight of children coming into care. We have had 3 moves into residential care, one was to a new accommodation, one a step-up from fostering and one where we had been retaining at 50% of the cost but who is now in placement at the full rate. We continue to use the Panel processes introduced last quarter to provide an overview of 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 UASC young people. We have now recruited 13 new foster care placements of which 3 are for Supported Lodgings, 3 are for Connected Persons and 7 are new foster carers. We forecast a further 5 carers by the end of the financial year.

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 have had 3 new in-house foster placements for young people, although one has since returned home. We have had one additional IFA placement (YP who ran away as LAC from Scotland who Merton have now assumed responsibility for). We are also retaining one IFA placement with a carer identified for a child we are stepping-down from residential. All of the other ART activity has been either step-downs or like for like moves that would not have a negative budget impact.

We are also targeting our recruitment to increase our number of in-house mother and child foster placements. We have had one new Parent and child (3 children) in a residential parenting assessment. One other family remain in a residential parenting assessment over the agreed 12 week period and we have just been court directed to extend this for a further nine weeks to also accommodate and assess the father.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. During December we have had 2 young people placed in SIA (Semi-Independent Accommodation), one was a new accommodation and the other is a young person who was making his own arrangements but then came back to us for accommodation. We have reintroduced the SIA Panel and will be recording cost reductions as a result of this going forward. We have commenced work to identify our Housing Benefit payments - what we should be getting and what are the actuals received. This is work in progress and we aim to be able to report on progress next month.

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 (£1400 + £400). 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 £3,200 per week for a similar service. We have five young people living there in December, 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. Due to the low numbers in secure accommodation cases, the additional cost of the placement from earlier the year has reversed some of the effect of the low cost placement from last month and resulted in an increased average weekly cost.

	Sep	Oct	Nov	Dec	Movement from last month	Dec
Description	£	£	£	£	£	No
ART Independent Agency Fostering	887	889	901	904		3
ART In-house Fostering	428	442	437	442		5
UASC Independent Agency (Grant)	791	794	797	803		6
UASC In house Fostering (Grant)	505	496	497	500		3
UASC Independent Agency (Non-Grant)	764	764	791	792		1
UASC In house Fostering (Non-Grant)	455	436	445	456		11
ART Residential Placements	4,029	4,032	4,071	4,068		-3
ART Secure Accommodation	3,918	3,823	2,663	2,822		159
ART Mother & Baby Unit		3,357	3,357	3,357		0
Supported Housing & Lodgings (Art 16+ Accommodation)	634	644	659	664		5
Supported Housing & Lodgings - UASC (Grant)	838	793	788	771		-17
Supported Housing & Lodgings - UASC (Non Grant)	505	500	499	487		-12

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. 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 UASC 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 with 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 £1.884m, 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	Dec overspend forecast £000	Nov overspend forecast £000	2017/18 over £000
Supported lodgings/housing- care leavers	1,792	59	122	156
Supported lodgings/housing- UASC	167	652	734	520
UASC	734	199	178	173
No Recourse to Public Funds (NRPF)	21	294	294	353
Total	2,478	1,204	1,328	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 under spend of £113k as at period 9 December 2018.

The department is currently forecasting an under spend of £113k as at December 2018. Adult Social Care is currently forecasting an under spend, Housing and Libraries service an over spend and Public Health and Merton Adult Learning continues to forecast a breakeven position.

Community and Housing	2018/19 Current Budget £000	Forecast (Dec'18) £'000	Forecast Variance (Dec'18) £000	Forecast Variance (Nov'18) £000	2017/18 Outturn Variance £000
Access and Assessment	45,956	45,576	(380)	(374)	455
Commissioning	4,568	4,585	17	(60)	211
Direct Provision	4,443	4,417	(26)	11	(195)
Directorate	973	1,042	69	81	181
Adult Social Care	55,940	55,620	(320)	(342)	652
Libraries and Heritage	1,996	2,018	22	13	20
Merton Adult Learning	(11)	(11)	0	0	(6)
Housing General Fund	1,848	2,033	185	209	256
Sub-total	59,773	59,660	(113)	(120)	922
Public Health	(143)	(143)	0	0	0
Grand Total	59,630	59,517	(113)	(120)	922

Access & Assessment - £380k underspend

This is due to the ongoing continued improved placements management. On the whole placements have remained stable for a number of months including over the Christmas period. Although the service is currently forecasting an under spend the full effects of increase demand from winter pressures is expected to become apparent in January/February. However, it is important to note that this is a demand led budget which could increase due to a number of reasons. The additional resources, which includes the recently announced winter pressures grant provided by the Department of Health & Social Care, are being used to increase capacity to manage any surge in winter demand, but also to try to reduce demand by working with the voluntary sector and increasing our own preventative offer, such as access to the handyperson scheme.

The table below shows areas of significant expenditure in Access & Assessment

During December a refund was received for taxi-card usage and another refund is expected based on usage data provided to date.

