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Merton Council

Council

4 March 2020

Supplementary agenda 1

4 Business Plan 2020-24

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Part 4A, paragraph 3.3 of the Constitution states that the business at the Budget Council meeting shall include the following:

- *receive a presentation of the Budget/Council Tax report from the relevant officers*
- *officers to respond to questions from members via the Mayor*
- *receive remarks from the Cabinet on the report*
- *Council to debate the report and take any motions or Amendments*

In accordance with Part 4A, paragraph 10.4 of the Constitution, all decisions relating to either the substantive budget motion/proposal or any amendments to it, will be taken via a recorded vote (roll call).

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Committee: Council

Date: 4 March 2020

Agenda item:

Wards: All

Subject: Business Plan 2020-24

Lead officer: Caroline Holland, Director of Corporate Services

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

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.

Urgent report:

Reason for urgency: The Mayor has approved the submission of this report as a matter of urgency as it is a statutory requirement that the Council sets a balanced budget and Council Tax as appropriate for 2020/21 by 10 March 2020.

Recommendations:

1. That the Council agrees the Business Plan 2020-24 including:-
 - A) the General Fund Budget;
 - B) the Council Tax Strategy for 2020/21 equating to a Band D Council Tax of £1,276.92, which is an increase of below 4%, inclusive of 2% Adult Social Care flexibility;
 - C) the Medium Term Financial Strategy (MTFS) for 2020-24;
 - D) the Capital Investment Programme (as detailed in Annex 1 to the Capital Strategy);
 - E) the Capital Strategy (Section 1, A)
 - F) the Treasury Management Strategy (Section 1, A), including the detailed recommendations in that Section, incorporating the Prudential Indicators as set out in this report;and agrees the formal resolutions as set out in Appendix 1 to this report.

1. Purpose of report and Executive Summary

- 1.1 At its meeting on 24 February 2020, Cabinet considered two reports which concerned the detailed structure and scrutiny of the Council's Business Plan for 2020-24, including the Budget and Council Tax for 2020/21, the MTFS for 2020-24 and the Capital Strategy and Investment Programme for 2020-24. A Council Tax increase of below 4% is proposed, inclusive of 2% to provide for Adult Social Care flexibility.

1.2 The two reports were:-

- Reference from the Overview and Scrutiny Commission – pre decision scrutiny of the Business Plan 2020-24 (Agenda Item 4)
- Business Plan 2020-24 and savings information pack (Agenda Items 12 and 13)

1.3 In respect of the reference from Overview and Scrutiny Commission it was RESOLVED:-

- That Cabinet, in taking decisions relating to the Business Plan 2020-24, takes into account the recommendation made by the Overview and Scrutiny Commission (set out in paragraph 2.4 below) and the outcomes of consideration by the Overview and Scrutiny Panels (set out in Appendix 1)

1.4 In respect of the Business Plan report (Agenda item 12) it was RESOLVED:-

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 2020/21, equating to a Band D Council Tax of £1,276.92, which is an increase of below 4% 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 2020-24 including the General Fund Budget and Council Tax Strategy for 2020/21, and the Medium Term Financial Strategy (MTFS) for 2020-24 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 24 February 2020, 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.

2. **Introduction**

- 2.1 This report provides a comprehensive presentation of all issues relevant to the formulation of the Council's Business Plan for the period 2020-24.
- 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. It summarises the work that has been undertaken since April 2019 towards formulating the Business Plan 2020-24 including the Budget for 2020/21, Medium Term Financial Strategy 2020-24 and Capital Strategy 2020-24. 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 2020/21 and progress towards a balanced budget over the medium term. A separate section is provided for Schools budgets.
- 2.3 The report sets out the draft Capital Programme 2020-24. 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.
- 2.4 The Medium Term Financial Strategy (MTFS) is updated to reflect the Council's anticipated financial outlook over the period 2020-24.
- 2.5 Cabinet on 24 February 2020 was 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 that meeting. The Overview and Scrutiny Commission and panels considered the budget savings proposals agreed by Cabinet on 14 October 2019 and 27 January 2020.
- 2.6 At this Council meeting, Members are presented with details that provide a comprehensive presentation of all issues relevant to the formulation of the Council's Business Plan for the period 2020-24.

- 2.7 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.
- 2.8 The Council's Business Plan 2020-24 consists of a number of key elements and the report is structured into three main sections for ease of reference :-
- Section 1: Business Plan 2020-24 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)

2.9 The Scrutiny Function

- 2.9.1 The Overview and Scrutiny Commission and Panels considered some new revenue savings and growth proposals for 2020-24, some proposed amendments to previously agreed revenue savings, together with associated equalities assessments, and the draft capital programme 2020-24 during the November 2019 cycle of meetings and feedback from this scrutiny process was considered by Cabinet on 16 December 2019. Cabinet considered additional revenue savings and growth proposals for 2020-24, amendments to previously agreed revenue savings, and further amendments to the draft Capital Programme 2020-24 at its meeting on 27 January 2020 and referred them, along with draft EAs, the capital programme and service plans as part of an information pack of measures, to the Overview and Scrutiny Panels and Commission for consideration during the February 2020 cycle of meetings.

During the February 2020 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	6 February 2020
Children and Young People Overview & Scrutiny Panel	10 February 2020
Healthier Communities & Older People Overview & Scrutiny Panel	11 February 2020
Overview and Scrutiny Commission	12 February 2020

2.10 Feedback from Scrutiny Process

A summary of findings and recommendations from the Overview and Scrutiny Commission was provided in a comprehensive report on the

scrutiny of the Business Plan 2020-24 as a separate report to Cabinet on 24 February 2020. The Cabinet resolutions made at its meeting on 24 February 2020 in response to the Overview and Scrutiny Commission are set out in paragraph 1.3.

- 2.11 This report incorporates the outcome of the Final Local Government Finance Settlement. Appendix 1 provides the Council Tax resolutions.
- 2.12 The Mayor of London's budget and proposed council tax precept for 2020-21 was approved by the London Assembly on 24 February 2020 unamended. The GLA's 2020-21 precept will therefore be as previously advised - £332.07 in the 32 boroughs as advised in the report to Cabinet on 24 February and assumed in the draft MTFS.
- 2.13 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 2020-24 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 2020-21, the following referendum principles will apply :-

- For 2020-21, the relevant basic amount of council tax of an authority such as a London borough, is excessive if the authority's relevant basic amount of council tax for 2020-21 is 4% (comprising 2% for expenditure on adult social care, and 2% for other expenditure), or more than 4%, greater than its relevant basic amount of council tax for 2019-20.

In addition, for police and crime commissioners (PCCs) for 2020-21, the relevant basic amount of council tax of an authority is excessive if the authority's relevant basic amount of council tax for 2020-21 is more than £10 greater than its relevant basic amount of council tax for 2019-20. (NB: For 2020-21 the GLA propose an increase of £10)

5.3 In considering the budget for 2020/21, 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 14 October 2019, 27 January 2020, and 24 February 2020.

- 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 20 February 2020. A verbal update was provided at the Cabinet meeting in February.
 - 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 2020-24

SECTION 2: GENERAL FUND BUDGET AND COUNCIL TAX STRATEGY

Appendix 1:	Draft Resolutions to Council
Appendix 2:	Local Government Finance Settlement 2020-21
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 2019 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 January 2020
Appendix 9a:	Standard Subjective Analysis
Appendix 10:	Risk Analysis for the General Fund

SECTION 3: Schools budget 2020/21

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 2020 - 2024



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INTRODUCTION

Welcome to Merton Council's Business Plan for 2020/24, 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 corporate ambitions are to:

- Support our most vulnerable residents of all ages;
- Bridge the gap and reduce inequalities;
- Create a great place to grow up and live in;
- Maintain a clean and safe environment;
- Build resilient communities;
- Continuously improve.

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 has been affected by reductions in the level of funding it receives from central government for more than a decade. Local Government Association (LGA) analysis highlighted that grants to local government fell 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. During this time a number of local authorities have had to use reserves to fulfil their statutory duties.

In the Spending Round announced in September 2019 the government set out plans to increase councils' core spending power by 4.3% in real terms in 2020–21. If this additional funding is spent in full, around one-fifth of the overall fall in spending per person between 2009–10 and 2017–18 could be undone by the end of next year, however it would still leave spending per person 20% lower in 2020–21 than it was in 2009–10.

From 2021-22, there will be a greater reliance from councils on local revenues in funding their activities from council tax and business rates. Government plans are not to renew pilots of 75% business rates retention, with pilot councils moving back to the standard 50% retention.

Following the Spending Round the government has published a consultation document setting out in greater detail its proposals for how to fund local government in 2020 to 2021.

The proposed approach to the settlement includes:

- Confirmation that the Core Spending Power of local authorities is estimated to rise in real terms by 4.3% to £49.1 billion in 2020 to 2021, an increase of £2.9 billion;
- £1.5 billion for adult and children's social care services, including £1 billion of new money. The indicative allocation for London Borough of Merton is £4,057,767;
- Powers for local authorities to raise Council Tax by up to 2% plus an additional 2% of adult social care tax before a local referendum has to take place;
- £900 million for the New Homes Bonus in 2020 to 2021;
- Maintaining Improved Better Care Fund funding at 2019 to 2020 levels (£1.837 billion), as well as rolling in the £240 million which was allocated as Winter Pressures Grant this year;
- Confirmation that business rates retention pilots agreed for 2019 to 2020 will finish at the end of the financial year. No further pilots will run in 2020 to 2021;
- confirmation of the decision to delay the funding distribution and business rates retention reforms until 2021 to 2022;
- Councils will additionally be provided with increases from wider resources made available from the Spending Round, including High Needs funding for schools and colleges which will increase by over £700 million.

The Queen's Speech on the 19 December announced a funding pledge on the NHS that the government says will enshrine in law a commitment on health service funding of an extra £33.9bn per year to be provided by 2023/24. This amounts to a 3.4% year-on-year increase in expenditure, however when adjusted for inflation, and factoring in the increased cost of equipment, medicines and staff pay, it could actually be worth £20.5bn by 2023-4.

However there was little detail on the future funding for social care beyond an outline approach of an extra £1bn a year for councils, seeking to get a cross-party consensus on a way forward, and ensuring no one should have to sell their home to pay for care. The government has said that it may continue to allow councils to raise money for social care through a social care precept, something that has been in place since 2016.

Other announcements that could impact on the council and the services it provides, include a 'points-based immigration system', with the emphasis on immigration for 'skilled workers'. This could have a significant effect for the social care sector where high thresholds for skilled workers and required academic qualifications will be challenging for home care providers looking to recruit staff.

On housing, landlords will get more rights to gain possession of their property and a new 'lifetime deposit' scheme has been proposed which will mean tenants do not have to find a new deposit every time they move. The Government has pledged to cut business rates for large numbers of retailers, pubs and restaurants with the aim of supporting high streets. The government has promised to increase the retail discount on rates by a third to 50%, costing £320m. It has also pledged to take steps to meet net zero greenhouse gas emissions by 2050.

The decision of the United Kingdom to leave the European Union in January 2020 will have a range of significant effects on local government and the communities they serve. The UK Government had allocated over £6bn of funding to local government and businesses to prepare for Brexit. The council is using its Brexit funding to put 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.

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, and is a framework for the Mayor's housing policy including over £4.8bn of affordable housing investment through to 2022.

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

Merton's housing target in the draft New London Plan has increased significantly from 411 new homes per annum to 1,328 new homes per annum, a level of assumed development much higher than Merton has delivered historically. Achieving these targets, based on the pattern of housing delivery in the borough in previous years will be highly challenging, with the additional impact on demand for council services that these new households will bring.

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

An implementation plan has been produced to set out what the Mayor will do between 2018 and 2023 to help achieve the ambitions in the strategy.

Culture Strategy for London

Culture for all Londoners aims to provide Londoners with access to culture on their doorsteps. Culture and the creative industries contribute £52bn to London's economy every year and account for one in six jobs in the capital.

The Strategy has four priorities:

- **Love London** - more people experiencing and creating culture on their doorstep
- **Culture and Good Growth** - supporting, saving and sustaining cultural places
- **Creative Londoners** - investing in a diverse creative workforce for the future
- **World City** - a global creative powerhouse today and in the future.

Economic Development Strategy

In his Economic Development Strategy, the Mayor sets out his plans to create a fairer, more inclusive economy that works for all Londoners and businesses.

The strategy has three main goals:

- **opening up opportunities** – everyone should be able to benefit from all our city offers
- **growth** – ensuring our economy will continue to thrive and is open to business
- **innovation** – to make London a world leader in innovation, technology and a hub of new ideas and creativity

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

The London Food Strategy

The Mayor has made food a key part of his social fairness and economic equality agenda. In the London Food Strategy, the Mayor has put food at the heart of London's approach to tackling a number of issues including child obesity, food insecurity and climate change.

The strategy's six chapters reflect this approach:

- **Good Food at Home, and Reducing Food Insecurity** - Helping to ensure all Londoners can eat well at home and tackling rising levels of food insecurity.
- **Good Food Economy, Shopping and Eating Out** - Supporting good food businesses to improve London's food environment and make healthy, affordable options more widely available to Londoners.
- **Good Food in Community Settings and Public Institutions** - Working with public sector partners to improve their food procurement for the communities they serve.
- **Good Food for Pregnancy and Childhood** - Using good food to help give Londoners the best possible start to life.
- **Good Food Growing, Community Gardening and Urban Farming** - Promoting the multiple benefits of food growing for individuals and communities.
- **Good Food for the Environment** - Reducing the environmental impact of our food system by making it more efficient, more sustainable and less wasteful.

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 2019 is:

- Labour: 33 councillors
- Conservative: 17 councillors
- Liberal Democrats: Seven 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 2019 the council, excluding schools, had 1,579 FTE (head count 1,762) 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 440 FTE employees, Corporate Services had 444 FTE, Community and Housing had 358 FTE, and Environment and Regeneration 336 FTE.

Overall, 67.5% of the council's workforce is female, which is above the London average of 62.4% as at 31 March 2019. 33.1% are from an ethnic minority background compared to a London average of 40.0%. 5.3% of the workforce is recorded as having a disability, which is above the London average of 5.2%. The majority of employees (46.1%) are aged between 50 and 64, with 23.1% aged between 25 and 39 and 23.1% aged between 40 and 49. 3.5% 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 projected population at 2019 of just over 210,000 residents living in 85,000 properties.

Population

The biggest proportion of the population (9.3%) is aged between 35-39. The proportion of the population that is working-age (16-64) is 63.4%, while 17.8% of the population is aged 65 or over, just below the London average of 17.9%. Population density is higher in the wards of the east of the borough compared to the wards in the west.

Merton's population is projected to increase to 222,717 by 2025 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. The number of households is projected to rise to 99,000 by 2021, an average annual household growth of 2.2%, with much of the increase expected to be in single person households.

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 77,354, meaning BAME groups make up just under 38% of the population. Merton is one of the most religiously diverse boroughs in London, and Morden is home to the largest mosque in Western Europe.

Business and transport

Served by 12,070 active businesses, the borough's main commercial centres are Mitcham, Morden and Wimbledon, of which Wimbledon is the largest. Other smaller centres include Raynes Park, Colliers Wood, South Wimbledon, Wimbledon Park and Pollards Hill, each with well-developed characters of their own. The borough is predominantly suburban in character, with high levels of commuter flows in and out of central London.

Merton has good connections with the London transport network, with 15 mainline stations and 28 bus routes. Wimbledon is a central transport hub in the South London area and 18 minutes from Waterloo by train, while the suburban station at Mitcham Eastfields puts the east of the borough 25 minutes from Victoria. As well as the regular suburban rail services that run into central London, both the District and Northern underground lines run through the borough. The Tramlink provides connections between Wimbledon and Croydon via Mitcham and Morden, while over ground stations and bus routes provide easy access to neighbouring boroughs.

Green spaces

Merton has more than 100 parks and green spaces, including Wimbledon and Mitcham commons, with 99.6% of the borough within less than 400m distance from a publicly accessible open space. 18% of the borough is open space, compared to a London average of 10%.

Deprivation

Merton ranks as 'very low' in terms of overall social deprivation compared to other London boroughs and nationally in the UK. It is the fifth least deprived of the 33 London boroughs and ranks 214 out of 326 authorities (where 1 is the most deprived) in England. 89 of the 124 lower super output areas (LSOAs) that make up the borough fall above the 50% least deprived in the country. There were 85 in this category in 2015. This overall lack of deprivation does, however, hide inequalities and extremes in the borough between deprived wards 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. The LSOAs where deprivation is highest are located in Figge's Marsh and Pollards Hill, and where deprivation is higher than the London average.

Health

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. However, within the borough there are significant inequalities in health outcomes, aligned with deprivation. 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. 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. 5.6% of people said that their daily activities were limited a lot by a health problem, below the London average of 6.7%. According to data from Public Health England 56.7% of the adult population of the borough are classified as overweight or obese. This is a lower proportion compared to England, but higher than the London average. 68.3% of adults are defined as being physically active.

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 16-64 year olds is 81.3, well above the London average of 74.5. Unemployment in the borough is 4.3%, below the London average of 4.8%. Although unemployment in the borough is below the national and London average, it rises significantly in some of the eastern wards. The median annual pay for residents in Merton in full time employment as at 2019 is £37,925, while for those overall it is £32,692. Both of these figures are above the London average.

As at October 2019, the Claimant Count – numbers claiming Universal Credit and Job Seekers Allowance – is 2.6, just below the London average of 3. The latest figure for the Proportion of 16-18 year olds who are Not in Employment, Education or Training (NEET) is 2.5% for males and 2.2% for females, both of which are below the London average. 13.6% of children in the borough are living in low income families (2016).

Education

The borough currently has just under 29,000 pupils across its local authority maintained primary, secondary and special schools and pupil referral units. 52 out of the 54 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 2019. 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, while 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.

Housing

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. The median average house price in Merton in 2019 is £475,000, the seventeenth highest in London. 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 September 2019) is 69.8. This is the fourth lowest in London during this time, however there are variations, with higher rates of crime in the East (75.13) compared to the West (64.17). Merton has a lower overall crime rate (5.4 total notifiable offences per 1,000 population) compared to London (7.6) (September 2019).

For further information on Merton as a borough, and the Merton population, please see <https://data.merton.gov.uk/>

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 in 2020. Focusing 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 2019-23 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.

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, the latest version of which runs from 2019-2024 and which has four overarching themes: Start Well; Live Well; Age Well; in a Healthy Place.

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. 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 aims to balance the different social, economic and environmental components of the community to meet the needs of existing and future generations. 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>

Section A

Financial Resources

CAPITAL STRATEGY 2020-24

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 2020-24 has been aligned and integrated with the Business Plan for the period 2020-24. 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 2020-24 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 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 corporate ambitions are to:
- Support our most vulnerable residents of all ages;
 - Bridge the gap and reduce inequalities;
 - Create a great place to grow up and live in;
 - Maintain a clean and safe environment;
 - Build resilient communities;
 - Continuously improve.

- 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 2020-2024

- 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 to generate financial returns and aid delivery of strategic objectives.

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 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 kept under review.

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. November monitoring provides the final opportunity for budget managers to re-profile budgets into future financial years and January monitoring provides the final opportunity for budget managers to vire-profile their budgets within 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 2015/16 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 2022/23, from 2022/23 onwards (£10.1 million 22/23 and £32.6 million 23/24) borrowing will be required. Over the period 2020-25 the Authority is scheduled to repay £30.5 million (27%) of long term debt. 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:

MTFS March 2019	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
MRP	5,049	5,911	7,131	7,962
Interest on Borrowing	6,315	6,315	6,364	6,413
Total Borrowing Costs	11,364	12,226	13,495	14,375
Interest on Investments	(269)	(123)	(17)	(9)
Interest on HC Loan	0	0	0	(983)
CCLA Investment Two Loans @ £10m	(395)	(395)	(395)	(395)
Total Borrowing Costs Net of Investment interest	10,700	11,708	13,083	12,988

Proposed Programme Business Plan 2020-24	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
MRP	4,875	5,635	6,950	7,704
Interest on Borrowing	6,315	6,315	6,110	6,082
Total Borrowing Costs	11,190	11,950	13,060	13,786
Interest on Investments	(285)	(137)	(6)	0
Interest on HC Loan	0	0	0	0
CCLA Investment Two Loans @ £10m	(322)	(322)	(322)	(322)
Total Borrowing Costs Net of Investment interest	10,583	11,491	12,733	13,464

Movement in Projected Costs	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
MRP	(175)	(276)	(181)	(259)
Interest on Borrowing	0	0	(254)	(331)
Total Borrowing Costs	(175)	(276)	(434)	(589)
Interest on Investments	(16)	(14)	11	9
Interest on HC Loan	0	0	0	983
CCLA Investment Two Loans @ £10m	73	73	73	73
Total Borrowing Costs Net of Investment Interest	(117)	(217)	(350)	476

6 Capital resources 2020-24

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 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 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.
- 7.2.5 The Authority is currently implementing 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 2020-2024

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	2020/21	2021/22	2022/23	2023/24
	£000s	£000s	£000s	£000s
Sale of Assets	0	0	0	0
Right to buy/VAT Shelter	900	900	900	900
Repayment of One Public Estate	0	(260)	0	0
Total	900	640	900	900

8.1.2 As there is currently not a need to enter into external borrowing until 2022/23, 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	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000's
Capital Expenditure	26,945	47,199	28,966	14,020	23,014
Slippage and Underspends	(1,709)	(12,415)	2,992	3,287	1,015
Total Capital Expenditure *	25,236	34,784	31,958	17,307	24,030
Financed by:					
Capital Receipts * and **	10,128	900	640	900	900
Capital Grants & Contributions	13,527	12,046	10,411	5,469	4,155
Revenue Provisions	1,390	4,032	51	56	30
Net financing need for the year	191	17,806	20,857	10,883	18,944

* 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

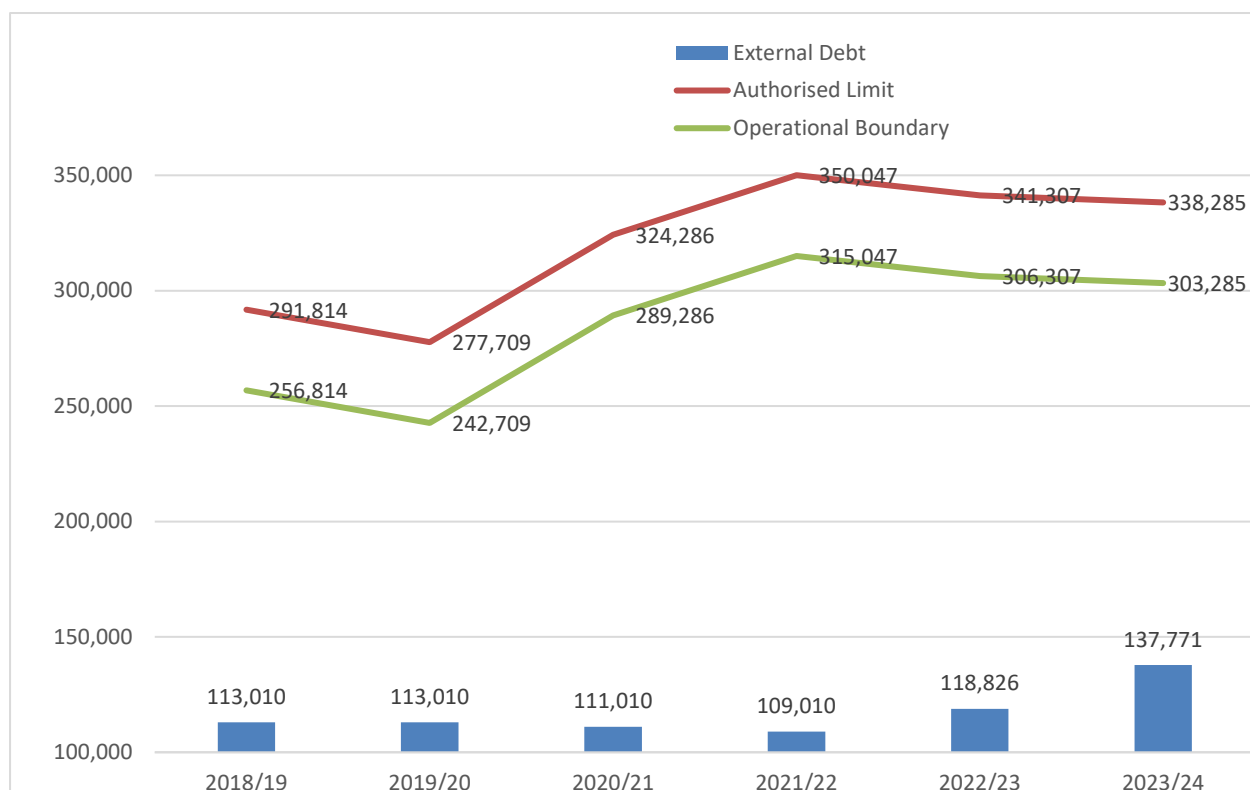
8.1.4 Under the requirements of the Localism Act 2011 parish councils and local voluntary and community organisations have the right to nominate local land or buildings they would like to see included in a list of assets of community value which is maintained by the Local Authority. Once listed the owner 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 5.57%. For the period 2020-24, 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

	Actual November 2019	Value £'000
less than 1 year	0%	-
1 to 2 years	3.54%	4,000
2 years to 5 years	23.45%	26,510
5 years to 10 years	3.98%	4,500
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	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
Heritage Lottery Fund	81	3,028	712	0	0
Transport for London LIP (earmarked) Capital *	2,825	**1,435	**1,300	**1,300	**1,300
Total: E&R	2,906	4,463	2,012	1,300	1,300
School Condition (non-ringfenced)*	1,915	1,900	1,900	1,900	1,900
Basic Need (non-ringfenced)	446	0	0	0	0
Special Provision Grant	1,520	491	0	0	0
Healthy Schools	159	30	0	0	0
Total CSF	4,040	2,421	1,900	1,900	1,900
Devolved Formula Capital (Earmarked)	348	TBA	TBA	TBA	TBA
TOTAL: CSF*	4,388	2,421	1,900	1,900	1,900
Better Care Fund incl. Disabled Facilities Grant)**	1,280	TBA	TBA	TBA	TBA
Total Grant Funding * and **	8,574	6,884	3,912	3,200	3,200

* CSF and TfL Estimated from 2020-21

** Slipped Schemes from 2019/20 and Indicative allocation for 20-24

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	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
Strategic Community Infrastructure Levy	4,004	5,452	4909	840	0
Neighbourhood Community Infrastructure Levy	478	599	0	0	0
Section 106 Agreements	897	621	633	462	145
Total Used to Fund the Programme	5,379	6,672	5,542	1,302	145

10 Summary of Total Resources 2020-24:

10.1 Summary

10.1.1 The total anticipated resourcing of the capital programme after allowing for slippage is summarised in the following table:-

	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
Grant & Contributions *	12,046	10,411	5,469	4,155
Council Funding	22,737	21,546	11,839	19,875
Total	34,784	31,958	17,307	24,030

* The tables in Section 9 show the budget this table summarises the funding position after 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.

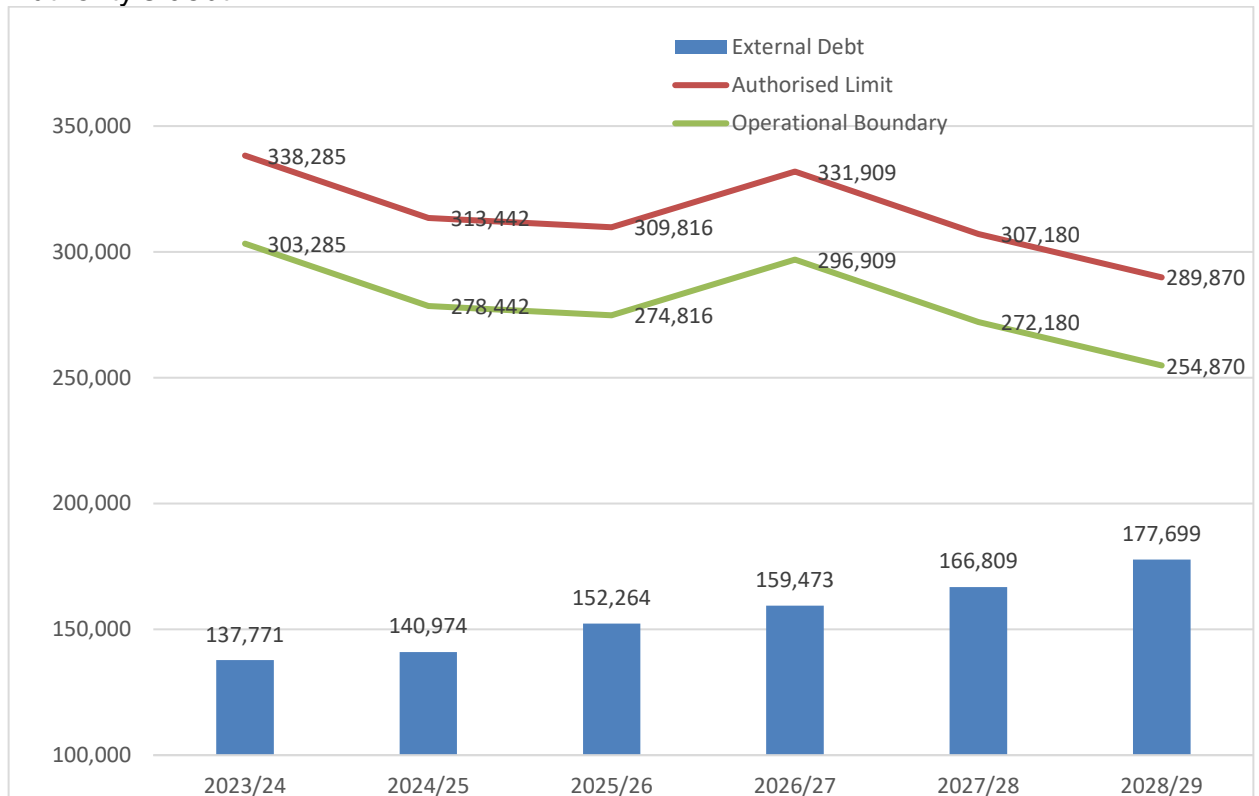
10.1.3 The Table below summarises the Indicative Capital Programme for 2024 to 2029. Additional detail is provided as Annex 5:

Department	Indicative Budget 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29
Corporate Services	3,055	4,186	2,970	3,280	5,670
Community and Housing *	280	630	280	420	280
Children, Schools and Families	1,900	1,900	1,900	1,900	1,900
Environment and Regeneration *	4,039	7,977	4,014	3,979	3,979
Total*	9,274	14,693	9,164	9,579	11,829

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

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.

10.1.5 The Table below shows the impact of the indicative programme 2024-29 on the Authority's debt:



11 Capital Bids and Prioritisation Criteria

11.1 Prioritisation of schemes 2023/24

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 2020-24, on the basis of these criteria by the board to Cabinet was £13 million (including indicative TfL and Housing Company Funding) as shown below.

Department	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services	(6,823)	6,883	(13,105)	10,889
Community and Housing	0	0	0	0
Children, Schools and Families	(1,400)	2,350	0	0
Environment and Regeneration	5,683	3,921	3,442	1,272
Total	(2,540)	13,154	(9,663)	12,161

12 Detailed Capital Programme 2020-24

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 such as the Housing Company.

12.2 Children, Schools and Families

12.2.1 CSF Capital Programme 2020-24

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 (subject to grant funding) 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. Following the delivery of the new Harris Wimbledon Academy through the government's Free School programme, no further secondary school expansion is now planned. The capital programme for 2020/24 includes £0.3 million for the final elements of committed schemes.

12.2.4 Special school places

The increase in demand for special school provision is significant and the council has a lower than average proportion of children attending in-borough state special schools. The government's Special Provision Fund only provides a proportion of the investment needed. Capital funding of just under £5 million is provided in the 2020/24 programme for the expansion of SEN provision within the borough. This includes completion of the expansion of Cricket Green School, providing primary provision for pupils with SEMH (Social, Emotional and Mental Health), expansion of ASD (Autism Spectrum Disorder), and further provision for children with medical needs.

12.3 Environment and Regeneration

12.3.1 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.

12.3.2 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.

12.4 Community and Housing

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 2020-24 is detailed in Annex 3.

12.4.1 Annual capital allocations are available to meet disabled facility grants and provision is made for one off projects.

12.5 Overall Programme

12.5.1 The approved Capital Programme for 2020/24 follows at Annex 1, Annex 3 provides an additional breakdown detail of the approved schemes. The summary is as follows:

Department	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services	22,100	11,128	2,895	15,410
Community and Housing	2,004	913	882	425
Children, Schools and Families	4,566	5,500	1,900	1,900
Environment and Regeneration	18,530	11,425	8,343	5,279
Total	47,199	28,966	14,020	23,014

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 2019/20 is approved, the 2020/21 Capital Programme will be adjusted accordingly.

12.5.4 Annex 1	Capital Investment Programme - Schemes for Approval
Annex 2	Funding the Capital Programme 2020-24
Annex 3	Detailed Capital Programme 2020-24
Annex 4	Analysis of Growth/(Reduction) from current approved programme
Annex 5	Indicative Capital Programme 2024-29
Annex 6	Capital Investment Strategy

Capital Investment Programme - Schemes for Approval

Annex 1

Department	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services	22,100	11,128	2,895	15,410
Community and Housing	2,004	913	882	425
Children, Schools and Families	4,566	5,500	1,900	1,900
Environment and Regeneration	18,530	11,425	8,343	5,279
Total	47,199	28,966	14,020	23,014

Department	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services				
Customer Policy and Improvement	1,350	1,900	0	0
Facilities	1,311	1,250	950	1,675
IT Infrastructure	1,892	1,095	1,245	3,420
Resources	0	0	700	0
Corporate	17,546	6,883	0	10,315
Total Corporate Services	22,100	11,128	2,895	15,410
Community and Housing				
Adult Social Care	39	0	0	0
Housing	1,415	913	742	425
Libraries	550	0	140	0
Total Community and Housing	2,004	913	882	425
Children, Schools and Families				
All Sectors	1,900	1,900	1,900	1,900
Secondary	300	0	0	0
Special	2,366	3,600	0	0
Total Children, Schools and Families	4,566	5,500	1,900	1,900
Environment and Regeneration				
Public Protection and Development	1,104	1,254	480	0
Street Scene and Waste	737	330	670	330
Sustainable Communities	16,689	9,841	7,193	4,949
Total Environment and Regeneration	18,530	11,425	8,343	5,279
Total Capital	47,199	28,966	14,020	23,014

Please Note

1. Excludes budgets relating to future year announcements of Better Care Fund
 2. Includes indicative budgets relating to future year announcements of Transport for London Grant
- OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Heathier Communities and Older People and SC = Sustainable Communities

Merton	Capital Programme £000s	Funded by Merton £000s	Funded by grant and capital contributions £000s
2019/20 Current Budget	26,945	12,686	14,259
Potential Slippage b/f	0	0	0
2019/20 Revised Budget	26,945	12,686	14,259
Potential Slippage c/f	(1,194)	(612)	(582)
Potential Underspend not slipped into next year	(515)	(366)	(150)
Total Spend 2019/20	25,236	11,709	13,527

2020/21 Current Budget	47,199	32,716	14,483
Potential Slippage b/f	1,194	612	582
2020/21 Revised Budget	48,393	33,328	15,065
Potential Slippage c/f	(11,504)	(8,898)	(2,605)
Potential Underspend not slipped into next year	(2,105)	(1,692)	(413)
Total Spend 2020/21	34,784	22,737	12,046

2021/22 Current Budget	28,966	19,233	9,734
Potential Slippage b/f	11,504	8,898	2,605
2021/22 Revised Budget	40,470	28,131	12,339
Potential Slippage c/f	(6,909)	(5,227)	(1,682)
Potential Underspend not slipped into next year	(1,603)	(1,357)	(246)
Total Spend 2021/22	31,958	21,546	10,411

2022/23 Current Budget	14,020	9,238	4,782
Potential Slippage b/f	6,909	5,227	1,682
2022/23 Revised Budget	20,929	14,466	6,464
Potential Slippage c/f	(2,286)	(1,537)	(749)
Potential Underspend not slipped into next year	(1,336)	(1,090)	(246)
Total Spend 2022/23	17,307	11,839	5,469

2023/24 Current Budget	23,014	19,389	3,625
Potential Slippage b/f	2,286	1,537	749
2023/24 Revised Budget	25,300	20,926	4,374
Potential Slippage c/f	(871)	(760)	(110)
Potential Underspend not slipped into next year	(399)	(290)	(109)
Total Spend 2023/24	24,030	19,875	4,155

Detailed Capital Programme 2020-24

Annex 3

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services					
Customer Policy and Improvement					
Customer Contact Programme	OSC	1,350	1,900	0	0
<u>Facilities</u>					
Other Buildings - Capital Building Works	OSC	650	650	650	650
Civic Centre Boilers	OSC	201	0	0	0
Civic Centre Lightning Upgrade	OSC	0	300	0	0
Combined Heat and Power (CHP) System Rep.	OSC	0	0	0	450
Absorption Chiller Replacement	OSC	0	0	0	275
Civic Centre Cycle Parking	OSC	60	0	0	0
Invest to Save schemes	SC	400	300	300	300
<u>IT Infrastructure</u>					
Aligned Assets	OSC	0	75	0	0
Environmental Asset Management	OSC	0	0	240	0
Revenue and Benefits	OSC	400	0	0	0
Capita Housing	OSC	100	0	0	0
ePayments Project	OSC	157	0	0	0
School Admission System	OSC	125	0	0	0
Planning&Public Protection Sys	OSC	200	0	0	550
Spectrum Spatial Analyst Repla	OSC	165	0	0	0
Ancillary IT Systems	OSC	0	50	0	0
Youth Justice IT Systems	OSC	85	0	0	0
Replacement SC System	OSC	0	0	0	2,100
Project General	OSC	390	870	705	770
Data Centre Support Equipment	OSC	150	0	0	0
Network Switch Upgrade	OSC	0	0	200	0
IT Equipment	OSC	120	100	100	0
<u>Resources</u>					
Financial Systems	OSC	0	0	700	0
<u>Corporate</u>					
Acquisitions Budget	OSC	0	0	0	6,985
Capital Bidding Fund	OSC	0	0	0	1,186
Multi-Functioning Device (MFC)	OSC	600	0	0	0
Westminster Coroners Court	OSC	455	0	0	0
Housing Company	OSC/SC	16,491	6,883	0	0
Corporate Capital Contingency	OSC	0	0	0	2,144
Total Corporate Services		22,100	11,128	2,895	15,410

Please Note

1. Excludes budgets relating to future year announcements of Better Care Fund
 2. Includes indicative budgets relating to future year announcements of Transport for London Grant
- OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Heathier Communities and Older People
and SC = Sustainable Communities

Detailed Capital Programme 2020-24 Continued.....

Annex 3

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Community and Housing					
Adult Social Care					
Telehealth	HCOP	39	0	0	0
Housing					
Disabled Facilities Grant	SC/HCOP	927	280	280	280
Learning Disability Aff Housing	SC/HCOP	488	633	462	145
Libraries					
Library Self Service	SC	350	0	0	0
West Barnes Library Re-Fit	SC	200	0	0	0
Library Management System	SC	0	0	140	0
Total Community and Housing		2,004	913	882	425

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Children, Schools and Families					
All Sectors					
Unallocated - Schools Capital maintenance	CYP	1,900	1,900	1,900	1,900
Secondary					
Harris Academy Wimbledon New School	CYP	300	0	0	0
Special					
Perseid - Schools Capital maintenance	CYP	8	0	0	0
Cricket Green School Expansion	CYP	100	0	0	0
Melrose Primary SEMH annexe 16	CYP	1,150	400	0	0
Melrose Secondary SEMH 14 Places	CYP	200	750	0	0
Harris Morden Sec Autism Unit	CYP	160	1,200	0	0
Further SEN Provision	CYP	288	0	0	0
Primary ASD base 1-20 places	CYP	100	0	0	0
Secondary SEMH/medical PRU	CYP	80	800	0	0
New ASD Provision	CYP	250	450	0	0
Melbury College - Healthy Schools	CYP	30	0	0	0
Total Children, Schools and Families		4,566	5,500	1,900	1,900

Please Note

1. Excludes budgets relating to future year announcements of Better Care Fund
 2. Includes indicative budgets relating to future year announcements of Transport for London Grant
- OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Healthier Communities and Older People and SC = Sustainable Communities

Detailed Capital Programme 2020-24 Continued.....

Annex 3

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Environment and Regeneration					
Public Protection and Development					
P&D machines for emission-based charging	SC	500	0	0	0
Car Park Upgrades	SC	464	520	0	0
CCTV cameras and infrastructure upgrade	SC	140	699	480	0
Public Protection and Developm	SC	0	35	0	0
<u>Street Scene and Waste</u>					
Replacement of Fleet Vehicles	SC	584	300	300	300
Envir. Imps - Mechanical Street Washer	SC	75	0	0	0
Alley Gating Scheme	SC	30	30	30	30
Waste SLWP IT & Premises	SC	18	0	0	0
Waste Bins	SC	30	0	0	0
Replacement of Fleet Vehicles	SC	0	0	340	0
<u>Sustainable Communities</u>					
Street Tree Programme	SC	60	60	60	60
New street tree planting programme	SC	50	50	0	0
Street Lighting Replacement Prog.	SC	290	290	290	290
Casualty Reduction & Schools	SC	70	0	0	0
Traffic Schemes	SC	250	150	150	150
Surface Water Drainage	SC	69	69	69	69
Repairs to Footways	SC	1,000	1,000	1,000	1,000
Maintain AntiSkid and Coloured Surface	SC	70	70	70	70
Borough Roads Maintenance	SC	1,200	1,200	1,200	1,200
Highways bridges & structures	SC	480	260	260	260
Bishopsford Bridge	SC	2,000	690	0	0
Culverts Upgrade	SC	250	250	0	0
Unallocated TfL	SC	1,300	1,300	1,300	1,300
Cycle access/parking	SC	10	0	0	0
Lost Rivers Repairs	SC	100	100	100	0
Mitcham Town Centre	SC	382	0	0	0
Figges Marsh	SC	55	0	0	0
Regeneration - Canons - Parks for People	SC	2,244	533	0	0
Wimbledon Public Realm Implementation	SC	500	500	500	0
Crowded Places-Hostile Vehicl	SC	268	0	0	0
Morden TC Regeneration Match Funding	SC	2,000	2,500	1,500	0
Haydons Road Shop Front Improvement	SC	204	0	0	0
Christmas Lighting	SC	95	0	0	0
Vacant Premises Upgrade	SC	25	0	0	0
Wimbledon Park Lake Reservoir Safety	SC	1,318	0	0	0
Leisure Centre Plant & Machine	SC	250	250	250	250
Parks Investment	SC	300	300	300	300
Parks - Canons - Parks for People	SC	1,188	179	0	0
Merton Park Green Walks	SC	38	0	0	0
Abbey Recreation Ground	SC	40	0	0	0
New interactive water play feature at Wimbledon Park	SC	226	0	0	0
Wimbledon Park Surfacing of top entrance car park	SC	40	0	0	0
Paddling Pools (borough wide) OPTION 1	SC	90	90	90	0
Paddling Pools (borough wide) OPTION 2	SC	226	0	0	0
Mortuary Provision	SC	0	0	54	0
Total Environment and Regeneration		18,530	11,425	8,343	5,279
Total Capital		47,199	28,966	14,020	23,014

**Growth/(Reductions) against Approved Programme 2020-23 and Indicative
Programme 2023-24**

Department	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services	(6,823)	6,883	(13,105)	10,889
Community and Housing	0	0	0	0
Children, Schools and Families	(1,400)	2,350	0	0
Environment and Regeneration	5,683	3,921	3,442	1,272
Total	(2,540)	13,154	(9,663)	12,161

Department	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services				
Facilities	60	0	0	725
IT Infrastructure	0	0	(100)	(151)
Corporate	(6,883)	6,883	(13,005)	10,315
Total Corporate Services	(6,823)	6,883	(13,105)	10,889
Children, Schools and Families				
Special	(1,400)	2,350	0	0
Total Children, Schools and Families	(1,400)	2,350	0	0
Environment and Regeneration				
Public Protection and Development	1,104	1,219	480	0
Street Scene and Waste	75	0	0	0
Sustainable Communities	4,504	2,702	2,962	1,272
Total Environment and Regeneration	5,683	3,921	3,442	1,272
Total Capital	(2,540)	13,154	(9,663)	12,161

Indicative Capital Programme 2024-29

Annex 5

Department		Indicative Budget 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29
Corporate Services						
Customer Contact Programme	OSC	0	1,000	1,000	1,000	0
Other Buildings - Capital Building Works	OSC	650	650	650	650	650
Invest to Save schemes	OSC	300	300	300	300	300
Aligned Assets	OSC	0	0	0	75	0
Environmental Asset Management	OSC	0	0	0	250	0
Revenue and Benefits	OSC	0	400	0	0	0
Capita Housing	OSC	0	100	0	0	0
ePayments Project	OSC	0	125	0	0	0
School Admission System	OSC	0	125	0	0	0
Planning&Public Protection Sys	OSC	0	0	0	0	550
Kofax Scanning	OSC	0	100	0	0	0
Spectrum Spatial Analyst Repla	OSC	0	200	0	0	0
Parking System	OSC	0	126	0	0	0
Ancillary IT Systems	OSC	0	0	50	0	0
Youth Justice IT Systems	OSC	100	0	0	0	0
Planned Replacement Programme	OSC	1,405	1,060	970	1,005	770
Financial Systems	OSC	0	0	0	0	700
Multi-Functioning Device (MFC)	OSC	600	0	0	0	600
Total Corporate Services		3,055	4,186	2,970	3,280	5,670
Community and Housing						
Disabled Facilities Grant	SC/HCOP	280	280	280	280	280
Library Self Service	SC	0	350	0	0	0
Library Management System	SC	0	0	0	140	0
Total Community and Housing		280	630	280	420	280
Children, Schools and Families						
Unallocated - Schools Capital maintenance	CYP	1,900	1,900	1,900	1,900	1,900
Total Children, Schools and Families		1,900	1,900	1,900	1,900	1,900
Environment and Regeneration						
Pay and Display Machines	SC	60	0	0	0	0
Public Protection and Developmnt	SC	0	0	35	0	0
Replacement of Fleet Vehicles	SC	300	300	300	300	300
Alley Gating Scheme	SC	30	30	30	30	30
Waste SLWP IT & Premises	SC	0	42	0	0	0
Replacement of Fleet Vehicles	SC	0	3,956	0	0	0
Street Tree Programme	SC	60	60	60	60	60
Street Lighting Replacement Pr	SC	290	290	290	290	290
Traffic Schemes	SC	150	150	150	150	150
Surface Water Drainage	SC	69	69	69	69	69
Repairs to Footways	SC	1,000	1,000	1,000	1,000	1,000
Maintain AntiSkid and Coloured Surface	SC	70	70	70	70	70
Borough Roads Maintenance	SC	1,200	1,200	1,200	1,200	1,200
Highways bridges & structures	SC	260	260	260	260	260
Leisure Centre Plant & Machine	SC	250	250	250	250	250
Parks Investment	SC	300	300	300	300	300
Total Environment and Regeneration		4,039	7,977	4,014	3,979	3,979
Total Capital		9,274	14,693	9,164	9,579	11,829

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 2020-21 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.

From 1 April 2018 (financial year 2018/19) the International Financial Reporting Standard 9 (Financial Instruments) came into force. Its purpose was to make accounting for financial instruments more transparent. By the end of financial year 2019/20 the Council will have a financial investment in the wholly owned housing company of £1.91 million. This investment will appear in the Council's accounts but will not appear in the Group Accounts (i.e those for the Council and its two subsidiaries) as it will be eliminated through the consolidation process which will offset the investment by the Council against the share capital in the Housing Company. There will however be an explanatory note added as part of documentation and this will consider the risk involved in such an investment.

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 £13.766 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. Investment in the wholly owned housing company should not only provide a financial return but will increase the Authority's housing provision and investment currently in the east of the borough.
- 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- 2020-21

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 2020/21 to 2023/24
- b) Approve the Minimum Revenue Provision (MRP) policy for 2020/21; and
- c) To agree the Treasury Management Strategy for 2020/21.

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. CIPFA Prudential Code
- ii. MHCLG, MRP investment guidance
- iii. CIPFA TM Code
- iv. 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 2020/21

The strategy for 2020/21 covers two main areas:

1. Capital Programme

- To determine the Council's capital plans and prudential indicators for 2020/21 to 2023/24;
- To approve the Minimum Revenue Provision (MRP) policy.
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 2020/21
- current treasury position as at December 2019;
- 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 2020/21 – 2023/24

The Council is required to calculate various indicators for the next three 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.