Access & Assessment	Forecast Variances Dec'18 £'000	Forecast Variances Nov'18 £000	Outturn Variances March 18 £000
Underspend on Concessionary Fares- (Postage/taxi-cards)	(104)	(15)	(100)
Overspend on Better Care Fund Risk Share	0	0	425
Other	(483)	(255)	(307)
Placements	40	132	1,671
Income	167	(236)	(1,234)
Total	(380)	(374)	455

Adult Social Care savings for 2018-19 are on track to be delivered.

The table below sets on the movement in the number of service users in each care group between the months. It shows a net decrease of 16 packages since November 2018 and a reduction of 73 since April 2018. There is currently a downward trend in the number of packages but a spike is expected during the winter months.

Total Number of Clients with an external care package

Placements	Nos. of Clients Dec'18	Nos. of Clients Nov'18	Nos. of Client Oct'18	Nos. of Client Apr'18
Older People	1092	1104	1128	1167
Physical/Sensory	206	207	212	219
Learning Disabilities	361	363	364	356
LD Housing Support	3	3	3	2
Mental Health	129	130	132	125
MH Housing Support	14	13	13	11
Substances Misuse	3	4	4	1
Grand Total	1808	1824	1856	1881

Commissioning - £17k Overspend

The commissioning service is currently forecasting an over spend of £17k as at December'18. This area includes a number of sections such as brokerage, contracts, voluntary grants and many more. The service continues to monitor and reduce cost.

Direct Provision - £26k underspend (Internal Care Provision)

Direct Provision service is forecasting an under spend of £26k as at December 2018. This is an improvement since November and is due to an increase in the forecasted income expected from day centres. There was also an increase in some transport costs relating to vehicle maintenance.

At the same time the service is currently experiencing a high level of sickness at key sites and as such salary forecast increased slightly. However this has been mitigated by under spends in other areas and increased income.

There also been a move by the service from providing a day care service from the location of High Path to a larger location at Leyton Road which is expected to be officially open in January 2019. There is a risk that the cost of utilities may increase with a larger building, leading to additional costs on an already under-resourced budget. Analysis will be completed over the next quarter being winter months.

The Mascot Telecare service provides a 'Handyman' and a van who assists the Access & Assessment Service with the expeditious installation of equipment where required which assists in the speedy discharge of patients from hospital to home. This service was increasedp over the Christmas period to help the hospital discharge process.

C&H - Other Services

Libraries - £22k overspend

The Library & Heritage Service forecasted overspend has increased by £8.9K. This is due to small increases in forecasted spend on utilities, staffing, printing and telephones.

The service is continuing to work towards achieving a balanced budget by year end and is working to increase income generation to offset overspends.

Merton Adult Education – Breakeven

The forecasted year end position as at December 2018 remains unchanged. Merton Adult Learning service continues to forecast a breakeven position for 2018/19.

Housing - £185k overspend

The housing service is forecasting an over spend as at December 2018 of £185k which is a reduction on the previous month's forecast. This service forecasted overspend continues to be reduce but it is expected that this service will continue to vary each month due to unpredictability surrounding the shortfall on subsidy, Housing Benefit and client contributions.

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. The diagram below shows that the year to date target was exceeded in December and 77% of annual target has been achieved to date.

Period	Homelessness Prevention Targets
Full Year Target	450
Target YTD	338
Achieved - Sept'18	243
Achieved - Oct'18	263
Achieved - Nov'18	313
Achieved - Dec'18	346

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

The diagram below shows the forecasted variance for financial year 2018.19 of the boroughs temporary accommodation provision as at December 2018. There has been a gradual reduction in numbers of households in temporary accommodation with a corresponding reduction in expenditure.

Housing	Budget 2018/19 £000	Forecast Variance (Dec'18) £'000	Forecast Variances (Nov'18) £000	Outturn Variances (Mar'18) £000
Temporary Accommodation-Expenditure	2,330	541	627	909
Temporary Accommodation-Client Contribution	(140)	(576)	(585)	(595)
Temporary Accommodation-Housing Benefit Income	(2,000)	97	87	(160)
Temporary Accommodation-Subsidy Shortfall	322	414	414	517
Temporary Accommodation- Grant	-	(481)	(466)	(406)
Sub-total Temporary Accommodation	512	(5)	77	259
Housing Other Budgets- Over(under)spend	1,336	190	132	(3)
Total	1,848	185	209	256

Temporary Accommodation (TA) Movements to date

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

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month
March 2017	-	-	186
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
October 2018	14	20	168
November 2018	14	13	169
December 2018	11	13	167

Public Health - Forecasting a breakeven position

This service is reporting a breakeven position at as December 2018. The pressure in sexual health reported in September is being mitigated by offsetting efficiencies in staffing and other direct budgets together with savings anticipated from sexual health through residents moving from out of borough providers and channel shift for asymptomatic clients from use of clinics to on-line Pan London service