Capital Forecast	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Corporate Services	14,658	14,226	5,697	15,316
Children Schools & Families	1,609	904	842	550
Community & Housing	4,357	5,280	2,067	1,843
Environment & Regeneration	14,160	11,549	8,701	6,320
Total	34,784	31,958	17,307	24,030

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 2019

Capital Expenditure	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Capital Expenditure	26,945	47,199	28,966	14,020	23,014
Slippage	(1,709)	(12,415)	2,992	3,287	1,015
Leasing Budgets in Programme after Slippage	0	(600)	0	0	0
Total Capital Expenditure	25,236	34,184	31,958	17,307	24,030
Financed by:					
Capital Receipts	10,128	900	640	900	900
Capital Grants & Contributions	13,527	12,046	10,411	5,469	4,155
Revenue Provisions	1,390	4,032	51	56	30
Net financing need for the year (a)	191	17,207	20,857	10,883	18,944

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 2020/21 is expected.

The 2019/20 forecast movement in CFR shows a decrease of £7.052 million because the expenditure to be funded from borrowing in 2018/19 is less than the amount of MRP charged in the year.

The current cashflow projection as at December 2019 for 2019/20 year end is an estimated cash balance of £105m (including all short term deposits). The current forecast has been based on assumptions in the MTFS and capital programme spend forecast after slippage.

The 2020/21 forecast capital outturn of £34.8m, 2021/22 of £32.0m, and 2022/23 of £17.3m 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 2021/22 in anticipation for 2022/23. 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:

	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Capital Financing Requirement						
CFR b/f	183,712	179,912	172,860	195,148	207,028	207,566
Total CFR c/f	179,912	172,860	195,148	207,028	207,566	215,528
Movement in CFR	(3,800)	(7,052)	22,288	11,881	538	7,961
Movement in CFR represented by						
Net financing need for the year (above)	0	191	17,207	20,857	10,883	18,944
Less Capital MRP/VRP (b)	(4,908)	(4,900)	(4,875)	(5,635)	(6,950)	(7,704)
Less Other MRP/VRP - leasing and PFI	(620)	(1,521)	(817)	(695)	(682)	(697)
Less Other MRP/VRP - PFI - Termination	(735)	(788)	(844)	(905)	(970)	(1,040)
Less Other financing movements						
Adjustment of PFI Liability	2,497					
Adjustment of Leasing Liability	(36)	(34)	11,616	(1,741)	(1,742)	(1,542)
Adjustment of MRP						
Movement in CFR	(3,802)	(7,052)	22,288	11,881	538	7,961

* Figures include the estimated impact of IFRS 16 plus £0.5 million allowance for operational leases for vehicles (assumed lease length 5 years) and a £5 million cushion for other operational leases (assumed lease length 10 years)

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 (interest charges of long-term borrowing).

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

	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Net Revenue Financing Costs	6,478	153	1,655	905	(727)	(1,784)
Net Revenue Stream	148,757	143,265	140,741	156,703	151,586	155,047
Ratio of Financing Costs to Net Revenue Stream (Non HRA)	4.35%	0.11%	1.06%	0.60%	(0.47)%	(1.12)%

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.

	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Incremental Change in Capital Financing Costs (£000)	4,747	(6,325)	1,502	(750)	(1,632)	(1,057)
Council Tax Base	74,124	74,952	75,990	76,370	76,752	77,136
Incremental Impact on Council Tax - Band D (£)	64.04	(84.39)	19.77	(9.82)	(21.26)	(13.70)
Council Tax - Band D (£)	1,169.36	1,227.82	1,276.92	1,302.45	1,328.49	1,355.05

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.

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
Equity	20
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.

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a “gradual pace and to a limited extent”. Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

Bond yields / PWLB rates. There has been much speculation during 2019 that the bond market has gone into a bubble, as evidenced by high bond prices and remarkably low yields. However, given the context that there have been heightened expectations that the US was heading for a recession in 2020, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years. We have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated, as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.

During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts; at various times this correlation has been strong but at other times weak. However, forecasting the timing of this, and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields.

One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty-year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government. Investors could be fretting that this condition might become contagious to other western economies.

Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt-fuelled boom that now makes it harder for central banks to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential doom loop. (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. 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.

In addition, PWLB rates are subject to ad hoc decisions by H.M. Treasury to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9.10.19.

Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. 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 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9.10.19. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management. While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower

investment returns), to any new short or medium-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 2019 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	2018/19 Restated £000s	2019/20 Estimate £000s	2020/21 Estimate £000s	2021/22 Estimate £000s	2022/23 Estimate £000s	2023/24 Estimate £000s
External Debt at 1 April	113,010	113,010	113,010	111,010	109,010	118,826
Expected change in Debt (repayment and new debt)	0	0	(2,000)	(2,000)	9,816	18,945
Closing External Debt	113,010	113,010	111,010	109,010	118,826	137,771
Closing Balance PFI	19,042	17,521	16,704	16,010	15,328	14,630
Closing Partial termination Balance PFI	12,552	11,764	10,920	10,015	9,045	8,005
Total PFI	31,594	29,285	27,624	26,025	24,373	22,635
Closing Balance Finance Leases	819	791	12,407	10,666	8,924	7,381
Closing Balance Salix	5	0	0	0	0	0
Actual Gross Debt at 31 March	145,429	143,086	151,041	145,700	152,123	167,788
Capital Financing Requirement (CFR)	179,912	172,860	195,148	207,028	207,566	215,528
(Under)/over Borrowing	(34,483)	(29,774)	(44,106)	(61,328)	(55,444)	(47,740)

* Figures include the estimated impact of IFRS 16 plus £0.5 million allowance for operational leases for vehicles (assumed lease length 5 years) and a £5 million cushion for other operational leases (assumed lease length 10 years)

The table contained in section 4.2 shows the CFR forecast for 2019/20 to 2023/24. 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 2020/21, 2021/22, 2022/23 and 2023/24 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.

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)

	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
	Estimate	Estimate	Estimate	Estimate	Estimate
Capital Financing Requirement	172,860	195,148	207,028	207,566	215,528
Other Long Term Liabilities	69,850	94,138	108,018	98,740	87,757
Operational Boundary	242,709	289,286	315,047	306,307	303,285

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:

	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
	Estimate	Estimate	Estimate	Estimate	Estimate
Capital Financing Requirement	202,860	225,148	237,028	237,566	245,528
Other Long Term Liabilities	74,850	99,138	113,018	103,740	92,757
Authorised Limit	277,709	324,286	350,047	341,307	338,285

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.

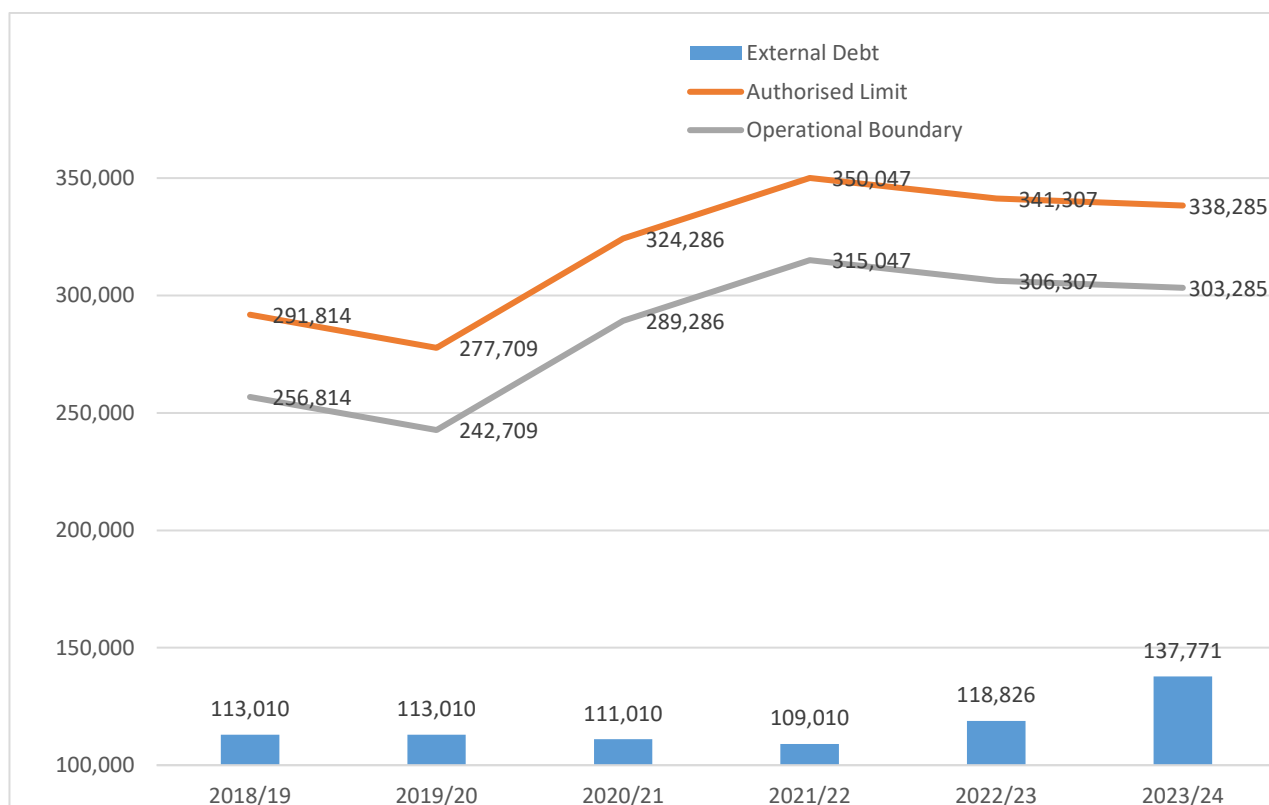
4.4 Treasury Management Limits on Activity

The table below shows the debt related treasury activity limits.

Members are asked to note that the maturity structure guidance changed in The Prudential Code 2017 guidance notes for Lenders Option Borrowers Option (LOBO) Loans, the maturity dates is now deemed to be the next call date.

	Maturity Structure of borrowing 2019/20			
	Actual November 2019	Lower	Upper	Value £'000
less than 1 year	0%	0%	60%	-
1 to 2 years	3.54%	0%	60%	4,000
2 years to 5 years	23.45%	0%	60%	26,510
5 years to 10 years	3.98%	0%	80%	4,500
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

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

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

	2019/20 Estimate %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %
Average Investment Target Return	0.90%	0.95%	1.00%	1.20%	1.25%
Average Investment Target – Property Fund	4.0%	4.0%	4.0%	4.0%	4.0%
Long Term Borrowing Target					
• Current Portfolio	5.22%	5.22%	5.71%	5.71%	5.65%

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. Investment in the wholly owned housing company will not only provide a financial return but will increase the Authority's housing provision and investment in the east of the borough.

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

On any restructuring of debt, the 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).

However rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

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.

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 may wish 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**
- ***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.

Environmental, Social and Governance (ESG)

Merton Council declared the Climate emergency policy in July 2019 and aim to become carbon neutral on Council's buildings and services by 2030. When it comes to Treasury management Merton will take ESG issues into consideration when investing cash in the money markets, speaking to potential counterparties about what they offer within the parameters of the Authority's counterparty criteria and the requirement of the MHCLG Investment Guidance to prioritise security, liquidity before yield in that order of importance.

In terms of typical local authority investments there isn't a wide range of products in this area at the moment, although we expect to see more banks and funds providing specific products over the coming years. As this area continues to develop and become more prominent the council will continue to monitor it and make best use of ESG opportunities when they become available.

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:

2019/20	1.00%
2020/21	1.00%
2021/22	1.25%
2022/23	1.25%

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
2019/20	0.84%
2020/21	1.00%
2021/22	1.00%
2022/23	1.00%
2023/24	1.25%
2024/25	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 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 2019 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Estimated Principal sums invested greater than 365 days	£10m	£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.

5.4 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.

A local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth even though those loans may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity.

Local authorities can make such loans whilst continuing to have regard to this guidance if they can demonstrate in their Strategy that: • Total financial exposure to these type of loans is proportionate;

- They have used an allowed “expected credit loss” model for loans and receivables as set out in International Financial Reporting Standard (IFRS) 9 *Financial Instruments* as adopted by proper practices to measure the credit risk of their loan portfolio;
- They have appropriate credit control arrangements to recover overdue repayments in place; and
- The local authority has formally agreed the total level of loans by type that it is willing to make and their total loan book is within their self-assessed limit.

5.5 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.

5.6 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			
Other institutions limit				-	£5m	1yrs		
Government (DMADF)					unlimited	6 months		
Local authorities				Yellow	£35m	5yrs		
				Fund rating	Money Limit	Time Limit		
Money market funds				AAA	£35m	Instant		
Ultra-Short Dated Bond funds with a credit score of 1.25				Dark pink / AAA	£25m	Instant		
Ultra-Short Dated Bond 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, as well as information on any external support for banks to help support its decision making process.

5.7 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.

5.8 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.

5.9 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.

5.10 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 uses Link Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. 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.

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 2017 Treasury Management 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 2019/20 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 2020/21
- Appendix 5– Glossary
- Appendix 6 – Cashflow Forecast

11. Background Papers

- CIPFA Prudential Code for Capital Finance in Local Authorities 2017 Edition
- CIPFA Treasury Management in the Public Sector 2018 Edition
- 2018/19 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 2020/24
- TM Code of Practice
- MHCLG Investment Guidance
- MHCLG MRP Guidance
- External auditor opinion on MRP provision
- Prudential Property Investment – Draft CIPFA Guidance on the Application of the Prudential Framework June 2019

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

5.6 APPROVED COUNTRIES FOR INVESTMENTS (as at 03/01/2020)

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, 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.

Based on lowest available rating

AAA

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

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Hong Kong
- France
- 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 2020/21**

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 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 Techniques

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

4.3 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.

4.4 Investment Limits

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

4.5 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 and 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 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.

5.5 Policy on Taping of Conversations

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

5.6 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

5.7 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.

5.8 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.

5.9 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.
5. There is also a requirement for the Council to carry out a mid-year report. The purpose of this report is to provide a mid-year review on progress/performance throughout the year against targets set.

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 and members tasked with financial scrutiny 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 and members 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.

London Borough of Merton

Balance Sheet and cashflow Projections

APPENDIX 6

	Revised					
	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)
CFR	179,912	172,860	195,148	207,028	207,566	215,528
PFI Liabilities	(31,594)	(29,285)	(27,624)	(26,025)	(24,373)	(22,635)
Finance Lease Liabilities	(819)	(791)	(12,407)	(10,666)	(8,924)	(7,381)
Underlying Borrowing Requirement	147,499	142,784	155,116	170,338	174,270	185,511
<i>External Borrowing c/fwd</i>	(113,010)	(113,010)	(113,010)	(111,010)	(109,010)	(118,826)
Loan Maturities	0	0	2,000	2,000	310	13,700
New Loans	0	0	0	0	(10,126)	(32,645)
External Borrowing	(113,010)	(113,010)	(111,010)	(109,010)	(118,826)	(137,771)
Under / (Over) Borrowing	34,489	29,774	44,106	61,328	55,444	47,740
<i>Underborrowing as a % of Underlying Borrowing Requirement</i>	23%	21%	28%	36%	32%	26%
General Fund Balance	13,778	13,778	13,778	13,778	13,778	13,778
Collection Fund Adjustment Account	(476)	(476)	(476)	(476)	(476)	(476)
Earmarked reserve	34,393	34,580	25,102	24,237	24,055	23,874
Schools	10,903	16	(9,034)	(22,044)	(36,360)	(52,620)
Capital Receipts Reserve (net)	9,228	1407	0	0	0	0
Provisions (grants, capital grants and insurance)	7,996	3,374	2,702	2,613	2,593	2,593
Capital Grants Unapplied	16,169	19,740	17,116	15,652	18,312	21,812
Amount Available for Investment	91,991	72,419	49,188	33,760	21,902	8,961
Debtors	(37,861)	(44,975)	(44,975)	(44,975)	(44,975)	(44,975)
Creditors and other payables (estimated)	71,691	64,933	64,933	64,933	64,933	64,933
Stock / WIP	(1)	(1)	(1)	(1)	(1)	(1)
Balance LT Debtors	(6,779)	(6,858)	(6,858)	(6,858)	(6,858)	(6,858)
Balance of LT Liabilities	54	54	54	54	54	54
other debtor and advances	12,322	10,151	9,519	8,869	8,390	8,228
Deferred credits / receipts (non-capital)	5,450	5,435	5,435	5,435	5,435	5,435
Working Capital (Deficit) / Surplus	44,875	28,739	28,107	27,457	26,978	26,816
(Under) / Over Borrowing	(34,489)	(29,774)	(44,106)	(61,328)	(55,444)	(47,740)
External Investments/(Borrowing Requirement)	102,377	71,384	33,189	(111)	(6,564)	(11,963)
Strategic LT Investments (eg Property Funds)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Adjusted External Investments/(Borrowing Requirement)	92,377	61,384	23,189	(10,111)	(16,564)	(21,963)
Investments	60,000	48,705	22,645	(76)	(4,478)	(8,162)
Cash & Cash Equivalent	42,377	22,679	10,544	(35)	(2,085)	(3,801)
Total	102,377	71,384	33,189	(111)	(6,564)	(11,963)

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

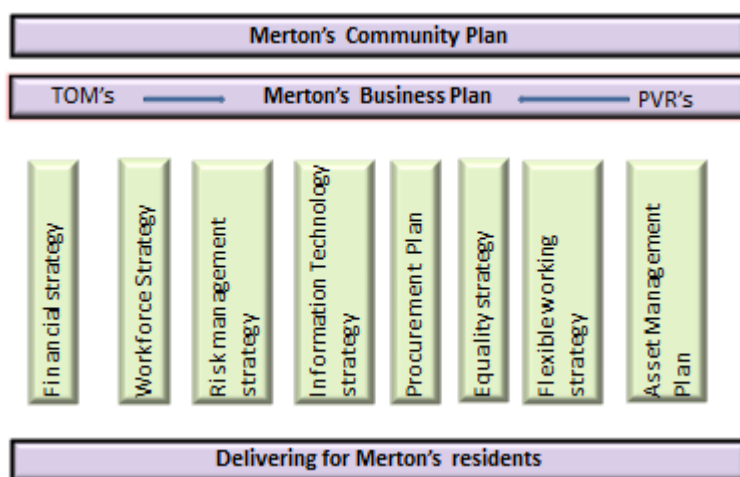
Chief Executive

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.

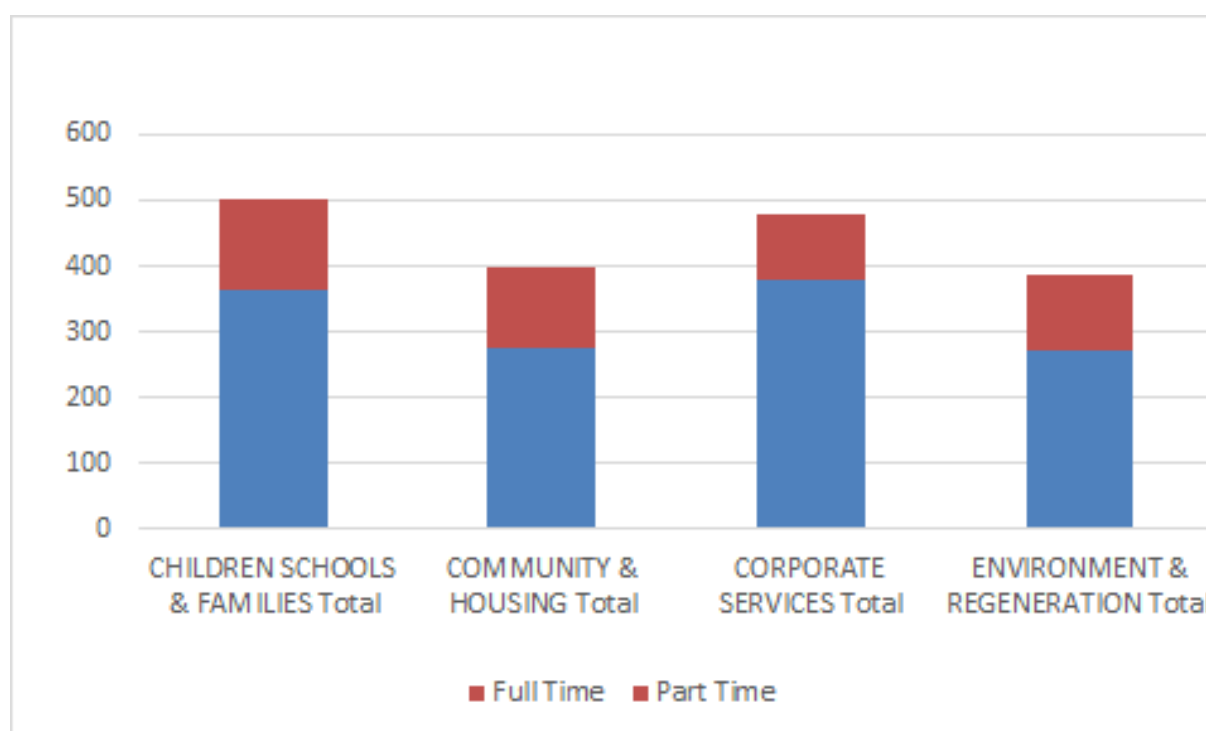
3. HIGH LEVEL SHAPE OF THE WORKFORCE

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 had 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 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

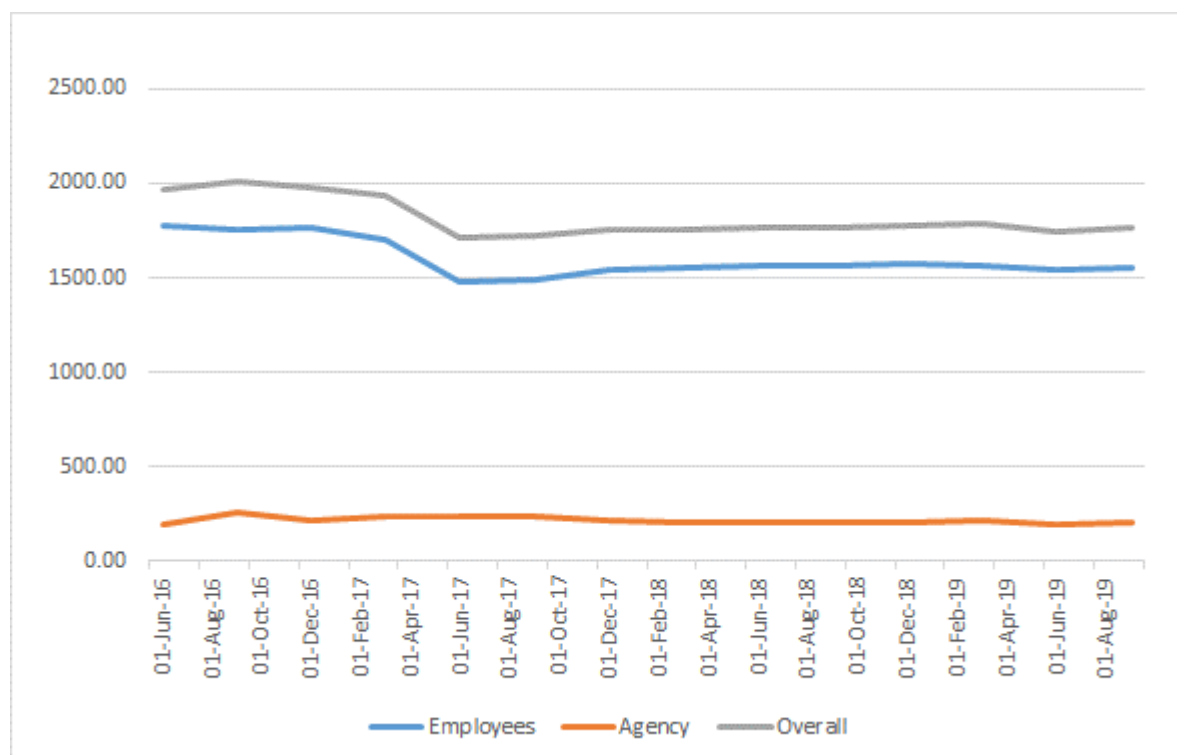
Number of Employees by Department, Part Time and Full Time as at 30th September 2019



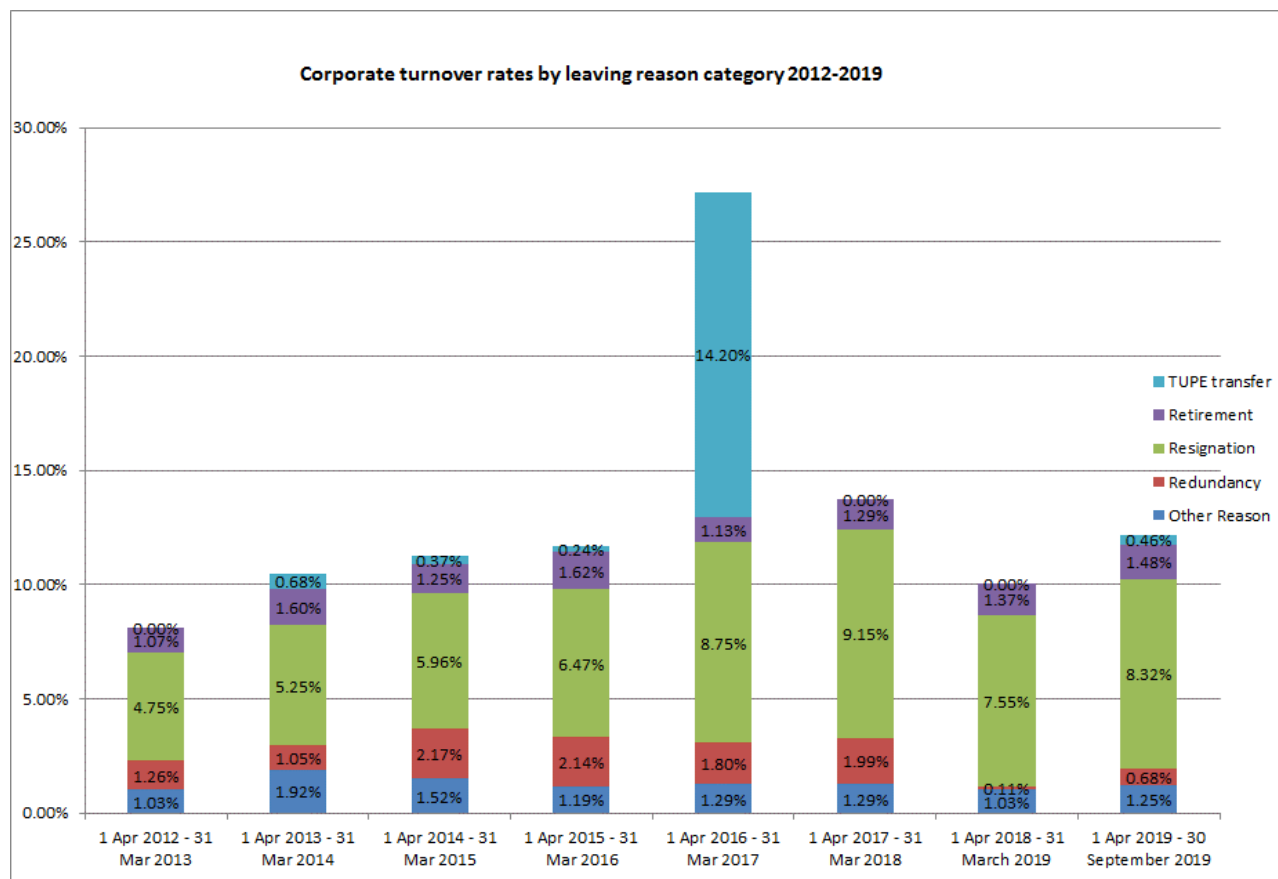
Full Time Equivalent Employees, Agency Workers and Vacancies as 30th September 2019

Department	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Corporate Services	520.03	428.58	91.45	57.99	33.46
Children Schools and Families	563.47	437.57	125.90	48.30	77.60
Community and Housing	439.81	356.48	83.33	41.00	42.33
Environment and Regeneration	453.51	334.19	119.32	60.89	58.43
Total	1976.82	1556.82	420.00	208.18	211.82

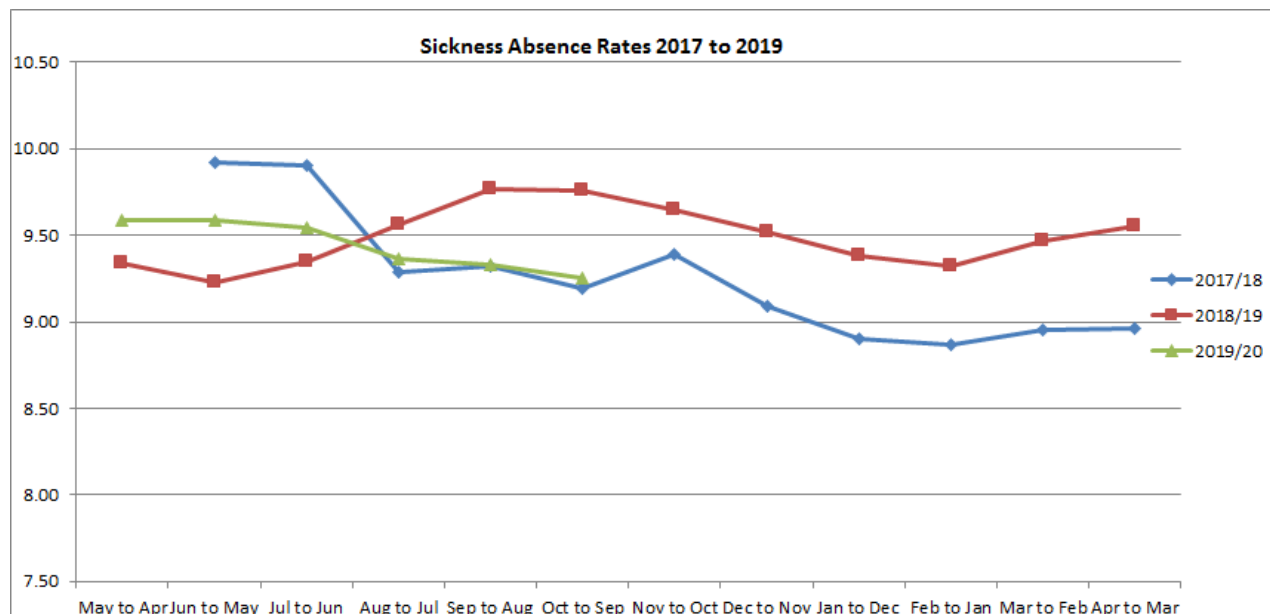
Full Time Equivalent workforce trend 2016-2019



Turnover rates by Leaving Reason 2012-2019

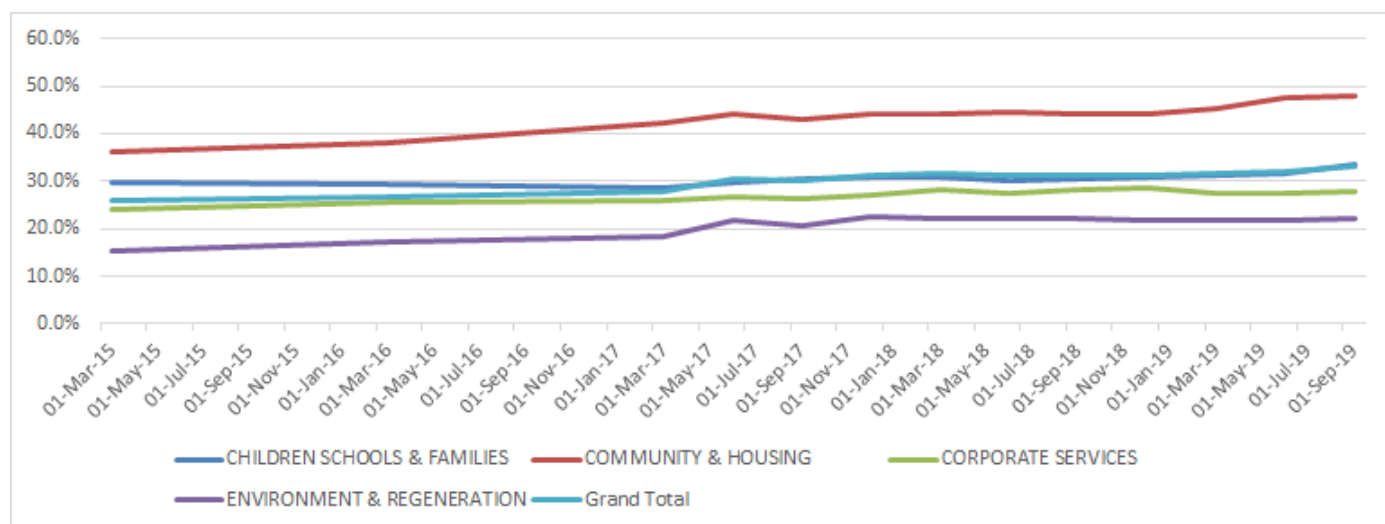


Workforce rolling year sickness trends: working days lost per FTE



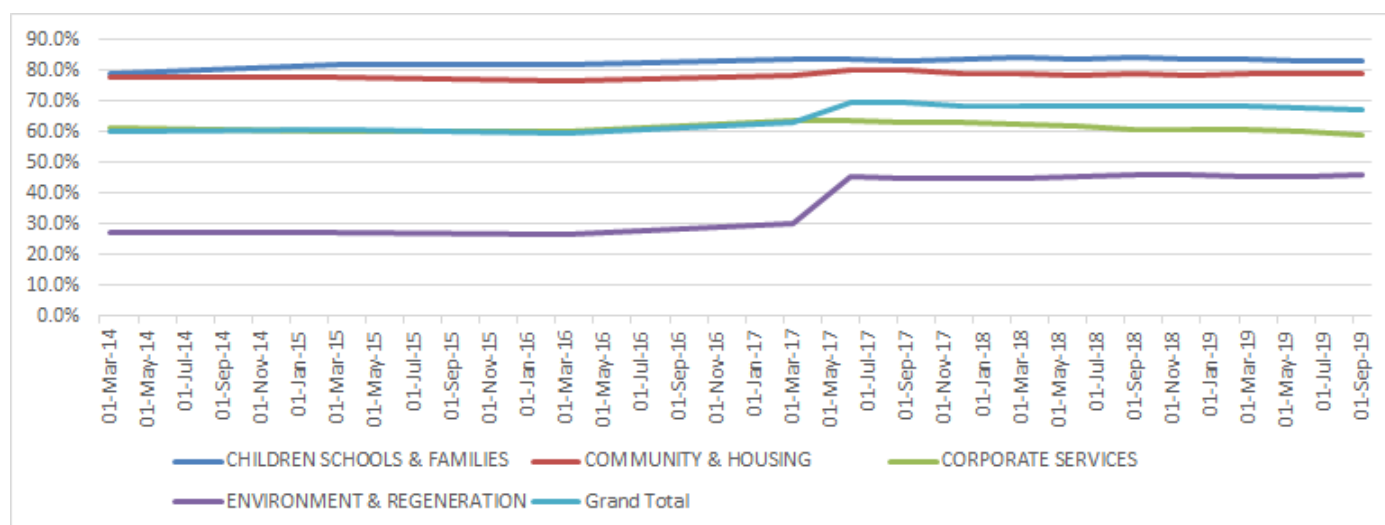
Although sickness levels have fallen since 2018/19 to 2017/18 levels, rates are higher than London averages and remain a corporate priority.

Workforce BME Employee trend 2014-2019.



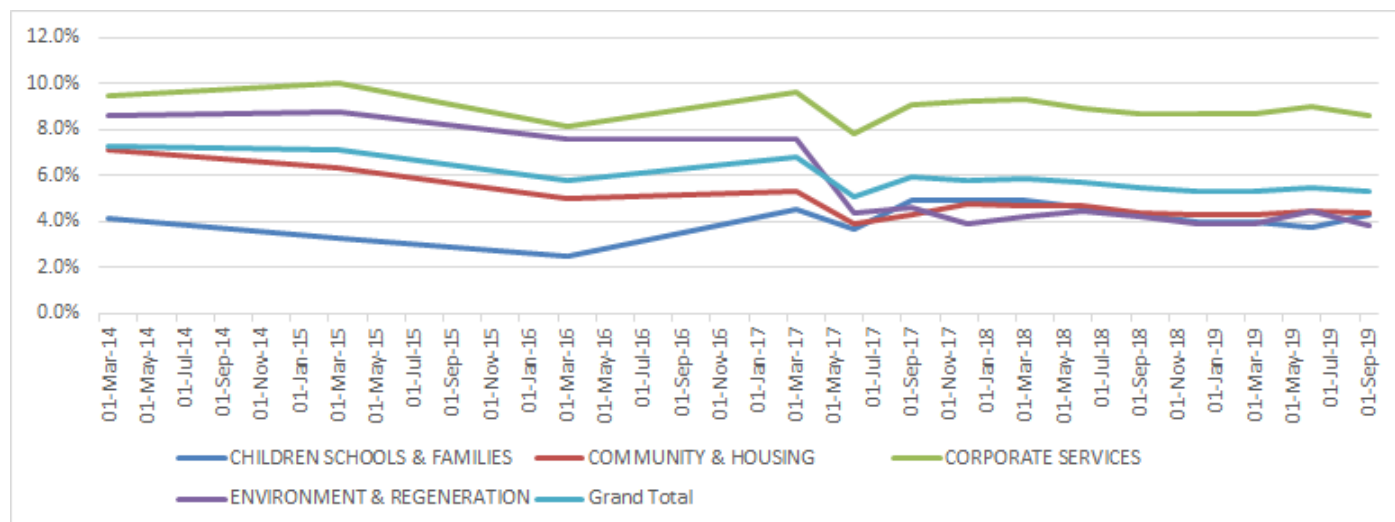
There has been a steady ongoing increase in the % BME employees, with a more marked increase with the transfer out of Green Spaces and Waste Services in February/March 2017.

Workforce Gender trend 2014-2019



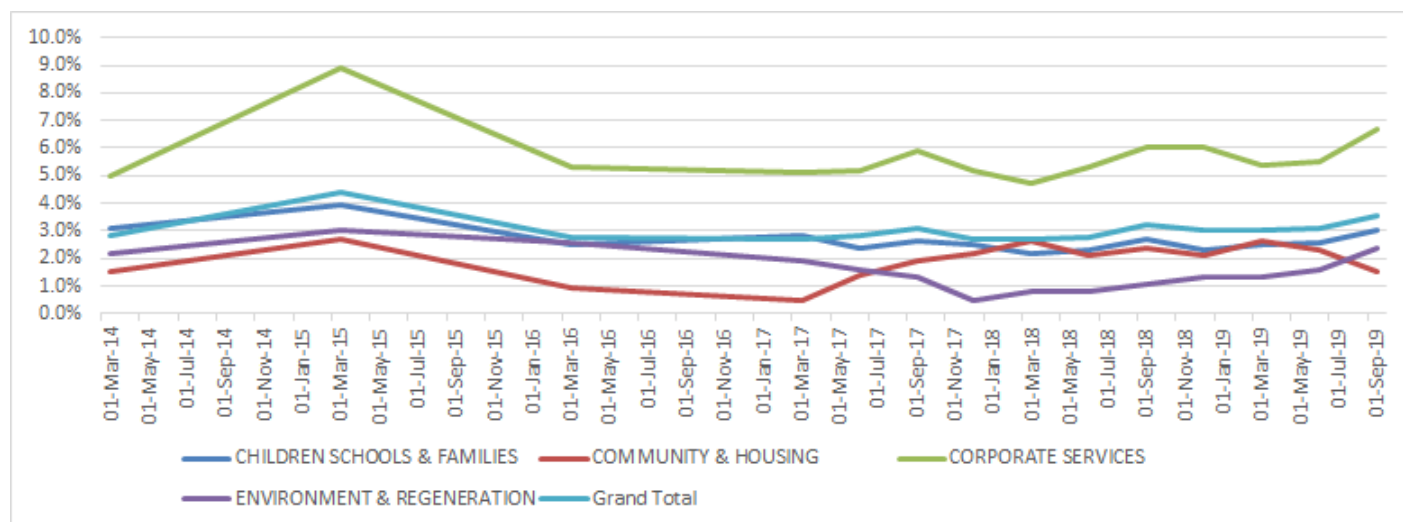
After remaining stable for many years, the percentage of female employees in the workforce increased with the transfer out of the mainly male Green Spaces and Waste services in February/March 2017.

Workforce Disabled trend 2014-2019



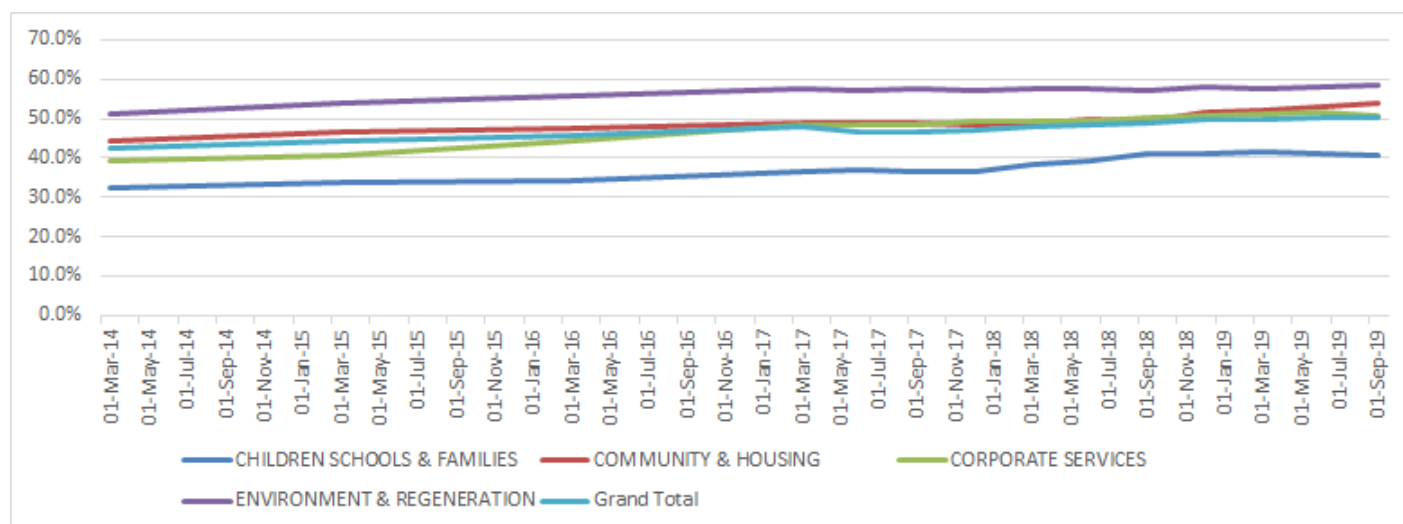
The proportion of employee who have declared a disability has been declining for some years, with a more marked decrease following the Green Spaces/Waste transfers.

Workforce younger employees age 16-24 trend 2014-2019



After a peak during 2014/2015 due to the recruitment of entry-level apprentices, the proportion of young people in the workforce declined. Recruitment of entry-level apprentices continues and numbers have increased in the year 2019-20 to date.

Workforce employees age 50+ trend 2014-2018



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.

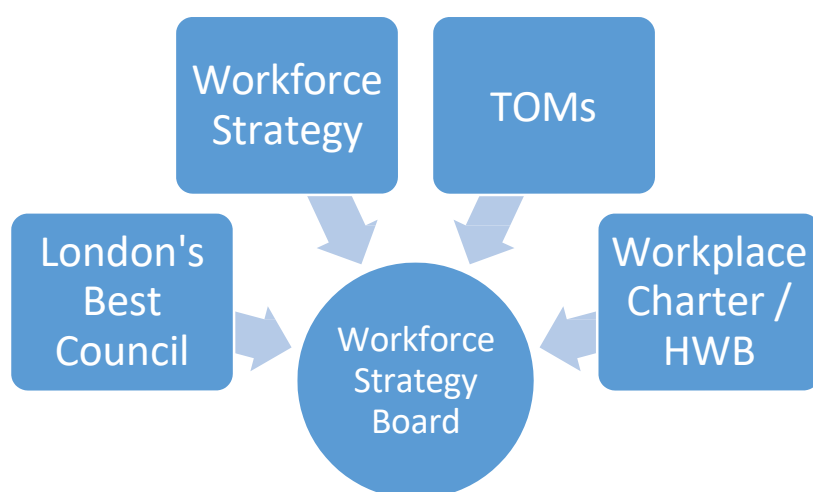
4. STRATEGY

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 Act, 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 £450k 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 2019

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 2020-24
- The MTFS
- Departmental Target Operating Models (TOMS)
- Community Plan
- London's Best Council

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

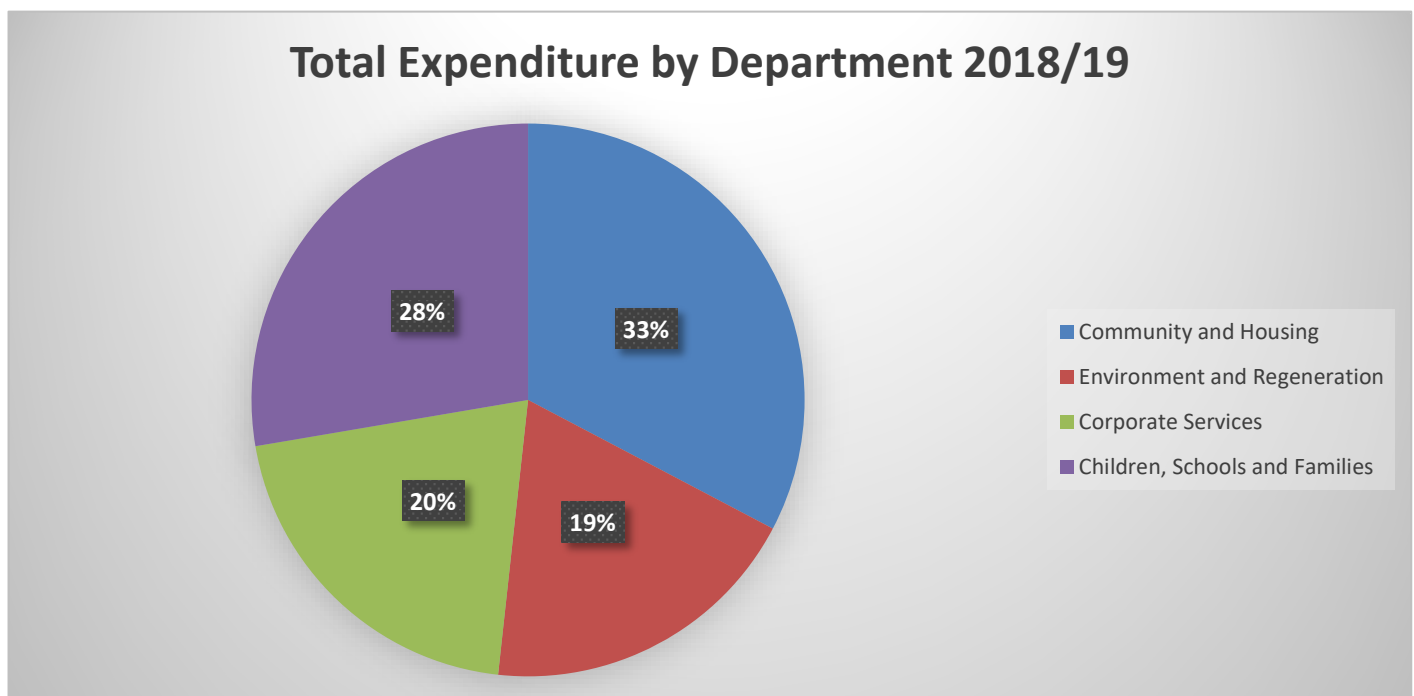
Our vision for procurement is to provide a first class service for our residents whilst we build on best practice to ensure value for money in all our procurement exercises.