Corporate Items

The details comparing actual expenditure up to 31 December 2018 against budget are contained in Appendix 2. The main areas of variance as at 31 December 2018 are:-

Corporate Items	Current Budget 2018/19 £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s	2016/17 Year end Variance £000s
Impact of Capital on revenue budget	8,403	8,930	527	527	(103)
Investment Income	(759)	(1,000)	(241)	(141)	408
Pension Fund	3,346	3,346	0	0	(389)
Pay and Price Inflation	1,122	744	(378)	(150)	(736)
Contingencies and provisions	4,419	3,769	(650)	(350)	(2,447)
Income Items	(1,367)	(1,991)	(624)	(624)	(104)
Appropriations/Transfers	(2,554)	(2,554)	0	0	2,445
Central Items	4,207	2,314	(1,893)	(1,265)	(823)
Levies	938	938	0	0	0
Depreciation and Impairment	(19,008)	(19,008)	0	0	0
TOTAL CORPORATE PROVISIONS	(5,459)	(6,825)	(1,366)	(738)	(926)

There are a number of revisions to the forecast for corporate items based on spend up to December 2018:-

- The forecast for investment income has been reviewed and it is anticipated that investment income in 2018/19 will be c. £1m which is an improvement of £0.1m on the previous forecast. This is due to a small increase in investment rates and the balance under investment.
- It is anticipated that the budget provision for excess inflation will not be required in 2018/19 and the balance of £228k can be released.
- No additional requirements are anticipated against the Single Status provision and an underspend of £50k will result.
- The budget of £200k provided to cover for loss of income arising from the closure of car parking on the P3/P4 sites will not be required.
- Based on current expenditure, it is anticipated that there will be an underspend of £150k on the Apprenticeship levy budget, an increase of £50k on the previous forecast.

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*	8,636	0	8,636	27,985	0	27,985	3,945	0	3,945	12,083	0	12,083
C&H	1,118	0	1,118	480	0	480	630	0	630	280	0	280
CSF	8,620	777	9,397	16,702	(63)	16,639	3,202	0	3,202	650	0	650
E&R	18,050	(45)	18,005	10,159	0	10,159	7,517	0	7,517	7,264	0	7,264
TOTAL	36,424	732	37,156	55,325	(63)	55,262	15,294	0	15,294	20,277	0	20,277

* Includes £23 million Housing Company Expenditure which is currently being re-profiled

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

Capital Budget Monitoring December 2018

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
Corporate Services	3,975,379	5,248,010	(1,272,631)	8,636,160	8,604,110	(32,050)
Community and Housing	634,666	745,090	(110,424)	1,118,010	1,117,995	(15)
Children Schools & Families	4,777,283	5,646,970	(869,687)	9,396,180	9,395,680	(500)
Environment and Regeneration	11,155,169	10,740,355	414,814	18,004,740	18,012,738	7,998
Total	20,542,497	22,380,425	(1,837,928)	37,155,090	37,130,522	(24,568)

- Corporate Services – All budget managers apart from epayments system (which is showing a £32k in year underspend) are projecting a full spend.
- Community and Housing – All budget managers are projecting a full year spend against budget.
- Children, Schools and Families – Devolved Formula Capital has been increased by £714k, funded by central government grant. This additional funding will be paid to schools within their February 2019 advances. Two virements are proposed:
 - £183k from Harris Wimbledon to Perseid Expansion to fund the final outturn on the project. There is sufficient budget within the Harris Wimbledon to meet the estimated cost of the scheme
 - £71k from the Capital Maintenance Budget (£8k from 2018/19 and £63k from 2019/20) to Merton Abbey £51k and Wimbledon Park £20k

All budget managers are projecting a full year spend against their adjusted budget. Officers are currently finalising the required stamp duty payments for the new secondary school and the final accounts on Harris Merton.

- d) Environment and Regeneration – All budget managers are projecting a full year spend against budget apart from parks which are showing a slight overspend of £9k. If necessary, this overspend will be offset against next year's budget. The following virements are proposed between TfL Schemes with £45k being transferred to Revenue:

	2018/19 Budget	Virements	Funding Adjustments	Revised 2018/19 Budget
	£	£		£
Higways & Footways - Causality Reduction & Schools	204,570	145,000		349,570
Higways & Footways -A298/A238 Strategic Corridor	81,000	(81,000)		0
Cycle Route Imps - Beddington Lane Cycle Route	351,000	(45,000)	(45,000)	261,000
Cycle Route Imps - Cycle Imps Residential Streets	180,000	45,000		225,000
Mitcham Trans Imps - Figges March	214,000	(64,000)		150,000
Total	1,030,570	0	(45,000)	985,570

- 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
<u>Children, Schools and Families</u>	-			
Devolved Formula Capital	(1)	713,860		Additional Government Ringfenced Funding 2018/19
Harris Academy Wimbledon	(1)	(183,160)		Virement to cover final contractual costs
Perseid Expansion	(1)	183,160		Virement to cover final contractual costs
Unallocated School Capital Maintenance		(7,640)	(63,000)	Virements to cover urgent capital maintenance work
Merton Abbey Capital Maintenance		50,560		Virements to cover urgent capital maintenance work
Wimbledon Park Capital Maintenance		20,080		Virements to cover urgent capital maintenance work
<u>Environment and Regeneration</u>				
Higways & Footways - Causality Reduction & Schools	(1)	145,000		Virement between TfL funded Schemes
Higways & Footways -A298/A238 Strategic Corridor	(1)	(81,000)		Virement between TfL funded Schemes
Cycle Route Imps - Beddington Lane Cycle Route		(90,000)		Virement between TfL funded Schemes with £45k to Revenue
Cycle Route Imps - Cycle Imps Residential Streets		45,000		Virement between TfL funded Schemes
Mitcham Trans Imps - Figges March	(1)	(64,000)		Virement between TfL funded Schemes
Total		731,860	(63,000)	

(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		88	402	(20,388)	8,636
Community & Housing	773	165	(5)	146	40	0	1,118
Children Schools & Families	15,158	924		1,831	15	(8,531)	9,397
Environment and Regeneration	21,853	919		1,895		(6,663)	18,005
Total	61,266	7,059	(5)	3,960	457	(35,581)	37,156

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

Depts.	Spend To December 2015	Spend To December 2016	Spend to December 2017	Spend to December 2018	Variance 2015 to 2018	Variance 2016 to 2018	Variance 2017 to 2018
CS	713	348	1,799	3,975	3,262	3,627	2,176
C&H	1,345	1,386	581	635	(710)	(752)	54
CSF	11,159	9,684	3,969	4,777	(6,382)	(4,907)	809
E&R	5,553	7,834	9,660	11,155	5,602	3,322	1,495
Total Capital	18,770	19,252	16,009	20,542	1,772	1,291	4,534

Outturn £000s	29,327	30,626	32,230	
Budget £000s				37,156
Projected Spend December 2018 £000s				37,131
Percentage Spend to Budget				55.29%
% Spend to Outturn/Projection	64.00%	62.86%	49.67%	55.33%
Monthly Spend to Achieve Projected Outturn £000s				5,529

4.6 December is three quarters of the way into the financial year and departments have spent just over 50% of the budget. Spend to date is higher than the three previous financial years shown.

Department	Spend To Nov 2018 £000s	Spend To Dec 2018 £000s	Increase £000s
CS	3,534	3,975	441
C&H	608	635	27
CSF	4,297	4,777	480
E&R	9,897	11,155	1,258
Total Capital	18,336	20,542	2,206

4.7 During December 2018 officers spent £2.206 million. To achieve the projected outturn officers will need to spend an average of £5.529 million per month to the financial year-end.

5. DELIVERY OF SAVINGS FOR 2018/19

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 9 Forecast Shortfall	Period 8 Forecast Shortfall	Period Forecast Shortfall (P8)	2019/20 Expected Shortfall
	£000	£000	£000	£000	%	£000
Corporate Services	2,024	1,519	505	505	25.0%	385
Children Schools and Families	489	489	0	0	0.0%	0
Community and Housing	2,198	1,998	200	200	9.1%	(18)
Environment and Regeneration	1,874	1,401	473	473	25.2%	80
Total	6,585	5,407	1,178	1,178	17.9%	447

Appendix 6 details the progress on savings for 2018/19 by department.

Progress on savings 2017/18

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 9 Projected shortfall	2019/20 Period 9 Projected shortfall	2018/19 Period 8 Projected shortfall	2019/20 Period 8 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	19	0	0	0	0
Environment and Regeneration	3,134	2,188	666	45	666	45
Total	10,314	2,410	666	45	666	45

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.

15. REPORT AUTHOR

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APPENDIX 1

Summary Position as at 31st December 2018

	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Full Year Forecast (Dec) £000s	Forecast Variance at year end (Dec) £000s	Forecast Variance at year end (Nov) £000s	Outturn variance 2017/18 £000
Department	-	-	-	-	-	-
3A. Corporate Services	9,495	10,934	9,305	(1,629)	(1,424)	(812)
3B. Children, Schools and Families	56,145	56,540	59,627	3,088	3,341	2,249
3C. Community and Housing	-	-	-	-	-	-
Adult Social Care	58,778	59,210	58,890	(320)	(341)	646
Libraries & Adult Education	2,771	2,694	2,716	22	13	20
Housing General Fund	2,207	2,141	2,326	185	208	256
3D. Public Health	(0)	(0)	(0)	(0)	0	0
3E. Environment & Regeneration	17,951	18,314	16,846	(1,468)	(844)	-1,211
NET SERVICE EXPENDITURE	147,345	149,832	149,709	-123	953	1,148
3E. Corporate Items	-	-	-	-	-	-
Impact of Capital on revenue budget	8,403	8,403	8,930	527	527	(103)
Other Central items	(12,353)	(14,801)	(16,694)	(1,893)	(1,265)	(823)
Levies	938	938	938	0	0	0
TOTAL CORPORATE PROVISIONS	(3,012)	(5,459)	(6,825)	(1,366)	(738)	(926)
TOTAL GENERAL FUND	144,333	144,373	142,884	-1,489	215	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)	40	(1,449)	(1,489)	215	(265)