Section 3 - Overview of Procurement

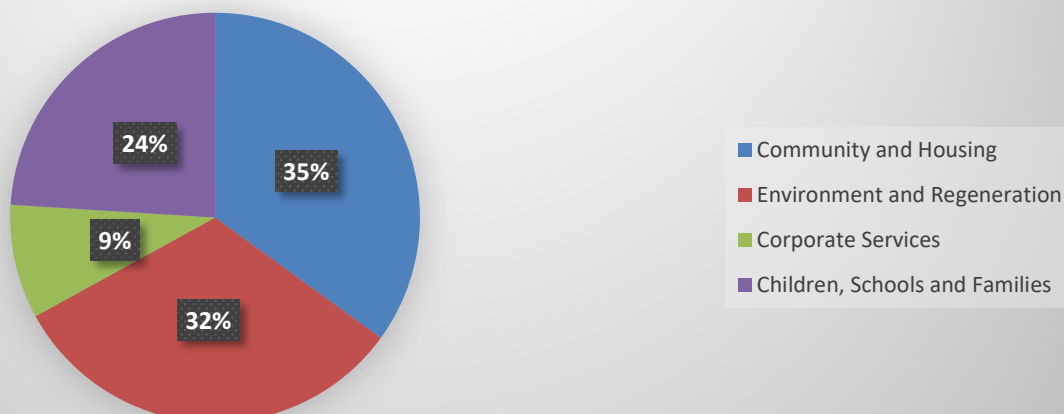
The London Borough of Merton spends approximately £200m each year on goods and services on behalf of Merton's residents. Of that £200m, the Council was able to influence approximately £120m for financial year 2018/19.

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 2018 – 31 March 2019



**Total Expenditure by Department
(excluding non influencable spend)
2018/19 (%)**



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.

Since 2017/18 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. 2020/21 will see the continued implementation of category management across the entire organisation as well as a more robust approach to contract management.

Section 4 – Key Themes

a. Value for Money (VFM)

In the current 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 continue to develop 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 is 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

i. Sustainable and Ethical Procurement

Sustainability is an important consideration when making procurement decisions. It ensures that we consider impact of environmental, economic and social factors of procurement decisions along with price and quality.

Merton is committed to making its spending decisions in a way that delivers both value for money on a whole life cycle basis, and achieving wider economic, social and environmental benefits. It is important to be aware of, and look for signs of unacceptable practices, such as modern slavery, fraud and corruption, in the supply chain

The Council has set targets to become carbon neutral by 2030, including procured

services. Merton will actively consider how services are provided that are in keeping with the targets we have committed to, working with companies who are willing to take an active role in reducing the carbon footprint of their activities in Merton and for their company as a whole.

Principle Objectives

- Ensure all Commercial Services staff undertake the Chartered Institute of Procurement and Supply's (CIPS) online course on Ethical Procurement and Supply
- Require suppliers and contractors to reduce the negative environmental impact of goods, works and services by considering whole life costs; ending our use of single use plastics; and reducing the carbon impacts associated with goods works and services.
- Require information from potential suppliers on how they will help us to progress our environmental objectives as part of the delivery of a contract.
- Require contractors to comply fully with the Modern Slavery Charter 2015, wherever it applies, with contract termination as a potential sanction for non-compliance.
- Challenge any abnormally low-cost tenders to ensure they do not rely upon any potential contractor practising modern slavery.

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 were 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 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. A further review is scheduled to be completed before April 2020.

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 Councils 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)
- 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 2020 include:

Contract Title	Department
Supply and maintenance of self-service technology in libraries	Community & Housing
Community Services (CCG Led Contract)	Community & Housing
Provision of courses for learners with learning difficulties and/or disabilities	Community & Housing
Capital Condition Works Programme 2020	Children, Schools and Families
School Catering 2020 onwards	Children, Schools and Families
Energy and risk management consultancy	Corporate Services
Insurance	Corporate Services
GIS Strategy	Corporate Services
Maintenance contract for public space CCTV and traffic enforcement ANPR cameras	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>

INFORMATION TECHNOLOGY STRATEGY

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 systems 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 has 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
- Minimise the carbon footprint wherever possible

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 (TOMs) and associated delivery plans developed by the Council's businesses throughout 2019/24. 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 Director of Infrastructure & Technology is 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.

Following completion of an internal support services review, the Council has acknowledged the current limited capacity of its ICT service to deliver the large volume of projects and strategic improvements required. On that basis we have initiated a project looking at ways to improve the strategic planning of its IT function, in order to ensure a closer alignment with future business need, whilst also exploring opportunities to potentially increase capacity through the adoption of alternative delivery models.

Through the development of TOMs each business has set out its forecast 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:

- Smarter Working – a programme of coordinated activity designed to further develop modern working practices that make the most effective and efficient use of office space and officer time.
- Customer Contact – a 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.
- Mosaic – the continuing development of the Council's social care information system.
- Financial systems – the continuing development 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 systems architecture have cost implications beyond the initial investment as they will require on-going 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 forecast 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 and IT Security policy.
- 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.
- Systems that comply with the latest accessibility standards to ensure maximum customer inclusion.

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 by active participation in wider initiatives such as Smarter Cities and the IOT.
- 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 SMARTER 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

- Maintain infrastructure and processes that provide 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 Smarter 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 is to manage and agree any alterations that are proposed to the agreed implementation plan that supports this strategy.

The TDA governs and manages development of the Council's systems and IT to ensure that 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 ensures 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), and are there to clarify the practical scope of the board and define the level of change that needs to be referred to the board and that which can be dealt with locally. This will mitigate against the risk of unnecessary bureaucracy and business interruption.

OPERATIONAL DELIVERY

The core delivery plan for the Infrastructure and Technology division 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.

In addition a set of Service Level Agreements sit alongside this strategy and set out agreed metrics and service standards to enable departments to assure and monitor delivery.

BUSINESS CONTINUITY

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

Business continuity arrangements will be further enhanced through the introduction of Office365 across the business, which together with the recent move to Skype for Business allows staff to operate and work seamlessly from any geographic location, in the event that we were no longer able to occupy any of the Councils offices.

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.

On that basis, the Council has made a significant investment over the last few years in its IT Disaster Recovery arrangements and infrastructure, utilising new equipment to provide remote active DR capacity which allows the Councils core business critical systems to continue to operate in the event of a major incident.

These arrangements will also be further enhanced and improved with the planned migration to Office365 and Microsoft Azure in 2020, which will see a large proportion of the Councils operational systems and information being moved to a 'Cloud' based solution and accessible from any geographic location which will significantly improve the current business continuity and disaster recovery arrangements.

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.

Finally, we will continue to map and document the Councils Disaster Recovery processes and produce operational maintenance manuals.

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

APPENDICES:

1. Implementation plan - Breakdown of Capital Information Technology Resourcing 2020-25
2. Technical Design Authority terms of reference
3. List of IT Systems

RELATED DOCUMENTS

Information Technology (IT) Policy

Social Media Protocol

Information Strategy

Appendix 1: IT Strategy Implementation Plan
Breakdown of Capital Information Technology Resourcing 2020-25
(as at December 2019 Monitoring)

Description	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s
Business Systems Development					
Customer Contact	1,350	1,900	0	0	0
Ancillary Systems	0	50	0	0	0
Youth Justice	85	0	0		100
School Admission System	125	0	0	0	0
Aligned Assets (Address Mgmt Sys)	0	75	0	0	0
Environmental Asset Management	0	0	240	0	0
Revenue and Benefits System	400	0	0	0	0
Housing System	100	0	0	0	0
Planning & Public Protection Sys	200	0	0	550	0
GIS Mapping (Spectrum Spatial Analysis)	165	0	0	0	0
Replacement SC System	0	0	0	2,100	0
Improving Financial Information Systems	0	0	700	0	0
ePayments Project	157	0	0	0	0
Total Business Systems Development	2,582	2,025	940	2,650	100
Planned Replacement Programme					
Network Extreme switches	0	0	200	200	200
Data Centre Support Equipment	150				
Blade chassis Replacement	0	0	0	200	0
VM Servers	0	0	0	0	0
VM Dev Servers (RW) (2015)	100	40	0	0	0
DXI	0	0	0	200	0
SAN	0	0	0	0	500
Fibre Switches	0	50	0	0	0
PC's & Laptops	120	100	100	100	100
Proofpoint Replacement	0	50	0	0	0
Servers	50	50	35	0	35
SSLVPN Replacement	0	0	25	0	0
Network and Server Mgmt Consolidation	0	0	0	50	0
Replace DB servers	0	60	0	0	50
UPS Battery Renewal	0	25	0	0	0
DR Site Upgrades	85	50	20	20	20
Replace Fluke equipment	0	20	0	0	0
Civic Centre Recabling	0	70	0	0	0
Replace Proxies	0	150	100	0	0
Replace Info blox	80	35	0	0	0
VDI Server Replacement	0	0	70	0	0
Replace Load Balancing Appliances	75	70	0	0	0
Room Booking Screens	0	0	50	0	0
Update Citrix	0	0	150	0	0
Wifi Rollout Remainder of Civic	0	200	95	0	0
Core Switches Upgrade	0	0	160	0	0
PABX Replacement	0	0	0	0	500
Total Planned Replacement Programme	660	970	1,005	770	1,405
Total Information Technology Capital	3,242	2,995	1,945	3,420	1,505

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 change 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 Technology	Ensure proposals align with strategic direction of the organisation in relation to IT systems and infrastructure
Assistant Director of Customers, Policy & Improvement	Ensure proposals align with strategic direction of the organisation in relation to transformation and change
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

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.

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.

7. Extraordinary Meetings

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

Appendix 3. List of IT Systems

System Name	System Description
3M RFID Self Service / Command Center	Self-service terminals in the libraries used to borrow and return stock and pay library charges. 3M Command Center is used to monitor the self-service terminals and collate stats on the use of the terminals and library visitor numbers. Bibliotheca took over UK 3M operations in 2015 so the terminals are still previously supplied 3M ones, but managed by Bibliotheca.
3Sixty Environmental - FPN	Parking System used to issue FPN's (Fixed Penalty Notices)
Accident Reporting	This is an in-house developed system for recording accidents and potentially violent people.
Achieve Forms	eForm System
Allotments	No longer supported by BST - Supported now by idVerde as part of the South London Waste Partnership (SLWP). Hosted offsite.
App Manager	App Manager is a tool used to monitor software performance and alert administrators if there is a problem.
Bailiffs System	Bailiff System
Capita Housing	Housing Needs system and Insight reporting tool.
CareWorks	Youth Offending Team case management system.
CHAS systems	Contractor Health & Safety
Civica Icon	ePayments System
CallConfirmLivel (CM2000)	A system used to record homecare visits by providers. Sends data to and from Mosaic. Not supported by BST / ITSD.
Competent Persons Loader	Part of the M3 suite of software which together help to manage all Applications, worksheets and processes for Planning, Building Control, Local Land Charges and Regulatory Services.
CRM Dynamics	CRM System
e5	Financial management System
Exacom (CIL)	CIL is a levy that local authorities charge on new developments over a predetermined size in their area. The money is used to fund infrastructure that the council, local community and neighbourhoods want. The Mayor of London also receives a proportion of this money. The Exacom software captures information, calculates charges, levies, surcharges etc, generates notices and manages finance. It also provides alerting when due dates are reached.
EzyTreev	A system used by greenspace to maintain open spaces, parks, schools trees.
fSeries	Integrator for document management between SMART and Mosaic. Shows a combined 'case history' view between both systems.
FME	Converts data between different spatial formats to create visual data workflows. Used by a single user - our Senior GIS Analyst.
Galileo	Audit system - managed by Richard Asamoah-Owusu and the supplier.
Horus	Timesheet system
Imperial (ICES)	ICES 360 system provides a number of different enforcement solutions for Parking, Environmental and Traffic Management

iExchange	Symphony iExchange allows the export of LLPG/NLPG data to other systems in the organisation. It enables the synchronisation of all departmental address data, meaning that everyone will be accessing identical and consistently up to date information.
iManage	Symphony iManage is a Gazetteer Management System (GMS) and has been designed to provide local authorities with the tools to easily create and maintain a BS7666 compliant Land & Property Gazetteer whilst adhering to national data standards at all times.
Kiosk+	Print payment kiosks in the libraries, allowing library users to pay for and release print jobs sent from the PN computers.
M3 L&P	Building Control, Local Land Charges & Regulatory Services system to manage all the Applications, Worksheets and processes for that area.
M3 PP	Planning system to manage all the Applications, Worksheets and processes for that area.
MapInfo Pro	
Mayrise (& Horizons)	This is an Environmental Asset and Street Works Management System. Customer data (manually entered, imports from electoral registrar), Address data, Street data, Asset data, Streetworks data, Map data (live feed from GIS DB10), Enquiries, Contracts. Medical data for applications for disabled Parking Bay. Contains Sensitive personal data.
Blue LMS	E-learning software for the Mosaic Social Care System. The contract is with Servelec Social Care.
Moodle	Moodle is an Open Source Learning Management System (LMS) used by universities, schools, government departments, healthcare organisations, military organisations, airlines, oil companies, Independent educators and many other organisations. In Merton, it is also known as the Learning Zone.
Mosaic	Social care case management and associated finance systems - Adults and Childrens, Transactions and Accountancy.
Netloan	PC booking and print payment software - manages use of People's Network PCs in the libraries
NLPG Addressbase	NLPG AddressBase is a hosted service supplied by Aligned Assets for the full national dataset of BS7666 compliant addresses
Open Revenues	Housing Benefits; Council Tax; Business Rates; Sundry Debtors (Housing benefits overpayment recovery and Business Improvement District fund collection).
Ordnance Survey	Mapping
Peoples Network	This is a public library service covering the People's Network PCs, and the LGfL/Atomwide web filtering.
Planning Portal Connector	Portal
PTC	Manage job Scheduling and production work for OpenRevenues; E5; CHAS; eforms;
RouteFinder	Route calculation system
Sharepoint	Used to create websites and securely store and share information and documents.

SinglePoint	Singlepoint is a piece of software that enables web-based searching of the LLPG database (via DB10 server) or the hosted NLPG service. This enables things like post code searches on our e-forms and then customers can choose their address from a drop down box.
SMART	EDRMS System
SSA - Merton Maps	A web based mapping, GIS and analytics system designed to enable users across the organization to view up to date location data in a map format.
Synergy	School admissions and school attendance data.
TKDialogues	Scripting tool
Transys (KL2)	Used by Transport Operations as a Passenger Management System for vulnerable adults. Helps organise route pickups for Merton's vulnerable adults and children. Holds personal addresses, shared addresses, personal particulars, disabilities, equipment required for transport, seating/space required on vehicle and loading times etc. for use within the various elements of the passenger transport software. Contains Sensitive personal data.
Planet Press	Special Stationary production for various systems including Revenues and Benefits, Finance, Parking, Print to Post and Bailiff.
InstantAtlas - Merton Data Hub	A website that shows anonymised aggregated data about Merton from sources like ONS for the use of strategic planning i.e. Crime, Areas of deprivation etc.
Princh	Printing system for libraries, allowing printing from your phone/website without going on a PN machine.
Corius	Reporting / dashboarding tool for Mosaic. Currently out of date / not supported by Servelec. Excluded from contract fees.
KEL Sigma Plus	Property valuation software
Transys	Used by Transport Operations as a Passenger Management System for vulnerable adults. Helps organise route pickups for Merton's vulnerable adults and children. Holds personal addresses, shared addresses, personal particulars, disabilities, equipment required for transport, seating/space required on vehicle and loading times etc. for use within the various elements of the passenger transport software. Contains Sensitive personal data.
My Neighbourhood	Displays local information like nearest library, polling station
Waste Collection Lookup	Enables Merton residents find out where their next waste collection is.
Symphony	Library Management System - offers library management tools that increase productivity, help identify opportunities for cost savings, and give libraries insights that will improve the end user experience.
Enterprise	Online library service - allows library users to search for stock held in the London Libraries Consortium library branches, renew their loans, place reservations on titles, pay outstanding charges, use online resources such as Encyclopedia Britannica, find out about library events, and much more...
BlueCloud Analytics	Brings enterprise-class reporting for the library.

Section C

Risk Management



London Borough of Merton

Risk Management Strategy

Revised January 2020

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 Standards 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 i.e. the Risk Management Toolkit and other guidance.

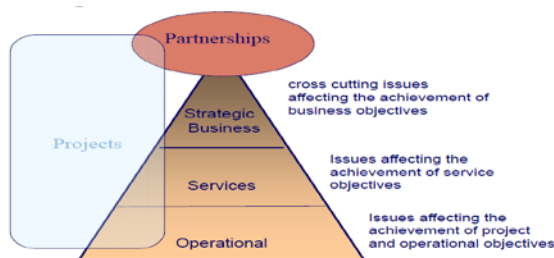
Risk Appetite

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 adjusted 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.

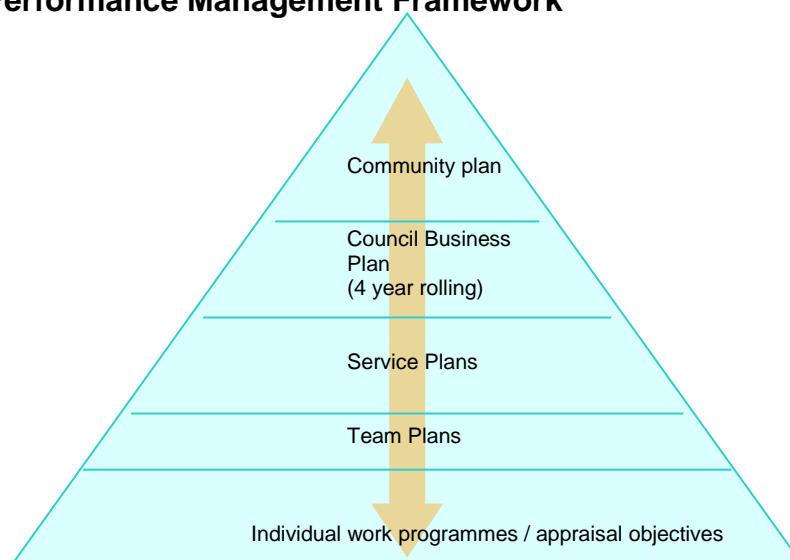
There is also a financial impact element to the authorities risk matrix which has been recently reviewed and simplified. Officers will continue to review activity and adopt best practice etc. where appropriate.

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.

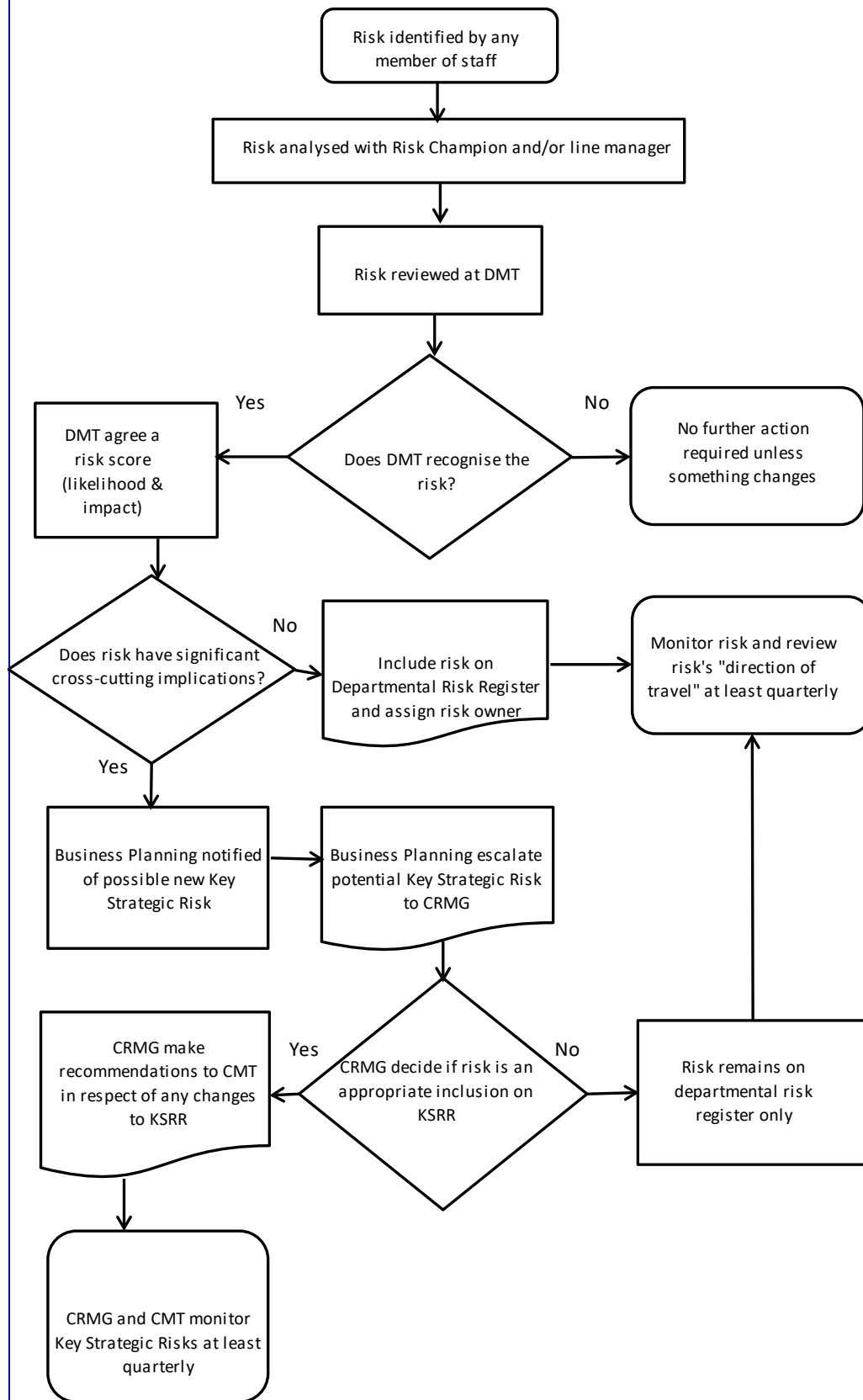
On an annual basis, the committee will review and recommend the adoption of the risk management strategy to cabinet, or if significant changes are identified, to request a revision.

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



Section D

Performance Management Framework

Reviewed December 2019

D. PERFORMANCE MANAGEMENT FRAMEWORK

Introduction

Merton launched its Performance Management Framework in 2004. 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. Sustainable improvements in services are unlikely to happen without this framework.

The framework undergoes annual review and updating when required, to ensure that it remains current and reflects changes within the organisation and outside.

A comprehensive and detailed review was undertaken between October and December 2019, taking forward a recommendation from the 2019 Internal Review of Corporate Working. The purpose of the review was to ensure we retain a strong focus upon the things which matter most to us as an organisation, and that our performance indicators are aligned with our corporate ambitions. The review resulted in approximately one third of our indicators being removed and replaced with more relevant indicators. The overall number of indicators reduced from 210 to 180.

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. The rationale for the relocation was to better enable us to combine data on customers, customer feedback and performance in order to provide the organisation with deeper intelligence, support evidence driven service improvement, and deliver a better customer experience. This relocation has proved effective, and over the past year has contributed to the successful delivery of a number of improvements, most notably in the analysis of performance, and how we report upon performance to the Corporate Management Team.

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 Indicators are robust, challenging and realistic, enabling us to achieve and deliver our objectives.

What is our Performance Management Framework?

Our Performance Management Framework clarifies 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 helps us all to understand:

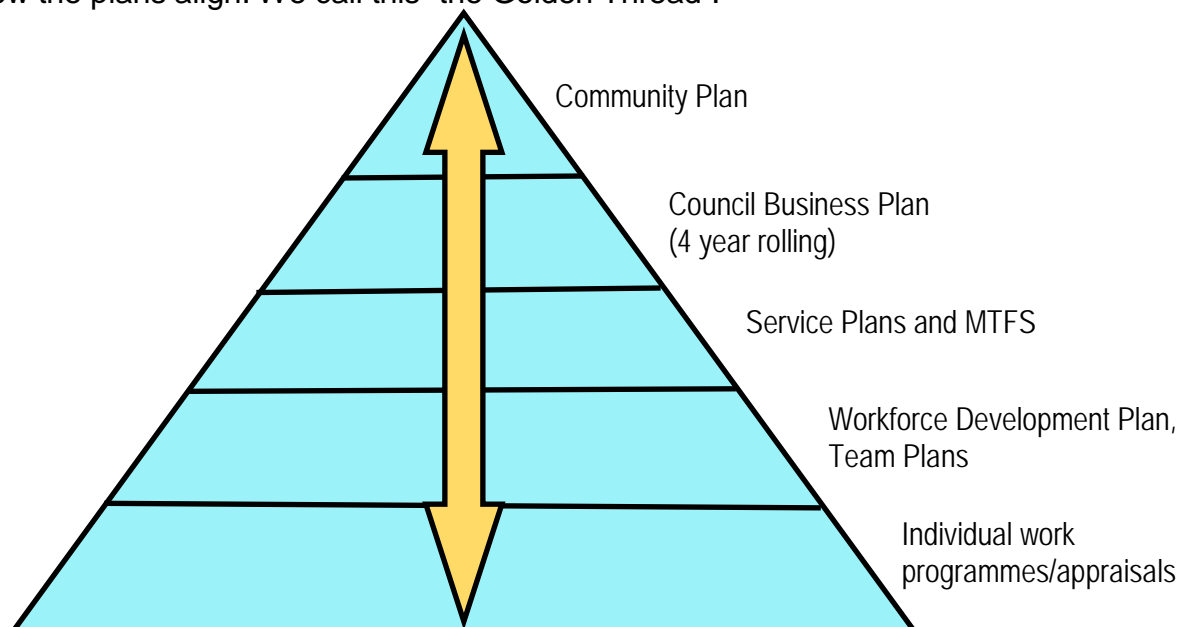
- what we are trying to achieve as an organisation
- how we intend to achieve this
- how we will monitor and report progress
- how the contribution of staff, managers, teams and departments relate to each other and help deliver the targets set for the whole organisation

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 is currently in development and will be launched in 2020-21.
- 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.