Appendix 2

3E. Corporate Items	Council 2018/19 £000s	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Year to Date Budget (Dec.) £000s	Year to Date Actual (Dec.) £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s	Outturn Variance 2017/18 £000s
Cost of Borrowing	8,403	8,403	8,403	4,736	4,059	8,930	527	527	(103)
Revenue Impact of Capital	8,403	8,403	8,403	4,736	4,059	8,930	527	527	(103)
Investment Income	(759)	(759)	(759)	(569)	(593)	(1,000)	(241)	(141)	408
Pension Fund	3,346	3,346	3,346	3,346	3,469	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	(0)	(378)	(150)	(436)
Utilities Inflation Provision	0	0	0		0	0	0	0	(300)
Pay and Price Inflation	2,486	2,486	1,122	0	0	744	(378)	(150)	(736)
Contingency	1,500	1,500	1,500		0	1,250	(250)	(250)	(1,500)
Single Status/Equal Pay	100	100	100		31	50	(50)	0	(96)
Bad Debt Provision	500	500	500		0	500	0	0	395
Loss of income arising from P3/P4	200	200	200		0	0	(200)	0	(400)
Loss of HB Admin grant	179	179	83		0	83	0	0	(179)
Apprenticeship Levy	450	450	450	338	206	300	(150)	(100)	(235)
Revenuisation and miscellaneous	1,361	1,361	1,586	1,222	393	1,586	0	0	(432)
Contingencies & provisions	4,291	4,291	4,419	1,560	629	3,769	(650)	(350)	(2,447)
Other income	0	0	0	0	(630)	(624)	(624)	(624)	(56)
CHAS IP/Dividend	(1,367)	(1,367)	(1,367)	(935)	(935)	(1,367)	0	0	(48)
Income items	(1,367)	(1,367)	(1,367)	(935)	(1,565)	(1,991)	(624)	(624)	(104)
Appropriations: CS Reserves	0	0	(815)	(815)	(815)	(815)	0	0	0
Appropriations: E&R Reserves	4	4	(361)	(361)	43	(361)	0	0	2
Appropriations: CSF Reserves	49	49	17	17	(32)	17	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)	0	0	600
Appropriations: Corporate Reserves	(91)	(91)	(91)	(91)	0	(91)	0	0	2,443
Appropriations/Transfers	(1,342)	(1,342)	(2,554)	(2,554)	(804)	(2,554)	0	0	2,445
Depreciation and Impairment	(19,008)	(19,008)	(19,008)	0	0	(19,008)	0	0	0
Central Items	(3,950)	(3,950)	(6,398)	5,584	5,195	(7,764)	(1,366)	(738)	(926)
Levies	938	938	938	775	775	938	0	0	0
TOTAL CORPORATE PROVISIONS	(3,012)	(3,012)	(5,459)	6,359	5,971	(6,825)	(1,366)	(738)	(926)

Pay and Price Inflation as at December 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 2.1% and RPI at 2.7% 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 2.1% in December 2018, down from 2.3% in November 2018. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.0% in December 2018, down from 2.2% in November 2018. The largest downward contributions to change in the 12-month rate came from falls in petrol prices and from air fares, where ticket prices rose between November and December 2018, but by less than a year ago. These downward effects were offset by upward contributions from a variety of categories including accommodation services and, to a lesser extent, mobile phone charges, games, toys and hobbies, and food. The RPI 12-month rate for December 2018 stood at 2.7%, down from 3.2% in November 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 6 February 2019, the MPC voted unanimously to maintain 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.

In the minutes of the meeting the MPC state that "CPI inflation fell to 2.1% in December and is expected to decline to slightly below the MPC's 2% target in the near term, largely due to the sharp fall in petrol prices which has occurred since November. As that effect unwinds, CPI inflation rises above 2%. The MPC judges that demand and potential supply are currently broadly in balance. The weaker near-term outlook is likely to lead to a small margin of slack opening up this year. Thereafter, demand growth exceeds the subdued pace of supply growth and excess demand builds over the second half of the forecast period. As a result, domestic inflationary pressures firm, as the upward pressure on inflation of sterling's past depreciation wanes. Under the assumptions that condition the February Report, inflation settles at a rate a little above the target."

The MPC's updated projections for inflation and activity are set out in the February Inflation Report published on 7 February 2019.

In the February Inflation Report, the MPC considers what the prospects for inflation are for the period under review. It states that "inflation is expected to fall to 1.8% in January, and to remain just below the target throughout 2019. That forecast is lower than in the November Report, mainly reflecting the continued impact of lower petrol prices. It also includes the estimated impact of measures announced in Budget 2018. These measures include a freeze in the rate of fuel duty and some alcohol duties, which together reduce inflation by just under 0.1 percentage points from early 2019. Over the forecast period as a whole, external cost pressures are expected to be lower compared with recent years. Domestic cost pressures are expected to continue to strengthen. Inflation expectations, which can influence wage and price-setting decisions, remain consistent with inflation returning to the target in the medium term." The MPC recognises that UK GDP growth seems to have slowed and expect it to remain subdued during most of 2019 which reflects a weakening of global growth and "the intensification of Brexit uncertainties". The MPC concludes that "conditioned on paths for interest and exchange rates that are somewhat more stimulative than in November, UK GDP growth begins to pick up later this year and is expected to be a little stronger in the medium term than was projected three months ago. Although it remains modest by historical standards, demand growth exceeds potential supply growth on average over the forecast. As a result, excess demand builds over the second half of the forecast period, raising domestic inflationary pressures. In the near term, inflation is expected to fall to slightly below the MPC's 2% target, largely reflecting the sharp fall in oil prices which has occurred since November. As that effect unwinds, CPI inflation rises above 2%, and remains a little above the target for the rest of the forecast period."

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

Short Term Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (January 2019)			
	Lowest %	Highest %	Average %
2018 (Quarter 4)			
CPI	2.2	2.6	2.3
RPI	3.0	3.8	3.2
LFS Unemployment Rate	3.8	4.2	4.1
2019 (Quarter 4)			
CPI	1.4	3.5	1.9
RPI	2.1	4.2	2.9
LFS Unemployment Rate	3.6	4.5	4.1

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:-

Long-term Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (November 2018)					
	2018	2019	2020	2021	2022
	%	%	%	%	%
CPI	2.5	2.1	2.0	2.0	2.1
RPI	3.4	3.2	3.1	3.3	3.3
LFS Unemployment Rate	4.1	4.1	4.2	4.4	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:-

Table 7: OBR Fiscal and Economic Outlook for the UK Economy

	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

Treasury Management: Outlook

At its meeting ending on 6 February 2019, the MPC voted unanimously to maintain 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 February Inflation Report was published on 7 February 2019. As is to be expected the outcome of the Brexit negotiations is seen as key but uncertain with the MPC noting that “The economic outlook will continue to depend significantly on the nature of EU withdrawal, in particular: the new trading arrangements between the European Union and the United Kingdom; whether the transition to them is abrupt or smooth; and how households, businesses and financial markets respond. The appropriate path of monetary policy will depend on the balance of these effects on demand, supply and the exchange rate. The monetary policy response to Brexit, whatever form it takes, will not be automatic and could be in either direction. The MPC judges at this month’s meeting that the current stance of monetary policy is appropriate. The Committee will always act to achieve the 2% inflation target.”

In terms of prospects for interest rates and economic growth, the MPC conclude that “Over the past few months, market expectations for the path of Bank Rate have fallen. That path currently implies a gradual rise in Bank Rate to around 1.1% by the end of the forecast period, around 25 basis points lower than at the time of the November 2018 Report. At the same time, UK equity prices are a little lower and corporate bond spreads higher. There have been similar developments in financial conditions in other advanced economies, which have occurred alongside the weaker outlook for global growth. The sterling exchange rate has been volatile, largely reflecting Brexit news, but starts the projection a little lower than in November. Four-quarter UK GDP growth is projected to decline in 2019, before rising to 2% by the end of the forecast period. That is lower than in the November Report in the near term, reflecting the impact of heightened uncertainty, weaker global GDP growth and tighter financial and credit conditions. Further out, UK GDP growth picks up as uncertainty wanes and as the stimulus from looser fiscal policy and lower paths for interest and exchange rates more than offsets the impact of lower global activity and tighter financial conditions. In the medium term, growth is higher than in the November Report. Over the forecast as a whole, growth remains modest by historical standards.”

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.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	End Q.1 2022
Feb.'19	0.7	0.7	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1
Nov.'18	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	0.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1		
May '18	0.8	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2			
Feb.'18	0.8	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.2				
Nov.'17	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0					
Aug.'17	0.5	0.6	0.6	0.7	0.7	0.7	0.8						
May '17	0.4	0.4	0.4	0.5	0.5	0.5							
Feb'17	0.5	0.5	0.6	0.6	0.7								
Nov.'16	0.3	0.3	0.4	0.4									
Aug.'16	0.2	0.2	0.2										
May '16	0.7	0.8											
Feb. '16	1.1												

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 in the February Inflation report are based on four key assumptions:-

Key Judgement 1: global GDP growth weakens further and settles at close to its potential rate.

Key Judgement 2: UK domestic demand growth is soft over much of 2019, due in part to elevated Brexit uncertainties, before picking up.