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 Residents Surveys 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 objectives, and allocate resources based on community views and needs, and accurate performance information. These objectives 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.

The methodology for measuring and reporting upon our performance indicators from 2020-21 onwards will be collated and retained by the corporate performance lead in order to ensure that our data collection processes remain as robust and accurate as possible.

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. A full performance dashboard is run monthly for internal monitoring purposes by the Departmental Management Teams.

Performance Monitoring reports were formerly presented to CMT on a monthly basis, but are now presented on a quarterly basis (this actions another recommendation from the 2019 Internal Review of Corporate Working). The quarterly performance reports are now focused on exception reporting and provide detailed trend-based analysis in order to enable better decision-making at the corporate level. The new format report also recognises good performance and identifies the interventions which have led to improvement in performance. The quarterly 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:

Role	Responsibility
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 department and the council, and to cascade information about performance to staff.
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 to address under-performance. DMT's make sure that every manager in the department knows and understands the planning cycle and performance management

Role	Responsibility
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 2020-21

The Corporate Indicator set is selected by the Corporate Management Team (CMT) to monitor the effectiveness of the Council as a whole. They are drawn from the Service Plan indicators.

In January 2020, CMT undertook a structured review of our Corporate Indicators to ensure that each indicator aligned with at least one of our Corporate Ambitions.

The review resulted in a total of 58 Corporate Indicators for 2020-21. Performance of 47 will be reported to CMT quarterly, whilst the remaining 11 are Annual indicators so performance of these will only be reported to CMT at year end. 70% of the 2019-20 Corporate Indicators have been retained.

The final corporate set for 2020/21 is shown in the tables below, together with their performance targets and polarity.

Corporate Indicator Set for 2020-21 – Performance Reported Quarterly

Dept	Code	Indicator Description	Polarity	2020/21 Target
Children, Schools & Families	CRP064	% children who become subject of Child Protection Plan for a second or subsequent time	Within range	12-20%
Children, Schools & Families	TBC	Care Leavers who are in suitable accommodation	High	95%
Children, Schools & Families	TBC	% of single assessments completed within 45 days	High	100%
Children, Schools & Families	TBC	% of fostered children living in in-house provision	Within range	55-65%
Children, Schools & Families	TBC	Percentage of children in our care who are placed more than 20 miles away	Bench mark	Better than London average
Children, Schools & Families	CRP092	% 16 - 17 year olds Not in Education, Employment or Training (NEETs)	Bench mark	To be below London average
Children, Schools & Families	CRP088	% of new EHCP requests completed within 20 weeks	Within range	50-60%
Children, Schools & Families	TBC	% of total 0-5 year population from areas of deprivation (IDACI 30%) whose families have accessed children's centre services	Within range	55-65%
Community & Housing	CRP095	No. of DTOCs - Adult Social Care delays only	Low	TBC by NHSE
Community & Housing	TBC	Safeguarding Concerns to Enquiry Conversion Rate	High	30%

Dept	Code	Indicator Description	Polarity	2020/21 Target
Community & Housing	CRP056	No. of carers receiving services and/or information and advice	High	1180
Community & Housing	CRP057	% of people receiving "long term" community services	High	72%
Community & Housing	CRP061	Number of households in temporary accommodation	Low	200
Community & Housing	CRP062	Number of homelessness preventions	High	450
Community & Housing	CRP060	Number of people accessing the library service online	High	235,000
Community & Housing	CRP059	No. of people accessing the library by borrowing an item or using a people's network terminal at least once in previous 12 months	High	56,500
Corporate Services	TBC	% Ombudsman investigations answered in time	High	90%
Corporate Services	CRP083	% Ombudsman complaints partially or fully upheld	Low	60%
Corporate Services	CRP041	% FOI requests dealt with in time	High	90%
Corporate Services	TBC	% complaints dealt with in time	High	90%
Corporate Services	CRP037	% complaints progressed to Stage 2	Low	9%
Corporate Services	TBC	Digital take up (CRM Services)	High	60%
Corporate Services	TBC	Number of volunteers recruited through MVSC	High	350
Corporate Services	CRP013	% positive and neutral media coverage tone	High	75%
Corporate Services	TBC	First contact resolution (Merton Link)	High	75%
Corporate Services	CRP080	No. of working days per FTE lost to sickness absence excluding schools	Low	8.5
Corporate Services	TBC	Voluntary turnover rate (the rate of resignations)	Low	12%
Corporate Services	TBC	First time fix rate for IT Service Desk	High	75%
Corporate Services	TBC	% System Availability	High	99%
Corporate Services	CRP018	% Council tax collected	High	97.25%
Corporate Services	CRP036	% Business rates collected	High	97.5%
Corporate Services	CRP086	Number of processing days for new Housing Benefit claims	Low	14
Corporate Services	TBC	Delivery against current year MTFS Savings targets	High	100%

Dept	Code	Indicator Description	Polarity	2020/21 Target
Environment & Regeneration	CRP051	Major planning applications processed within 13 weeks	High	68%
Environment & Regeneration	CRP052	% of minor planning applications determined within 8 weeks	High	71%
Environment & Regeneration	CRP053	% of "other" planning applications determined within 8 weeks	High	82%
Environment & Regeneration	CRP045	Income (Development & Building Control)	High	£1.886m
Environment & Regeneration	CRP044	Parking services estimated revenue	High	£21,703,740
Environment & Regeneration	TBC	Average Performance Quality Score (Litter and Cleansing Standards)	High	5
Environment & Regeneration	TBC	% of service requests with an initial response within the "defined timescale"	High	90%
Environment & Regeneration	TBC	% of ASB cases acknowledged within the service timescale	High	95%
Environment & Regeneration	TBC (CRP048 redefined)	Sites surveyed on local street inspections for litter that meet the required standard (monthly) and quarterly in line with NI195 reporting	High	87
Environment & Regeneration	TBC	Sites surveyed that meet the required standard for detritus	High	80
Environment & Regeneration	TBC	% of household waste recycled and composted	High	48
Environment & Regeneration	TBC (CRP093 redefined)	Number of refuse collections including recycling and kitchen waste (excludes garden waste) missed per 100,000	Low	65
Environment & Regeneration	TBC	% of flytips removed within 24 hours	High	95%
Environment & Regeneration	TBC	% of street cleansing reports rectified within the contract standard time frame	High	90%

Corporate Indicator Set for 2020-21 – Performance Reported Annually

Dept	Code	Indicator Description	Polarity	2020/21 Target
Children, Schools & Families	CRP069	% outcome of Ofsted schools inspections good or outstanding	High	95%
Children, Schools & Families	CRP090	Merton pupil average Attainment 8 score	Bench mark	Top 10% of country
Children, Schools & Families	CRP091	Merton pupil average Progress 8 score	Bench mark	Top 10% of country

Dept	Code	Indicator Description	Polarity	2020/21 Target
Community & Housing	TBC	% learners from deprived wards	High	30%
Corporate Services	TBC	Number of new electors added to the register of electors	High	25,000
Corporate Services	CRP016	The level of CO2 emissions from the Council's buildings	Low	6,823
Environment & Regeneration	TBC	Carriageway condition - unclassified roads defectiveness condition indicator	High	75%
Environment & Regeneration	TBC	New Homes	High	918
Environment & Regeneration	TBC	Number of publically available Electric Vehicle charging points	High	145
Environment & Regeneration	TBC	Number of monitoring stations that meet annual Particulate air quality objectives	High	TBC Awaiting agreement with Partnership
Environment & Regeneration	TBC	Number of monitoring stations measuring below the Nitrogen Dioxide air quality objectives	High	TBC Awaiting agreement with Partnership

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 2020/24 Business Planning process. The attached Second Draft Service Plans will be considered by Cabinet on 27 J a n u a r y 2020 and incorporated into the Information Pack for scrutiny by the Overview and Scrutiny Commission and Panels during the February 2020 cycle of meetings.

The proposed Final Service Plans being presented here will be considered for approval by Council on 4 March 2020.

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 2020/24 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 Learning*	Infrastructure & Technology	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		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Looked after Children & Care Leavers Strategy	
Enter a brief description of your main activities and objectives below						Population growth - Care leavers		+1 (129)	130 (2019/20) 131 (2020/21)		132	133	133 <th rowspan="3">Children and Young People's Plan</th>		Children and Young People's Plan
Children's Social Care (CSC) delivers a range of government prescribed & legislated functions to children at risk of harm, children in care, care leavers & children under the supervision of youth justice services, as well as wider services for families. CSC works with children who meet the threshold of statutory intervention. Over the 2018-19 financial year, there were 5,908 contacts, 226 children that were looked after at some point in the year and 399 children subject to a Child Protection plan at some point in the year. There were 274 young adults who met the Care Leavers eligibility criteria (as at 31 Mar 19). There were 36 First-Time Entrants (FTE) to the YJS. We also interface with Early Help services and wider children's services partners to secure effective step-up and step-down provision as part of a holistic service offer for Merton families. Merton has lower rates of children subject to child protection plans and looked after than the majority of London Boroughs, as well as lower rates of first time entrants to the criminal justice system. We work with our families to enable them to safely care for their own children and we continuously challenge ourselves to find new ways of ensuring that our responses prioritise early intervention. This allows us to minimise the use of costly high end interventions with our families & promote family strengths to enable them to safely care for their own children. Our Youth Inclusion Service provides a range of targeted services to support vulnerable young people & their parents. We work with children who are under supervision in the YOT, those who are at risk of contextual threats as well as those children who have left care. The Access to Resources Team covers placements and commissioning for children in our care and those with care experience. Our strategies and annual sufficiency statements drive placement and commissioning decisions and the strategy for recruiting in-house foster carers.						Population growth - Child Protection Plans		+26 (399)	403 (2019/20) | 406 (2020/21)		409	411	412		
						Increase in 0-19 population		+600 (52,230)	+500 (2019/20) +400 (20/21)		+400	+300	+300		
						UASC - increased numbers as part of the pan-london rota system		+9 (32)	+5 to 37 (2019/20) +1 (2020/21)		+1	+1	+1		
Anticipated non financial resources						2018/19	2019/20	2020/21	2021/22	2022/23	2023/24				
Staff (FTE subject to change as a result of restructures)						220	216	195	195	195	195				
Performance Indicator		Actual Performance (A) Performance Target (T) Proposed Target (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met				
		2018/19(A)	2019/20(T)	2020/21(P)	2021/22(P)	2022/23 (P)	2023/24(P)								
Number of in-house foster carers recruited		18	15	20	20	20	20	High	Quarterly	Outcome	Increased costs				
% children who become subject of a Child Protection Plan for a second or a subsequent time		19	12-20%	12-20%	12-20%	12-20%	12-20%	Range	Monthly	Outcome	Safeguarding issues				
% of children in care experiencing 3 or more placement moves		7	10	Below pan London benchmark	Below pan London benchmark	Below pan London benchmark	Below pan London benchmark	Benchmark	Monthly	Outcome	Safeguarding issues				
Care Leavers who are in ETE (under 21 years old)		48	70	Same as all Merton children	Same as all Merton children	Same as all Merton children	Same as all Merton children	Benchmark	Quarterly	Outcome	Social exclusion				
Care Leavers who are in suitable accommodation		77%	91%	95%	95%	95%	95%	High	Quarterly	Outcome	Safeguarding issues				
% of single assessments completed within 45 days		N/A	N/A	100%	100%	100%	100%	High	Monthly	Business critical	Safeguarding issues				
% fostered children living in in-house provision		N/A	N/A	55-65%	55-65%	55-65%	55-65%	Range	Monthly	Outcome	Social exclusion				
% of children over age of 4 participating in LAC reviews		N/A	N/A	100%	100%	100%	100%	High	Monthly	Outcome	Safeguarding issues				
% of children over age of 4 participating in child protection reviews		N/A	N/A	100%	100%	100%	100%	High	Monthly	Outcome	Safeguarding issues				
Percentage of children in our care who are placed more than 20 miles away		N/A	N/A	Better than London average	Better than London average	Better than London average	Better than London average	Benchmark	Monthly	Outcome	Social Exclusion				
% of children re-referred in the last 12 months		N/A	N/A	20-25%	20-25%	20-25%	20-25%	Range	Monthly	Outcome	Social exclusion				
Number of offences per young person re-offending		N/A	N/A	Below statistical neighbours	Below statistical neighbours	Below statistical neighbours	Below statistical neighbours	Benchmark	Monthly	Outcome	Social exclusion				
Rate of proven re-offending for children in the youth justice system		N/A	N/A	Below statistical neighbours	Below statistical neighbours	Below statistical neighbours	Below statistical neighbours	Benchmark	Monthly	Outcome	Social exclusion				

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Expenditure	24,769	27,573	24,755	1,901	24,373	23,776	23,939	24,102
Employees	11,605	11,732	10,423	(253)	10,269	10,270	10,273	10,273
Premises	57	61	13	7	60	60	60	61
Transport	230	272	166	36	239	242	245	248
Supplies & Services	659	1,631	1,013	395	657	666	674	683
3rd party payments	9,682	11,207	10,549	1,716	10,531	9,921	10,070	10,220
Transfer payments	0	6	0	0	0	0	0	0
Support services	2,536	2,664	2,591	0	2,617	2,617	2,617	2,617
Depreciation	0	0	0	0	0	0	0	0
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Income	1,334	1,481	2,592	159	876	876	876	876
Government grants	1,058	855	2,389	46	552	552	552	552
Reimbursements	225	512	203	137	203	203	203	203
Customer & client receipts	50	113	0	(24)	121	121	121	121
Reserves								
Capital Funded								
Council Funded Net Budget	23,435	26,092	22,163	2,060	23,497	22,900	23,063	23,226
Capital Budget £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
	0	0	0	0	0	0	0	0

2020/21 Expenditure

2020/21 Income

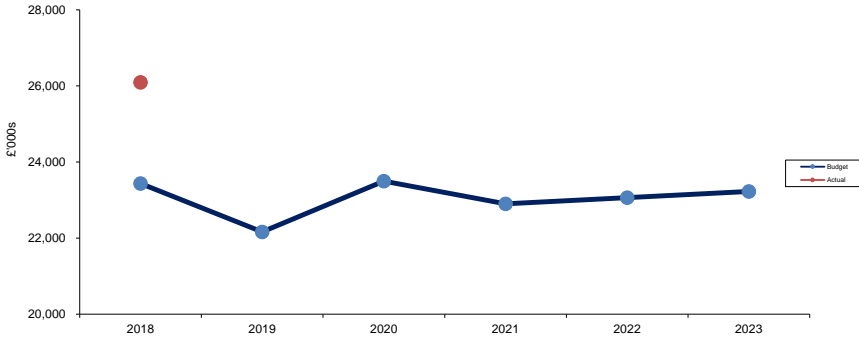
Summary of major budget etc. changes									
2020/21									
Savings									
£100k - Review of CSF Admin structure (cross cutting between Childrens social care and Education)									
£400k - Establish more cost effective independent living provision									
Growth									
£1,556k- ART - placements (fostering, residential, mother and baby and secure); supported housing; no recourse to public funds; UASC placements and former UASC who are now care leavers.									

£'000s

2018 2019 2020 2021 2022 2023

Budget Actual

2021/22	
Growth	
£160k- ART - placements (fostering, residential, mother and baby and secure); supported housing; no recourse to public funds; UASC placements and former UASC who are now care leavers.	
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		
								Likelihood	Impact	Score
Project 1		Project Details:	Early Help and Family Wellbeing Service Development		Improved effectiveness			4	3	12
Start date	2019/20		An Early Help review has taken place and as a result implementation and mobilisation of the new Family Wellbeing Service is under way. This will improve our service offer so that children and families can swiftly access the right services at the right time, reducing the need for statutory intervention. A review to support the re-structure will take place in allied teams and services within CSC&YI and the Education Division to support improved ways of working.							
End date	2023/24									
Project 2		Project Title:	Contextual Safeguarding		Improved effectiveness			4	3	12
Start date	2019/20	Project Details:	Contextual safeguarding approaches will be embedded across CSC&YI system and structures building on grant-funded initiatives which will lead to better identification and safety of vulnerable young people and a reduction in serious youth violence.							
End date	2023/24									
Project 3		Project Title:	Supporting Technology and Infrastructure		Improved efficiency (savings)			3	3	9
Start date	2019/20	Project Details:	The practice model will be embedded into IT systems and social workers provided with the tools to enable them to work more smartly and efficiently with clients. Social workers will also receive support to avoid duplication in records. CSF will work with colleagues in IT to address identified challenges in existing case management system.							
End date	2020/24									
Project 4		Project Title:	CSC&YI Workforce		Improved staff skills and development			4	3	12
Start date	2020/21	Project Details:	Review of existing structures continues to better align delivery to need and priorities. Strong focus remains on our recruitment and retention strategy and we continue to develop our Practice Model to support this. We continue the development and delivery of Signs of Safety/Signs of Well Being and this is being embedded across the department. We are supporting/complementing this with a programme to deliver both Systemic Practice and Motivational Interviewing across the department.							
End date	2023/24									
Project 5		Project Title:	Innovation work streams		Improved effectiveness			3	2	6
Start date	2020/21	Project Details:	There are a number of developments that are planned within CSC to improve services and practices including the Mockingbird Programme, Family Networking, emotional well-being in the Looked After Service and reviewing our estate to improve semi-independent accommodation offer.							
End date	2023/24									
Project 6		Project Title:	Early Help and Family Wellbeing Model Development		Improved effectiveness			3	2	6
Start date	2020/21	Project Details:	As part of wider changes to Early Help services and approach, the Safeguarding Children Partnership will review the current wellbeing model (thresholds document) with partners. This will enable statutory and non-statutory partners to identify need earlier, and put in place integrated responses based on a shared understanding of risk and need.							
End date	2023/24									
Project 5		Project Title:	Supported Accommodation for Care Experienced Young Adults		Improved effectiveness			3	2	6
Start date	2020/21	Project Details:	There is a shortage of good quality and cost-effective supported accommodation for care experienced young adults for whom LB Merton has statutory duties. There are opportunities to more effectively commission supported accommodation as well as exploring vacant and privately let domestic buildings in the school estate which might be suitable for re-purposing.							
End date	2023/24									

Education										Planning Assumptions								The Corporate strategies your service contributes to				
Cllr Kelly Braund: Cabinet Member for Children's Services										Anticipated demand		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Children and Young People's Plan				
Cllr Eleanor Stringer: Cabinet Member for Schools and Adult Education										Early Years population (0-4) (mid year 2017 based BPO medium)		14,829	14,631	14,475	14,451	14,486	14,532	SEN and Disabilities Strategy/ASD Strategy				
										Primary age Population (5-11)		20,320	30,185	20,077	19,825	19,538	19,317	School Expansion Strategy				
Merton School Improvement (MSI)										Secondary age population including post-16 (12-18)		16,762	17,336	17,915	18,462	18,949	19,162	LAC and Care Leavers Strategy				
• monitor, analyse & evaluate pupil & school performance										Children & Y/P with EHCP (NB 19/19 is Jan 18 and so on)		1,712	2,017	2,217	2,367	2,467	2,567	Early Help and Prevention Strategy				
• developing skills in planning, teaching, assessment, leadership & management										Expansion for secondary school (total across all schools)		6 foe (cumulative)	8 foe (cumulative)	8 foe				Participation Strategy				
• strengthening partnership working and school to school support										Increased demand for special school places (total across all schools)			29						Safeguarding Board Strategies			
Special Education Needs & Disabilities Integrated Service (SENDIS)																		Anti-Bullying Strategy				
• building early help capacity in schools & settings, families & the community																		Health and Wellbeing Strategy				
• focus on safeguarding, early intervention & prevention as well as direct support for families										Anticipated non financial resources		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24					
• implementing the requirements of the Children and Families Act ensuring that families are central										Staff (FTE subject to change as a result of restructures)		285	277.15	272	275.04	275.04	275.04					
• provision for pupils with SEN										Performance indicator		Actual performance (A)		Performance Target (T)		Proposed Target (P)		Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
Early Years and Early Help Services										2018/19(A)		2019/20(T)	2020/21(P)	2021/22(P)	2022/23 (P)	2023/24 (P)						
• ensure the supply of good quality funded early education provision for children aged 2, 3 and 4 in accordance with statutory duties										% of 16-17 year olds Not in Education, Employment or Training (NEET)		1.8	3	To be below London average	To be below London average	To be below London average	To be below London average	To be below London average	Benchmark	Quarterly	Outcome	Social exclusion
Reshaping and delivering services with a focus on early help & targeted services for vulnerable families including delivering the Early Help project										% of new EHCP requests completed within 20 weeks		57	65	50-60%	50-60%	50-60%	50-60%	50-60%	Range	Quarterly	Outcome	Safeguarding issues
Working with the early years sector to improve quality, reduce inequality and improve outcomes for vulnerable children and their families										% outcome of Ofsted schools inspections good or outstanding		91	91	95%	95%	95%	95%	95%	High	Annual	Outcome	Inspection outcomes
Developing the work force to deliver holistically to vulnerable families and young children										Merton pupil average Attainment 8 score		49.7	51	Top 10% of country	Top 10% of country	Top 10% of country	Top 10% of country	Top 10% of country	Benchmark	Annual	Outcome	Reputational risk
Education Inclusion										Merton pupil average Progress 8 score		0.44	0.51	Top 10% of country	Top 10% of country	Top 10% of country	Top 10% of country	Top 10% of country	Benchmark	Annual	Outcome	Reputational risk
• providing universal & targeted in house & commissioned services for YP & schools										% pupils achieving expected standard at KS2 in reading, writing and maths		68	71	Top 10% of country	Top 10% of country	Top 10% of country	Top 10% of country	Top 10% of country	Benchmark	Annual	Outcome	Inspection outcomes
• providing support to prevent bullying, substance misuse & teenage pregnancy, to improve attendance										% of total 0-5 population from areas of deprivation (IDAC1 30%) whose families have accessed children's centre services		56	60	55-65%	55-65%	55-65%	55-65%	55-65%	Range	Quarterly	Outcome	Social exclusion
• developing alternative education offerings to enable YP to stay in ETE										Number of children who have been/are excluded (permanent or fixed term) and have an EHCP		N/A	N/A	Better than London average	Better than London average	Better than London average	Better than London average	Better than London average	Benchmark	Quarterly	Outcome	Social exclusion
• leading on the council's partnership with the police & CAMHS for education										Number of children who have been/are excluded (permanent or fixed term) and are in care		N/A	N/A	Better than London average	Better than London average	Better than London average	Better than London average	Better than London average	Benchmark	Quarterly	Outcome	Social exclusion
• improving attendance and reduce P Excl in Merton schools										Number of children who have been/are excluded (permanent or fixed term) and have an EHCP and are also in care		N/A	N/A	Better than London average	Better than London average	Better than London average	Better than London average	Better than London average	Benchmark	Quarterly	Outcome	Social exclusion
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																						
Supporting the directorate:																						
Supporting corporate service planning and risk management processes																						
deliver statutory returns																						
Supporting services																						
produce performance management information to inform continuous improvement activities																						
working with services to maintain an up-to-date directory of policies and procedures																						
Supporting the partnership																						
to support the co-ordination and monitoring of effectiveness of multi-agency approaches to safeguarding																						
to put in place and maintain processes that enable the effective monitoring of agreed multi-agency strategies with particular responsibilities for the Children's Trust Board, MSCP, Corporate Parenting Board and C&YP Scrutiny committee.																						