Key Judgement 3: potential supply continues to grow at subdued rates and excess demand emerges over the forecast.

Key Judgement 4: CPI inflation is supported by strengthening domestic inflation, although it falls slightly below the target temporarily due to lower energy prices

Capital Budget Monitoring December 2018

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
Capital	20,542,497	22,380,425	(1,837,928)	37,155,090	37,130,522	(24,568)
Corporate Services	3,975,379	5,248,010	(1,272,631)	8,636,160	8,604,110	(32,050)
Customer, Policy and Improvmen	4,305	600,000	(595,695)	1,999,310	1,999,310	0
Customer Contact Programme	4,305	600,000	(595,695)	1,999,310	1,999,310	0
Facilities Management Total	2,389,138	2,380,720	8,418	3,214,220	3,214,220	0
Works to other buildings	172,612	520,040	(347,428)	695,040	647,043	(47,997)
Civic Centre	199,823	268,430	(68,607)	481,430	517,007	35,577
Invest to Save schemes	2,016,703	1,592,250	424,453	2,037,750	2,050,170	12,420
Infrastructure & Transactions	1,330,036	1,908,740	(578,704)	2,283,280	2,283,280	(0)
Business Systems	59,149	164,240	(105,091)	255,490	255,490	(0)
Social Care IT System	48,000	12,500	35,500	62,500	62,500	0
Disaster recovery site	393,638	315,000	78,638	394,290	394,290	0
Planned Replacement Programme	829,249	1,417,000	(587,751)	1,571,000	1,571,000	0
Resources	26,900	132,050	(105,150)	211,850	179,800	(32,050)
Financial System	26,900	59,000	(32,100)	97,000	97,000	0
ePayments System	0	32,050	(32,050)	32,050	0	(32,050)
Kofax Scanning	0	41,000	(41,000)	82,800	82,800	0
Corporate Items	65,000	66,500	(1,500)	66,500	66,500	0
Acquisitions Budget	65,000	66,500	(1,500)	66,500	66,500	0
Housing Company	160,000	160,000	0	861,000	861,000	0
Community and Housing	634,666	745,090	(110,424)	1,118,010	1,117,995	(15)
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	588,426	634,600	(46,174)	917,520	917,520	0
Disabled Facilities Grant	588,426	634,600	(46,174)	917,520	917,520	0
Libraries	46,239	66,740	(20,501)	156,740	156,725	(15)
Library Enhancement Works	7,388	16,740	(9,352)	16,740	16,892	152
Libraries IT	38,851	50,000	(11,149)	140,000	139,833	(167)

Capital Budget Monitoring December 2018

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
Children Schools & Families	4,777,283	5,646,970	(869,687)	9,396,180	9,395,680	(500)
Primary Schools	638,428	725,560	(87,132)	899,050	898,550	(500)
Hollymount	55,166	0	55,166	59,000	59,000	0
Hatfeild	35,324	41,000	(5,676)	41,000	41,000	0
Joseph Hood	2,836	2,900	(64)	2,900	2,900	0
Dundonald	12,385	50,980	(38,595)	60,190	60,090	(100)
Merton Abbey	0	0	0	50,560	50,560	0
Poplar	34,910	47,590	(12,680)	47,590	47,590	0
Wimbledon Park	21,126	23,500	(2,374)	43,580	43,180	(400)
Abbotsbury	(628)	0	(628)	0	0	0
Morden	64,841	76,380	(11,539)	76,380	76,380	0
Cranmer	49,912	54,600	(4,688)	54,600	54,600	0
Gorringe Park	28,051	30,670	(2,620)	30,670	30,670	0
Haslemere	45,618	50,000	(4,382)	52,230	52,230	0
Liberty	55,577	70,000	(14,423)	74,440	74,440	0
Links	(690)	0	(690)	0	0	0
Singlegate	0	11,000	(11,000)	11,000	11,000	0
St Marks	88,311	99,240	(10,929)	100,920	100,920	0
Lonesome	47,690	55,000	(7,310)	81,290	81,290	0
Stanford	98,000	112,700	(14,700)	112,700	112,700	0
Unallocated School Capital Maint.	0	0	0	0	0	0
Secondary School	2,344,288	3,459,210	(1,114,922)	4,800,430	4,800,430	(0)
Harris Academy Morden	0	104,000	(104,000)	104,000	104,000	0
Harris Academy Merton	329,708	323,130	6,578	444,090	444,090	0
Raynes Park	0	0	0	574,000	574,000	0
Ricards Lodge	0	15,000	(15,000)	15,000	15,000	0
Rutlish	21,282	21,500	(218)	21,500	21,500	0
Harris Academy Wimbledon	1,993,298	2,995,580	(1,002,282)	3,641,840	3,641,840	(0)
SEN	1,473,004	1,403,890	69,114	2,571,140	2,571,140	0
Perseid	965,798	675,960	289,838	1,271,120	1,271,120	0
Cricket Green	500,714	650,000	(149,286)	1,200,000	1,200,000	0
Unlocated SEN	6,493	77,930	(71,437)	100,020	100,020	0
CSF Schemes	321,563	58,310	263,253	1,125,560	1,125,560	0
CSF IT Schemes	56,513	58,310	(1,797)	58,310	58,310	0
Devolved Formula Capital	265,050	0	265,050	1,067,250	1,067,250	0