DEPARTMENTAL BUDGET AND RESOURCES

Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Expenditure	38,572	43,815	36,235	(74)	39,754	40,084	40,445	40,808
Employees	12,707	12,006	11,408	(820)	13,041	13,209	13,267	13,323
Premises	1,146	769	1,116	(59)	885	896	933	969
Transport	4,266	5,278	4,568	1,099	6,010	6,213	6,430	6,653
Support services	4,179	4,880	15,285	(217)	3,478	3,517	3,556	3,595
3rd party payments	13,609	18,005	1,394	(77)	13,532	13,441	13,451	13,460
Transfer payments	0	1	0		0	0	0	0
Support services	2,228	2,439	2,007	0	2,401	2,401	2,401	2,401
Depreciation	437	437	457		407	407	407	407
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Income	5,874	6,037	17,607	315	5,709	5,709	5,709	5,709
Government grants	707	895	13,234	(387)	669	669	669	669
Reimbursements	2,335	2,625	1,915	(43)	2,257	2,257	2,257	2,257
Customer & client receipts	2,831	2,516	2,458	745	2,783	2,783	2,783	2,783
Interest								
Reserves								
Capital Funded								
Council Funded Net Budget	32,698	37,779	18,628	241	34,045	34,375	34,736	35,099

2020/21 Expenditure

2020/21 Income

Summary of major budget etc. changes

2020/21							
Savings							
£200k - Review and reshape of short-breaks provision across CWD, Brightwell, commissioned provision and the in house short-break service.							
£100k - Review of CSF Admin structure (cross cutting between Childrens social care and Education)							
£150k - Repurposing of some posts in education inclusion service							
£200k - Revenue costs of capital projects							
Growth							
2021/22							
Savings							
£200k - Review and reshape of short-breaks provision across CWD, Brightwell, commissioned provision and the in house short-break service							
£150k - SEND Travel assistance - to review eligibility for SEND home to school/college travel assistance, in particular for post-16 students.							
Growth							
£244k - Community Placement; Education Psychology Staffing; EHCP Taxi Transport Costs; SEND Team additional staffing.							
2022/23							
2023/24							

£'000s

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:	Early Help and Family Wellbeing Service Development			Improved effectiveness	4	3	12
Start date	2019-20	Project Details:	An Early Help review has taken place and as a result implementation and mobilisation of the new Family Wellbeing Service is under way. This will improve our service offer so that children and families can swiftly access the right services at the right time, reducing the need for statutory intervention. A review to support the re-structure will take place in allied teams and services within CSC&YI and the Education Division to support improved ways of working.						
End date	2023-24								
Project 2		Project Title:	Improving pupil outcomes at KS5 & School Improvement through partnership with schools(Edn TOM)			Improved effectiveness	2	3	6
Start date	2019-20	Project Details:	An Early Help review has taken place and as a result implementation and mobilisation of the new Family Wellbeing Service is under way. This will improve our service offer so that children and families can swiftly access the right services at the right time, reducing the need for statutory intervention. A review to support the re-structure in allied teams and services within CSC&YI will take place to support improved ways of working. As part of these wider changes to Early Help services and approach, the Safeguarding Children Partnership will review the current wellbeing model (thresholds document) with partners. This will enable statutory and non-statutory partners to identify need earlier, and put in place integrated responses based on a shared understanding of risk and need.						
End date	2020-21								
Project 3		Project Title:	SENDIS IT Infrastructure programme			Improved customer experience	3	3	9
Start date	2019-2020	Project Details:	A programme to oversee the introduction of both an EHCP Hub as well as electronic case management system to support Merton's SENDIS service. This programme will facilitate joint ownership of EHCP assessment, review and planning process across the partnership by providing a secure platform for multiple professionals to work together securely online in the best interests of the child or young person and their parents/guardians. It will also provide a secure web-based platform for the SENDIS case recording and performance reporting. It will also migrate existing EHCPs to the portal to schedule annual reviews of plans as may be required employing the agreed approaches for the implementation as well as migrate existing SEN, Sensory and Education Psychology team's documents to the solution as part of the implementation.						
End date	2020-21								
Project 4		Project Title:	Implement SEND Action plan and DSG recovery plan			Improved customer experience	3	3	9
Start date	2019-2020	Project Details:	Following the agreement of the SEND Strategy and DSG Recovery Plan, the key actions will need to be implemented. This will include a focus on widening the Local Offer, preparation for adulthood pathways and early identification pathways. The DSG recovery plan provides a number of strategies to prevent further increases in spend but will be further influenced by visits and possible direction from the Department for Education. A SEND action plan is being developed alongside the SEND Strategy which will detail the key activity and performance measures that will be monitored to achieve each strategic objective. Progress will be overseen by the multi-agency SEND Strategic Implementation Board and the Children and Young People's Integrated Commissioning Group and will also be reported to Merton's Children's Trust Board.						
End date	2022-23								
Project 5		Project Title:	Implementation of Secondary & Special School (SEN) Places Strategy (EducationTOM)			Infrastructure renewal	4	3	12
Start date	2015-16	Project Details:	To progress further projects to provide additional state special school places in Merton, and in particular the expansion of Melrose School and an additional site for children with ASD (Autism Spectrum Disorder). To continue to work with Merton mainstream schools to encourage inclusion wherever possible with a strategy to avoid any further secondary places permanent expansions unless it is absolutely necessary and to continue to closely monitor the demand for secondary school places to ensure sufficient places are being provided.						
End date	2021-22								
Project 6		Project Title:	SEN Transport commissioning review			Improved efficiency (savings)	4	3	12
Start date	2019-20	Project Details:	Work with C&H and E&R departments to review the most efficient means of commissioning SEN transport, including 'make or buy' review of in-house buses and review of most efficient mix between taxi and bus commissioning. Review of SEND Transport policy including use of Personal Budget to reduce Merton commissioned transport dependence						
End date	2021-22								
Project 7		Project Title:	Early Help and Family Wellbeing Model Development			Improved efficiency (savings)	4	3	12
Start date	2019-20	Project Details:	As part of wider changes to Early Help services and approach, the Safeguarding Children Partnership will review the current wellbeing model (thresholds document) with partners. This will enable statutory and non-statutory partners to identify need earlier, and put in place integrated responses based on a shared understanding of risk and need.						
End date	2021-22								

Community & Housing

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:	Working with health		Improved customer experience			4	3	12
Start date	2019-20	Project Details:	Take forward an integrated approach to community health and care services, working with health partners and the voluntary sector to create a seamless offer to communities and to bring together physical and mental health services. This is in line with the NHS 5 year plan intent to create Integrated Care Systems (ICS) and Integrated Care Places (ICP) We will also continue to work closely with CLCH to bring services closer together.							
End date	2022-23									
Project 2		Project Title:	Commissioning		Improved sustainability			4	2	8
Start date	2019-20	Project Details:	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							
End date	2022-23									
Project 3		Project Title:	Learning Disability Offer		Improved efficiency (savings)			5	3	15
Start date	2019-20	Project Details:	To 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. It will include a review of housing options, day activities and support into employment. We will aim to reduce the use of out of borough placements and support people to remain living close to their communities and support networks, supporting people to live the life they want.							
End date	2022-23									
Project 4		Project Title:	Community Transport		Improved efficiency (savings)			5	2	10
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.							
End date	2021-22									
Project 5		Project Title:	Customer Journey		Improved effectiveness			4	2	8
Start date	2018-19	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.							
End date	2022-23									
Project 6		Project Title:	Assistive technology		Improved efficiency (savings)			5	2	10
Start date	2019-20	Project Details:	To explore further trading opportunities for MASCOT telecare, response and out of hours services. To explore opportunities to exploit mainstream assistive and smart technology to support independent living. To work with health partners on implementing telehealth.							
End date	2022-23									
Project 7		Project Title:			Improved effectiveness			4	3	12
Start date	2019-20	Project Details:								
End date	2022-23									

Housing Needs and Enabling Services					Planning Assumptions							The Corporate strategies your service contributes to				
Cllr Martin Whelton: Cabinet Member for Regeneration, Housing and Transport					Anticipated demand		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24				
Enter a brief description of your main activities and objectives below					Housing advice, options, private tenants & landlords advice		11,250	11,250	10,000	10,000	10,000	10000	Homeless Placements Policy (Interim)			
To fulfil statutory housing functions including the prevention and relief of homelessness and the enforcement and regulation of the private rented sector. To plan services in response to changes in national policies and in the housing market, and to develop innovative projects or models of delivery that maximise the use of resources and deliver services that minimise costs to the council. The purpose of this service is to - Prevent and relieve homelessness in accordance with statutory housing law, including the reduction of rough sleeping in the borough - Provide homes to people in housing need - Formulate and deliver statutory homelessness and rough sleeper strategyfor the borough - Maintain the housing register and choice based lettings process and nominate households to vacant housing association homes - Maximise supply of homes with private landlords Provide care and housing support to vulnerable adults via Shared Lives - Carry out a statutory duty to enforce Environmental Health (Housing) legislation - Provide mandatory grant assistance for improvements and adaptations - Commission and monitor Housing Related and Floating support - Relationship management between the council and stock transfer housing associations					Housing register applicants		10,250	10,700	6,100	6,550	7,000	7450	Homelessness & Rough Sleepers Strategy			
					Housing options casework		1,350	1,500	1,500	1,500	1,500	1500	Housing Strategy			
					Demand for temporary accommodation		400	400	380	380	380	380				
					Anticipated non financial resources		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24				
					Housing Needs Staff (FTE)		20.00	20.50	24.18	24.18	24.18	24.18				
					Environmental Health (Housing)		5.03	8.03	7.23	7.23	7.23	7.23				
					TOTALS		25.03	28.53	31.41	31.41	31.41	31.41				
					Performance indicator		Actual Performance (A) Performance Target (T) Proposed Target (P)				Polarity	Reporting cycle	Indicator type	Main impact if indicator not met		
							2018/19(A)	2019/20(T)	2020/21(P)	2021/22(P)					2022/23(P)	2023/24(P)
					Number of homelessness preventions annually		504	450	450	450	450	450	High	Monthly	Business critical	Increased costs
					No. of households in temporary accommodation (monthly average)		171.8	230	200	200	200	200	Low	Monthly	Business critical	Increased costs
					Number of enforcement/improvement notices issued annually		75	80	80	80	80	80	High	Quarterly	Outcome	Reduced enforcement
					No. of cases resulting in a Prosecution or Civil Penalty Notice of a Landlord		N/A	N/A	4	4	4	4	Low	Annual	Outcome	Reduced enforcement
					Average length of stay (nights) of Families in non self-contained B&B		N/A	N/A	21	21	21	21	Low	Monthly	Business critical	Increased costs
					To halve the number of Rough Sleepers by 2022, and reduce to zero by 2027		N/A	N/A	17	14	11	9	Low	Annual	Outcome	Increased costs
					Implement the Housing Act 2004 by issuing mandatory HMO licences		N/A	N/A	90	90	90	90	High	Annual	Outcome	Breach statutory duty
DEPARTMENTAL BUDGET AND RESOURCES									2020/21 Expenditure				2020/21 Income			
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24								
Expenditure	4,737	5,763	4,729	1,777	6,344	6,384	6,425	6,465								
Employees	959	978	1,213	37	1,413	1,414	1,414	1,415								
Premises	40	31	40	3	63	63	64	65								
Transport	29	18	30	(15)	30	31	31	31								
Supplies & Services	371	277	192	206	172	175	177	180								
Transfer Payments	571	1,193	571	963	571	571	571	571								
3rd party payments	2,475	2,954	2,368	583	3,691	3,727	3,762	3,798								
Transfer Payments	0	0	0	0	0	0	0	0								
Support services	293	311	315	0	342	342	342	342								
Depreciation	0	0	0	0	63	63	63	63								
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24								
Income	3,194	4,275	2,508	1,717	2,609	2,609	2,609	2,609								
Government grants	924	1,311	0	1,097	136	136	136	136								
Reimbursements	2,010	2,196	2,174	426	2,108	2,108	2,108	2,108								
Customer & client receipts	260	768	335	194	365	365	365	365								
Recharges	0	0	0	0	0	0	0	0								
Reserves	0	0	0	0	0	0	0	0								
Capital Funds	0	0	0	0	0	0	0	0								
Council Funds Net Budget	1,543	1,488	2,220	60	3,735	3,775	3,815	3,855								
Capital Budget £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Summary of major budget etc. changes 2020/21							
Disabled Facilities Grant		826	927	(100)	927	280	280	280								
LD Affordable Housing					488	633	462	145	Service will be in receipt of several housing related grants:- Prevention and Flexible Homelessness Support Grant Transfer of Housing Related Support budget from Adult Social Care to Housing from financial year 2020-21							
	0	826	927	(100)	1,415	913	742	425								
									2021/2022							
									2022/23							
									2023/24							

Year	Budget	Actual
2018	1,543	1,488
2019	2,220	
2020	3,735	
2021	3,775	
2022	3,815	
2023	3,855	

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:	Private Sector Housing Enforcement		Improved reputation			2	1	2	
Start date	2019-20	Project Details:									Develop and implement a range of Housing Enforcement measures to protect private tenants in Merton.
End date	2021-22										
Project 2		Project Title:	Rough Sleeper initiatives		Improved customer experience			2	2	4	
Start date	2019-20	Project Details:									Deliver a range of Rough Sleeper initiatives so as to halve the number of rough sleepers in Merton by 2022
End date	2021-22										
Project 3		Project Title:	Public ProtectionTechnology Upgrade		Improved effectiveness			2	1	2	
Start date	2016-17	Project Details:									Work with IT / E&R on re-procurement / replacement of M3PP, cloud hosting and subsequent upgrade of M3PP to Assure.
End date	2020-21										
Project 4		Project Title:	Housing IT software re-procurement		Improved effectiveness			2	2	4	
Start date	2018-19	Project Details:									Re-procure all IT Software solutions for Housing Needs (Homelessness, Temporary Accommodation & Rent Accounts, Housing Register and Choice Based Lettings.)
End date	2020-21										
Project 5		Project Title:	Homelessness Strategy Implementation		Improved reputation			2	1	2	
Start date	2019-20	Project Details:									Work with stakeholders to deliver the strategy and monitor the completion of the actions arising from the Homelessness Strategy
End date	2024-25										
Project 6		Project Title:			Select one major benefit					0	
Start date		Project Details:									
End date											
Project 7		Project Title:			Select one major benefit					0	
Start date		Project Details:									
End date											
Project 8		Project Title:			Select one major benefit					0	
Start date		Project Details:									
End date											

Libraries						Planning Assumptions							The Corporate strategies your service contributes to				
Cllr Caroline Cooper-Marblah: Cabinet Member for Commerce, Leisure & Culture						Anticipated demand		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Customer Contact Strategy			
Enter a brief description of your main activities and objectives below						Active users		56,000	56,500	57,000	57,500	58,000	58,000	Children and Young People's Plan			
						Stock issues		900,000	900,000	900,000	900,000	900,000	900,000	Community Plan			
						Registered members		135,000	135,000	135,000	135,000	135,000	135,000	Equality and Community Cohesion Strategy			
						Visitor figures		1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	Health & Wellbeing Strategy			
						Anticipated non financial resources		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Heritage 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.						Staff (FTE)		31.35	29.65	31.05	31.05	31.05	31.05	Procurement Strategy			
						Accommodation (Libraries)		7	7	7	7	7	7	Voluntary Sector and Volunteering Strategy			
						Equipment (PC's)		159	159	159				Workforce Strategy			
Local authorities have a statutory duty to make provision for a library service but may decide on how this is delivered.						Performance indicator		Actual Performance (A) performance target (T) Proposed Target (P)				Polarity	Reporting cycle	Indicator type	Main impact if indicator not met		
								2018/19(A)	2019/20(T)	2020/21(P)	2021/22(P)	2022/23(P)	2023/24(P)				
						Number of visitors accessing the library service online		234,486	235,000	235,000	235,000	235,000	235,000	High	Monthly	Quality	Reduced uptake of service
						No. of people accessing library by borrowing item or using a peoples network terminal at least once in previous 12 months		71,648	56,500	56,500	56,500	56,500	56,500	High	Monthly	Outcome	Reduced uptake of service
						Active volunteers in libraries (rolling 12 month fig)		276	230	230	230	230	230	High	Monthly	Business critical	Reduced service delivery
Certain aspects of the service must be provided for free:																	
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.																	

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Expenditure	3,350	3,427	3,404	43	3,490	3,529	3,521	3,558
Employees	1,031	1,072	1,083	6	1,123	1,124	1,125	1,125
Premises	453	668	517	18	519	522	524	526
Transport	4	3	4	0	4	4	4	4
Supplies & Services	632	409	628	19	556	561	520	525
3rd party payments	18	8	18	0	35	65	94	124
Transfer payments	0	0	0	0	0	0	0	0
Support services	677	732	669	0	683	683	683	683
Depreciation	535	535	485	0	570	570	570	570
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Income	501	478	550	12	454	454	469	469
Government Grants	0	0	97	0	29	29	29	29
Reimbursements	334	305	96	18	85	85	85	85
Customer & client receipts	166	173	356	(6)	341	341	356	356
Recharges	0	0	0	0	0	0	0	0
Reserves	0	0	0	0	0	0	0	0
Capital Funds	0	0	0	0	0	0	0	0
Council Funded Net Budget	2,850	2,949	2,855	55	3,036	3,074	3,051	3,088
Capital Budget £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Libraries Buildings		7	49	0	200	0	0	0
Libraries IT		59	77	0	350	0	140	0
	0	66	126	0	550	0	140	0

Summary of major budget etc. changes	
2020/21	Capital: Library Self-Service £350k
2021/22	
2022/23	Capital: Library Management System £140k Revenue includes savings of £60k
2023/24	

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: Project Details	Partnership development 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.	Improved customer experience		3	1	3	
Start date	2015-16								
End date	2020-21								
Project 2		Project Title: Project Details	Heritage Strategy 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.	Improved effectiveness		3	1	3	
Start date	2015-16								
End date	2020-21								
Project 3		Project Title: Project Details	Enhance the digital offer in libraries Continue to enhance the new library management system and make improvements to the customer website and app. Procure and install new self-service technology in 2021.	Improved effectiveness		3	2	6	
Start date	2019-20								
End date	2022-23								
Project 4		Project Title: Project Details	Children & Young People's projects Continue to develop the Schools and Libraries Membership schemes for primary and high schools. Deliver the Arts Council England funded 'Project Sense' to enhance the offer for SEND children and to make physical improvements to the children's libraries at all sites.	Improved customer experience		3	1	3	
Start date	2018-19								
End date	2021-22								
Project 5		Project Title: Project Details	Customer consultation, marketing and promotion 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.	Improved customer experience		2	1	2	
Start date	2019-20								
End date	2021-22								
Project 6		Project Title: Project Details	Income Generation 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.	Improved efficiency (savings)		3	2	6	
Start date	2019-20								
End date	2020-21								
Project 7		Project Title: Project Details	Assisted digital support Increase volunteer numbers and skills in supporting customers with more complex IT needs and promote 'channel shift' to online services.	Improved customer experience		2	2	4	
Start date	2018-19								
End date	2020-21								
Project 8		Project Title: Project Details	Security services contract Embed the new security services contract in libraries and monitor performance of the contract so that security guards play an active role in supporting services.	Improved efficiency (savings)		3	2	6	
Start date	2020-21								
End date	2024-25								
Project 9		Project Title: Project Details	Library redevelopments Progress redevelopment opportunities for West Barnes Library and work collaboratively with partners to look at potential opportunities for other sites.	Improved customer experience		3	2	6	
Start date	2019-20								
End date	2023-24								

[illegible]

DETAILS OF MAJOR PROJECTS
Merton Adult Learning

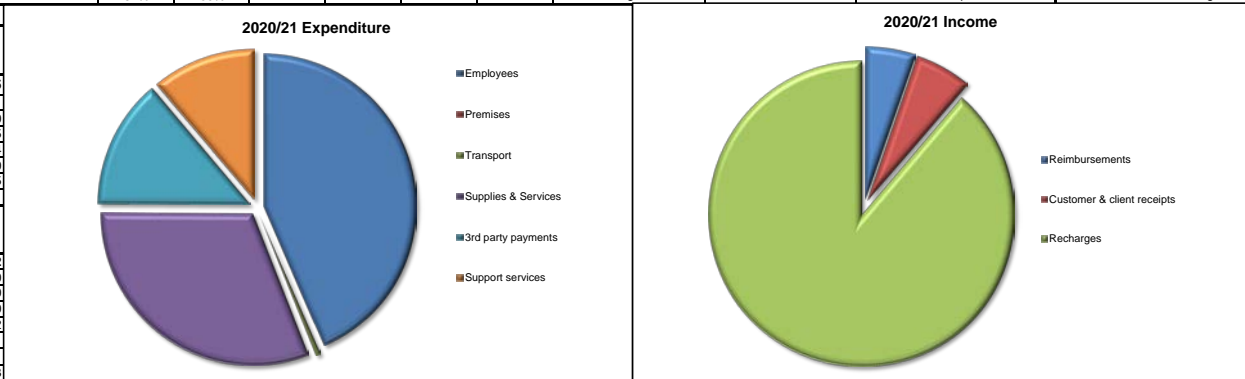
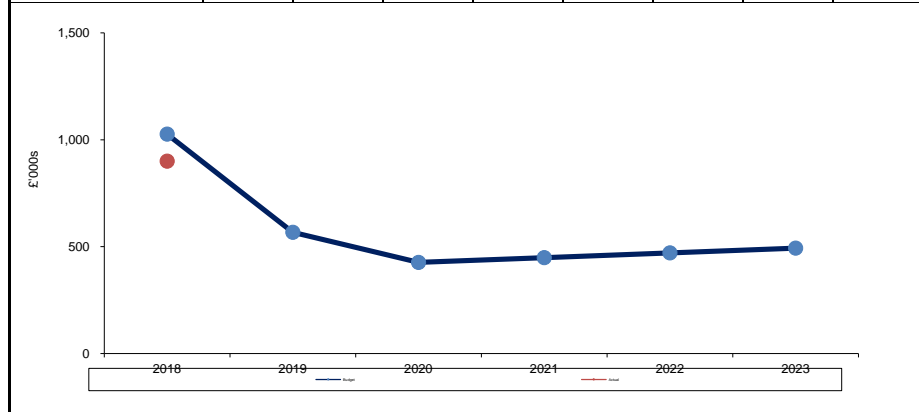
DETAILS OF MAJOR PROJECTS							
Merton Adult Learning							
PROJECT DESCRIPTION				MAJOR PROJECTS BENEFITS		Risk	
Project 1		Project Title:	Continuous Improvement	Improved effectiveness	Likelihood	Impact	Score
Start date	2019-20	Project Details:					
End date	2022-23	Continue to improve quality across the provision and respond to issues identified in the last Ofsted inspection. Complete annual Self-Assessment Reports and Quality Improvement Plans and work collaboratively with providers to drive up performance.					
Project 2		Project Title:	Deliver the new strategic priorities for the adult learning service working collaboratively with providers	Economic outcomes	Likelihood	Impact	Score
Start date	2019-20	Project Details:					
End date	2022-23	Deliver against the 3-year strategic objectives outlined in the Merton Adult Learning Strategy					
Project 3		Project Title:	Improve progression and destination collection to inform delivery	Risk reduction and compliance	Likelihood	Impact	Score
Start date	2019-20	Project Details:					
End date	2020-21	Working with providers develop robust systems for the collection of progression and destination data to better inform curriculum development and the tracking of learner's development.					
Project 4		Project Title:	Expand provision in deprived areas of the borough and / or amongst deprived communities	Improved effectiveness	Likelihood	Impact	Score
Start date	2019-20	Project Details:					
End date	2022-23	Deliver a range of community and family learning initiatives in the borough to increase take up and proactively market services to residents with the greatest needs.					
Project 5		Project Title:	Continue to embed the evidence base to more effectively commission the curriculum	Improved customer experience	Likelihood	Impact	Score
Start date	2019-20	Project Details:					
End date	2022-23	Make more effective usage of learner and community data to inform the commissioning of adult learning courses whilst retaining a healthy breadth of provision.					
Project 6		Project Title:	Provider Procurement	Improved effectiveness	Likelihood	Impact	Score
Start date	2019-20	Project Details:					
End date	2022-23	Embed new contractor arrangements under new framework and procure main supplier contract whilst continuing to develop the provider market in the borough.					