Capital Budget Monitoring December 2018

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2018/19	Full Year Variance
Environment and Regeneration	11,155,169	10,740,355	414,814	18,004,740	18,012,738	7,998
Public Protection and Developm	219	0	219	229,970	229,970	0
CCTV Investment	219	0	219	39,490	39,490	0
Public Protection and Developm	0	0	0	190,480	190,480	0
Street Scene & Waste	2,708,160	2,288,060	420,100	5,114,060	5,113,597	(463)
Fleet Vehicles		337,100	(337,100)	472,600	472,600	0
GPS Vehical Tracking Equipment	2,460	0	2,460	0	0	0
Alley Gating Scheme	8,194	10,000	(1,806)	25,000	25,000	0
Smart Bin Leases - Street Scen	6,552	0	6,552	5,500	5,500	0
Waste SLWP	2,690,954	1,940,960	749,994	4,610,960	4,610,497	(463)
Sustainable Communities	8,446,790	8,452,295	(5,505)	12,660,710	12,669,171	8,461
Street Trees	0	0	0	57,690	57,690	0
Raynes Park Area Roads	0	0	0	26,110	26,110	0
Highways & Footways	2,571,894	2,700,350	(128,456)	4,222,940	4,222,950	10
Cycle Route Improvements	315,980	385,200	(69,220)	660,980	660,980	0
Mitcham Transport Improvements	26,743	236,680	(209,938)	214,000	214,000	0
Tackling Traffic Congestion	(18)	0	(18)	0	(1)	(1)
Mitcham Area Regeneration	39,340	104,360	(65,020)	136,360	136,369	9
Wimbledon Area Regeneration	0	0	0	25,000	25,000	0
Borough Regeneration	307,505	220,820	86,685	560,050	560,050	0
Morden Leisure Centre	4,562,131	4,546,760	15,371	5,864,530	5,864,530	0
Sports Facilities	183,407	0	183,407	373,460	373,100	(360)
Parks	439,808	258,125	181,683	519,590	528,392	8,802

Virement, Re-profiling and New Funding - December 2018

Appendix 5b

		2018/19 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2018/19 Budget	2019/20 Budget	Movement	Revised 2019/20 Budget	Narrative
-	-	£	£		£	£	£		£	
Children, Schools and Families	-									
Devolved Formula Capital	(1)	353,390		713,860		1,067,250			0	Additional Government Ringfenced Funding 2018/19
Harris Academy Wimbledon	(1)	3,825,000	(183,160)			3,641,840	3,153,510		3,153,510	Virement to cover final contractual costs
Perseid Expansion	(1)	1,087,960	183,160			1,271,120			0	Virement to cover final contractual costs
Unallocated School Capital Maintenance		7,640	(70,640)		63,000	0	650,000	(63,000)	587,000	Virements to cover urgent capital maintenance
Merton Abbey Capital Maintenance		0	50,560			50,560			0	Virements to cover urgent capital maintenance
Wimbledon Park Capital Maintenance		23,500	20,080			43,580			0	Virements to cover urgent capital maintenance
Environment and Regeneration										
Higways & Footways - Causality Reduction & Schools	(1)	204,570	145,000			349,570			0	Virement between TfL funded Schemes
Higways & Footways -A298/A238 Strategic Corridor	(1)	81,000	(81,000)			0			0	Virement between TfL funded Schemes
Cycle Route Imps - Beddington Lane Cycle Route		351,000	(45,000)	(45,000)		261,000			0	Virement between TfL funded Schemes with £45k to Revenue
Cycle Route Imps - Cycle Imps Residential Streets		180,000	45,000			225,000			0	Virement between TfL funded Schemes
Mitcham Trans Imps - Figges March	(1)	214,000	(64,000)			150,000			0	Virement between TfL funded Schemes
Total		6,328,060	0	668,860	63,000	7,059,920	3,803,510	(63,000)	3,740,510	

Requires Cabinet Approval

Capital Programme Funding Summary 2018/19

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme	22,076	14,347	36,423
<u>Children, Schools and Families</u>			
Devolved Formula Capital	0	714	714
Schools Capital Maintenance	63	0	63
<u>Environment and Regeneration</u>			
Cycle Route Imps - Beddington Lane Cycle Route	0	(45)	(45)
Proposed Capital Programme	22,139	15,016	37,155

Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme	49,298	6,028	55,326
<u>Children, Schools and Families</u>			
Schools Capital Maintenance	(63)	0	(63)
Proposed Capital Programme	49,235	6,028	55,263

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