Public Health										Planning Assumptions					The Corporate strategies your service contributes to	
Cllr Tobin Byers: Cabinet Member for Adult Social Care, Health & the Environment Enter a brief description of your main activities and objectives below										Anticipated demand 2018/192019/202020/212021/222022/232023/24					Sexual Health Strategy	
Main duties for Public Health in Local Authority comprise: - Strategy/system leadership for health – Health and Wellbeing Board, JSNA and Health and Wellbeing Strategy, independent Annual Public Health Report (all mandatory) - Commissioning / securing provision of a defined range of Public Health Services (including the following mandatory services: sexual health, NHS health checks, healthy child 0-5 services, National Child Measurement Programme) - Commissioning support to the NHS (mandatory) and council; - Health protection oversight (mandatory), including screening, infection control, emergency preparedness and immunisations										Drugs & alcohol - new service in mobilisation April 2018 Support to CCG (% of PH staff capacity) NHS Health Checks National Child Measurement Programme Reception Cohort : 2,248 Year 6 Cohort: 2,343 Reception Cohort: 2,377 Year 6 Cohort: 2,392 Reception Cohort: 2,365 Year 6 Cohort: 2,471 Reception Cohort: 2,352 Year 6 Cohort: 2,549 Reception Cohort: 2,340 Year 6 Cohort: 2,628 Reception Cohort: 2,327 Year 6 Cohort: 2,707 Children and Young People's Plan					Substance Misuse Strategic framework Merton Health & Care Together Health & Wellbeing Strategy	
Our vision for public health in Merton over the next five years is to: - Protect and improve physical and mental health outcomes for the whole population in Merton throughout the life course, and reduce health inequalities, especially between the west and east of the borough, within the shrinking financial envelope available. - Fulfill our statutory PH duties. - Contribute to Merton's corporate vision, working to be London's best council by 2020 nd beyond										Health Visiting New Birth Visits: estimated new births Risk & Resilience Service Anticipated non financial resources 2018/192019/20202020/212021/222022/232023/24 Staff (FTE) Staff (Trainees included above)						
Our strategic objectives are: Objective 1: Service integration and transformation - support SID and MHCT boards to further develop and implement their respective programmes including: integrated community health and care services (children and adults); a personal prevention offer for adults; whole system approach to diabetes and potentially other long-term conditions; life-course sexual health strategy Objective 2: Deliver Health and Wellbeing Strategy - embed health & wellbeing into council and partner business; with a focus on implementing healthy workplaces programme linking health and climate change; supporting whole system approach to tackling childhood obesity and diabetes (see above); strengthen CYP leadership for healthy place, ie through school neighbourhood action plans (SNAP). Objective 3: Strengthen commissioning and commissioning support – develop integrated commissioning for children; public health strategic commissioning (end-to-end) & public health support to commissioning for health and wellbeing outcomes in order to deliver integrated service models.										Performance indicator 2018/19(A)2019/20(T)2020/21(P)2021/22(P)2022/23(P)2023/24 Health Visiting - % of New Birth Reviews in 14 days of birth Breastfeeding at the 6-8 weeks review (partially or totally) % of participation in NCMP at age 10-11 years (Year 6) % young people (under 25) leaving treatment where substance misuse has reduced or client become drug free. % of eligible people offered an HIV test and who accept					PolarityReporting cycleIndicator typeMain impact if indicator not met	
Revenue £'000s Final Budget 2018/19Actual 2018/19Budget 2019/20Forecast Variance 2019/20 P8Budget 2020/21Budget 2021/22Budget 2022/23Budget 2023/24 Expenditure Employees Premises Transport Supplies & Services 3rd party payments Transfer payments Support services Depreciation Revenue £'000s Final Budget 2018/19Actual 2018/19Budget 2019/20Forecast Variance 2019/20 P8Budget 2020/21Budget 2021/22Budget 2022/23Budget 2023/24 Income Government grants Reimbursements Customer & client receipts Recharges Reserves Capital Funded Council Funded Net Budget Capital Budget £'000s Final Budget 2018/19Actual 2018/19Budget 2019/20Forecast Variance 2019/20 P8Budget 2020/21Budget 2021/22Budget 2022/23Budget 2023/24										2020/21 Expenditure Employees Premises Transport Supplies & Services 3rd party payments Transfer payments Support services					2020/21 Income Government grants Reimbursements	
Summary of major budget etc. changes 2020/21 Based on current assumptions, Public Health Ringfenced grant allocation has been increased by £288.9k (2.84%). This will mitigate pay and inflationary uplift and emerging pressures from Sexual Health services. At this point it is unclear if the grant uplift comes with additional responsibilities until the circular is issued. There are uncertainties about funding for agenda for change pay award and increased pension contributions for NHS staff on CLCH Children and Sexual Health contracts and how this will impact on the services. 2021/22 - The same grant allocation as that of 2020/21 is expected. - The £400k additional contribution to CSF will be fully or partly delivered from savings anticipated through the re-procurement of the integrated community services contract across PH,CSF, CCG & C & H. The contract has significant risks, around the formation of the provider alliance which may impact on the realisation of some of the savings in 21/22. 2022/23 Assuming same level of funding as in years 2020/21 and 2021/22, pending confirmation from Government on funding distribution or business rates retention scheme. 2023/24																

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:	Implement Merton Health and Wellbeing Strategy 2019-24		Improved effectiveness				
Start date	2019-20	Project Details:	Lead the implementation of the Merton Health and Wellbeing Strategy 2019-24 and the implementation of a rolling programme of priorities including, healthy settings with a focus on healthy workplaces across Merton (Project 4); continue to develop the whole systems approach to diabetes to maintain momentum (see Project 2); develop work with and real involvement of children and young people on health and environment. Continue to embed 'health in all policies', especially through partnerships with E&R, including developing the co-benefits of climate change and health. The Strategy is committed to principles and ways of working including tackling health inequalities, especially the east/west health divide in the borough that is driven by social inequality and the wider determinants of health.				2	2	4
End date	2023-24								
Project 2		Project Title:	Whole System Approaches to Diabetes		Improved effectiveness				
Start date	2019-20	Project Details:	Following a 'Diabetes Truth' programme, the Health and Wellbeing Board have developed a whole systems Diabetes Action Plan. This has been an exemplar for future work, and identified high value and evidence based ways to tackle diabetes. The Action Plan has three themes (clinical oversight and service improvement, holistic individual care and healthy place) and has actions for partners across Merton. The HWB have agreed that 'keeping the momentum' is one of their annual priorities. This project aligns with the whole systems approach to childhood obesity (Project 3).				2	2	4
End date	2020-21								
Project 3		Project Title:	Whole System Approaches to Childhood obesity		Improved effectiveness				
Start date	2019-20	Project Details:	Implementation of a refreshed Child Healthy Weight Action Plan (CHWAP) 2019/22, will continue to be a priority. The CHWAP has 3 key themes (1) Making childhood Obesity everybody's business, (2) Supporting children young people and their families (3) healthy place, which includes healthy food and the physical environment. Reducing the gap in childhood obesity between east and the west merton by levelling up is a priority. This aligns with the whole systems approach to diabetes (Project 2).				2	2	4
End date	2022-23								
Project 4		Project Title:	Healthy Workplace		Improved effectiveness				
Start date	2019 -20	Project Details:	Working with partners to scale up healthy work places across Merton, with a focus on mental health and active travel, focussed for the latter on the co-benefits with climate change. Building a network with other organisations at different levels, NHS SWL, Merton GP Federation, individual GP practices, Merton BIDs, MVSC and others. Within LBM, applying for the London Healthy Workplace Award, working through the Workforce Strategy Board. . To be linked to the review of the council vehicle fleet, new arrangements for staff travel, and #MertonCan physical activity campaign. Also part of the SID programme (Project 5).				2	2	4
End date	2021-22								
Project 5		Project Title:	Implementation of Prevention Offer		Improved effectiveness				
Start date	2019-20	Project Details:	Lead the implementation of the Prevention workstream of the SID programme and Health and Care Together Board. Implement the '5 Prevention Priorities' model, which focuses on: directory of services; network of connectors, staff training; healthy settings and embedding prevention into health and care pathways. Delivery will be devolved to SID workstreams and MHCT themes, with PH leads to support delivery planning, co-ordination, support and do-once tasks.				2	2	4
End date	2020-21								
Project 6		Project Title:	Development of integrated Community Health Services		Improved effectiveness				
Start date	2019-20	Project Details:	Lead transformation of community health services, working with Adult Social Care, Children, Schools and Families and Merton Clinical Commissioning Group. Develop vision and development of closer integration of services to provide seamless care pathways; engage providers and residents to co-create service models; undertake procurement of integrated services including healthy child services (health visiting and school nursing) and substance misuse ; continue to develop integrated commissioning functions between PH, CSF and MCCG. Participate in the London Sector Led Improvement programme on health visiting and school nursing.				3	3	9
End date	2023-24								
Project 7		Project Title:	Sexual Health Strategy and Integrated sexual health services		Improved effectiveness				
Start date	2019-20	Project Details:	Lead the implementation of Merton joint Sexual Health Strategy - focusing on 3 priorities: education and training; easy access to sexual health and well being services; comprehensive sexual health and wellbeing, including support for vulnerable groups. Service priorities include: further developing integrated sexual health services; strategic approach to managing demand, working collaboratively with London Sexual Health Programme.				3	3	9
End date	2023-24								

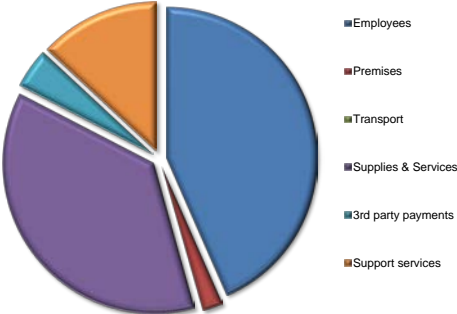
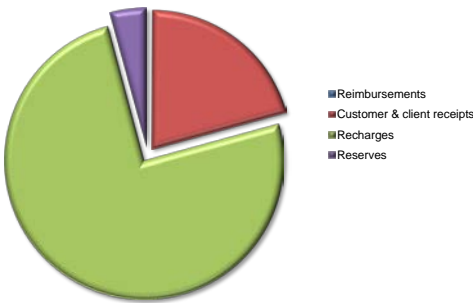
Corporate Services

Corporate Governance	Planning Assumptions							The Corporate strategies your service contributes to				
Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance	Anticipated demand	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Information Governance Policy				
Enter a brief description of your main activities and objectives below	Residents	209,421	210,452	212,658	214,740	216,661	218,298	Equality Strategy				
	Officers	↓	↓	↓	↓	↓	↓	Risk Management Strategy				
	Councillors (numbers from 2020 onwards subject to Boundary Commission Review)	60	60	60	60	57	57	Procurement Strategy				
	Elections	1	1	1	0	2	0					
	Anticipated non financial resources	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24					
	Staff (FTE)	28.8	28.9	23.8	23.8	23.8	23.8					
	Staff - Election	800	800	500	0	1,600	0					
	Staff - Canvass	150	150	150	50	50	50					
	Performance indicator	Actual Performance (A) Performance Target (T) Proposed Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
		2018/19(A)	2019/20(T)	2020/21(P)	2021/22(P)	2022/23(P)	2023/24(P)					
Corporate Governance is made up of 5 core services: Information Governance - ensuring organisational compliance with Data Protection legislation including dealing with any data breaches and the Transparency agenda, including the Publication Scheme; managing complaints, MP and member enquiries, FOI / EIR requests; Subject Access Requests; providing the Local Land Charges function. Democracy Services - maintains independent scrutiny function, support to Councillors and Mayor & ensures council has robust decision making arrangements. 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. Internal Audit and Fraud Investigations- Merton has joined the audit and fraud partnership with its neighbouring authorities. Internal Audit covered by SWLAP (South West London Audit Partnership) and fraud investigations covered by SWLFP (South West London Fraud Partnership) covering Merton, Kingston, Richmond, Sutton and Wandsworth). The service provides independent, objective appraisal of risk management, governance & internal control processes and fraud risks including planned & unplanned audits. Co-ordinates the Annual Governance Statement. Reviews and updates anti fraud policies. Reports poor practice/weak controls to members. Fraud investigations external allegations by residents e.g blue badge, tenancy and council tax and employee fraud. There is also the shared Legal service with the London Borough of Richmond, Wandsworth, Sutton and Kingston; this service has its own Service Plan.	% FOI requests dealt with in time (20 days)	82.77	90%	90%	90%	90%	90%	High	Monthly	Perception	Reduced customer service	
	% of FOI requests dealt with in time if an extension has been applied (40 days)	N/A	N/A	90%	90%	90%	90%	90%	High	Monthly	Perception	Reduced customer service
	% of Complaints dealt with in time	48.61	90%	90%	90%	90%	90%	High	Monthly	Perception	Reduced customer service	
	% of Complaints progressed to Stage 2	11%	9%	9%	9%	9%	9%	Low	Quarterly	Perception	Reduced customer service	
	% of Ombudsman investigations answered in time	N/A (two new measures replace original measure)	90%	90%	90%	90%	90%	High	Quarterly	Perception	Government intervention	
	% of Ombudsman contact answered in time		90%	90%	90%	90%	90%	High	Monthly	Quality	Rework	
	% of Ombudsman complaints partially or fully upheld	46%	40%	60%	60%	60%	60%	Low	Quarterly	Perception	Government intervention	
	Number of audits completed against plan	94.12	90%	90%	90%	90%	90%	High	Quarterly	Business critical	Increased fraud	
	Number of overdue audit actions against agreed audit actions	N/A - new measure	10%	10%	10%	10%	10%	Low	Quarterly	Business critical	Increased fraud	
	Number of new electors added to the register of electors	22,993	25,000	25,000	25,000	25,000	25,000	High	Annual	Perception	Reduced customer service	
	% Councillors who agree scrutiny function is effective	62%	80%	82%	75%	75%	80%	High	Annual	Perception	Poor decision making	

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Summary of major budget etc. changes	
	2020/21
2019-20 CS27 Merge Democracy Services and Electoral Services £70k 2020-21 CS13 Corporate Governance AD - Running Costs £24k 2020-21 CS14 Information Governance - reduction in consultancy spend £10k	
	2021/22
	2022/23
	2023/24

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD										
Corporate Governance										
PROJECT DESCRIPTION				MAJOR PROJECTS BENEFITS		Risk				
Project 1		Project Title:	Efficiency programme	Improved efficiency (savings)		Likelihood	Impact	Score		
Start date	2015-16					Project Details:	To further reduce spend on printing committee agendas by moving CMT members to paperless agendas for LSG, Cabinet, Council and other committees. To encourage Cabinet Members and level 2 managers to follow suit. To encourage the Mayor and Group Leaders to produce electronic Christmas cards to save money on print and postage. To continue 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 promote online event booking to save staff time and provide improved service for customers.	3	1	3
End date	2021-22									
Project 2		Project Title:	Scrutiny Improvement Programme	Improved customer experience		2	1	2		
Start date	2018-19								Project Details:	To build on the recommendations of the review carried out by the Centre for Public Scrutiny in order to improve effectiveness and impact of the scrutiny function and to engage all non-executive councillors in scrutiny activities. The action plan will be developed by a cross party councillor working group and agreed by the Overview and Scrutiny Commission and reviewed each year when it receives the Annual Member Survey. Increase public involvement and use of external expert witnesses.
End date	2021-22									
Project 3		Project Title:	Creation of centralised Local Land Charges Register	Improved customer experience		3	1	3		
Start date	2014-15								Project Details:	Review of LLC service delivery; dependent on national directive
End date	2020-21									
Project 4		Project Title:	2018/22 Administer statutory elections, referendums and ballots.	Risk reduction and compliance		3	3	9		
Start date	2018-19								Project Details:	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 2024) together with any other referendums and ballots that may be required.
End date	2021-22									
Project 5		Project Title:	Work with Local Government Boundary Commission on planned Electoral Review of Merton - implementation for 2022 Council elections	Infrastructure renewal		3	2	6		
Start date	2019-20								Project Details:	Council size proposal due March 2019, warding patterns proposal due July 2019. Draft recommendations published September 2019. Final recommendations published February 2020.
End date	2020-21									
Project 6		Project Title:	Data Protection Act (DPA18) / General Data Protection Regulation (GDPR)	Risk reduction and compliance		3	2	6		
Start date	2017-18								Project Details:	Refresh of all IG related policies and strategies and promote to all staff.
End date	2020-21									
Project 7		Project Title:	To reduce printing costs	Improved efficiency (savings)		3	1	3		
Start date	2019-20								Project Details:	Roll out Modern Gov App to encourage councillors and senior officers to go paperless at Committee meetings. Identify champions. Cascade from CMT.
End date	2020-21									

Customers, Policy & Improvement					Planning Assumptions							The Corporate strategies your service contributes to								
Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance					Anticipated demand		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24								
Enter a brief description of your main activities and objectives below					Telephone callers (figs reflecting 2019 restructure)		400,000	250,000	230,000	210,000	200,000	200,000	Communications Strategy							
					Face to face customers (figs reflecting 2019 restructure)		70,000	65,000	60,000	55,000	50,000	50,000	Customer Contact Strategy							
Customer Experience & Communication 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. - Act as a client for the multi-borough coroners - Keep residents and Merton's key stakeholders well informed using a range of channels including digital and media relations. - Oversee and promote effective Consultation and Engagement corporately. Continuous Improvement and Corporate Change will: - Support DMTs to embed a culture of continuous improvement within the organisation through the provision of tools, techniques, advice and support – including but not limited to Lean. - Quality assure the Portfolio on behalf of Merton Improvement Board (MIB), CMT & DMTs - Drive and facilitate the strategic planning process, whether via the TOMs or an alternative mechanism - Ensure change is effectively planned for and managed across the organisation, embedding change management principles and methodologies. The Policy, Strategy and Partnerships team will: - support the council's partnership framework including the Merton Partnership Executive Board, Compact Board and Annual Meeting of the partnership - commission community advice and voluntary sector support services - manage the council's performance framework and reporting on the council's performance on KPIs - provide advice on equalities and preventing terrorism - provide policy support to CMT including the development of a new Community Plan and the implementation of recommendations from the LGA Peer Challenge The Registrars Service will discharge the council's responsibilities for the registration of births, deaths, marriages					Continuous improvement & Corporate Change (days)		1100	1100	1320	1320	660	660	Equalities Strategy							
					Policy, Strategy & Partnerships (days)		1012	1232	1452	1232	1232	1012	Information Management Strategy							
					Communications & Engagement (days)		1430	880	880	1430	1430		Social Media Strategy							
					Anticipated non financial resources		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Voluntary Sector Strategy							
					Staff - CI & CC (FTE & fixed term)		5.0	7.0	8.0	8.0	5.0	5.0								
					Staff - Policy, Strategy & Partnerships		4.6	5.6	6.6	5.6	5.6	4.6								
					Staff - Customer Services		30.5	29.5	34.3	34.3	32.3	32.3								
					Staff - Comms & Engagement		6.5	6.5	6.5	6.5	6.5	6.5								
					Performance indicator		Actual Performance (A) Performance Target (P) Proposed Target (T)				Polarity	Reporting cycle	Indicator type	Main impact if indicator not met						
							2018/19(A)	2019/20(T)	2020/21(P)	2021/22(P)	2022/23(P)	2023/24(P)								
					% of positive and neutral media coverage tone		76.99	85%	75%	75%	75%	75%	High	Monthly	Perception	Reputational risk				
					Number of volunteers recruited through MVSC		393	350	350	367	385	404	High	Quarterly	Outcome	Reduced customer service				
					First contact resolution (Merton Link)		83.73	75%	75%	75%	76%	77%	High	Monthly	Perception	Reduced customer service				
					Income from Registrars' events		655,491	400,000	400,000	400,000	400,000		High	Monthly	Business critical	Loss of income				
					Digital take up (CRM services)		N/A	N/A	60%	61%	63%	65%	High	Monthly	Outcome	Reduced customer service				
					Ease of use of website - %		N/A	N/A	45%	46%	47%	48%	High	Monthly	Quality	Reduced customer service				
					Appointment availability of Registration Services		N/A	N/A	95%	95%	95%	95%	High	Monthly	Quality	Reduced customer service				
					Resources raised by Merton Giving for the Voluntary Sector		N/A	N/A	£60,000	£63,000	£66,150	£69,457	High	Quarterly	Outcome	Reduced uptake of service				
DEPARTMENTAL BUDGET AND RESOURCES					2020/21 Expenditure							2020/21 Income								
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24												
Expenditure	5,226	5,194	5,098	(110)	5,397	5,414	5,284	5,270												
Employees	2,074	2,060	2,139	53	2,345	2,345	2,346	2,297												
Premises	145	170	117	(11)	117	119	121	123												
Transport	3	2	3	(3)	1	1	1	1												
Supplies & Services	1,989	2,154	1,989	88	1,995	2,006	1,870	1,899												
3rd party payments	318	0	242	(239)	233	237	241	244												
Support services	697	808	609	0	705	705	705	705												
Depreciation																				
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Summary of major budget etc. changes											
Income	4,634	4,576	4,042	(51)	4,359	4,407	4,557	4,557												
Government grants	51	51	0	(51)	0	0	0	0												
Reimbursements	3	33	3	1	3	3	3	3												
Customer & client receipts	1,152	1,225	967	(1)	982	982	982	982												
Recharges	3,583	3,422	3,126	(1)	3,571	3,571	3,571	3,571												
Reserves	-155	-155	-54	0	-198	-150	0	0												
Capital Funding																				
Council Funded Net Budget	592	618	1,056	(161)	1,038	1,007	727	713												
Capital Budget £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	2020/21											
Customer Contact Programme		125	473	(180)	1,350	1,900	0	0												
									2021/22											
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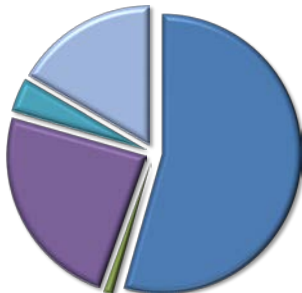
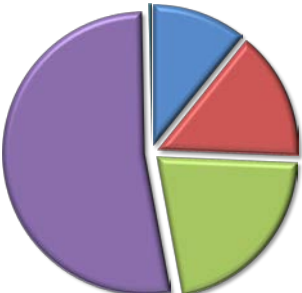
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD										
Customers, Policy & Improvement										
PROJECT DESCRIPTION					MAJOR PROJECT BENEFIT			Risk		
								Likelihood	Impact	Score
Project 1		Project Title:	Website Improvement Project		Improved customer 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.			3	3	9
Start date	2019-20									
End date	2021-22									
Project 2		Project Title:	Redesign of Merton Link		Improved customer experience			2	2	4
Start date	2019-20									
End date	2020-21									
Project 3		Project Title:	Implement recommendations of internal review and LGA Peer Challenge		Improved effectiveness To build on the elements of the Merton organisational model that have ensured we are well placed moving forward and to optimise the opportunities to improve as a council.			3	2	6
Start date	2019/20									
End date	2020/21									
		Project Details:	Deliver the Customer Contact Strategy							
		Project Details:	Implement the redesign of Merton Link to improve the customer experience and increase self service.							
		Project Details:	Manage the workstreams implementing the recommendations from the Internal Review and LGA Peer Challenge. Provide programme, project and policy support to the workstreams							

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DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD							
Human Resources							
PROJECT DESCRIPTION				MAJOR PROJECT BENEFIT	Risk		
					Likelihood	Impact	Score
Project 1		Project Title:	Workforce Strategy	Improved staff skills and development	3	3	9
Start date	2018-19	Project Details:					
End date	2020-21						
Project 2		Project Title:	Establishment and workforce	Improved staff skills and development	3	4	12
Start date	2017-18	Project Details:					
End date	2020-21						
Project 3		Project Title:	Apprenticeships	Improved effectiveness	3	3	9
Start date	2017-18	Project Details:					
End date	2020-21						
Project 4		Project Title:	Review and retender key HR contracts	Improved effectiveness	3	3	9
Start date	2017-18	Project Details:					
End date	2020-21						
Project 5		Project Title:	Member Development	Improved effectiveness	2	2	4
Start date	2017-18	Project Details:					
End date	2020-21						

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		
Project 1		Project Title:	Implementation of IT Strategy & Plan		Infrastructure renewal			Likelihood	Impact	Score
Start date	2020-21		Project Details:	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:	Implementation of 4P's project		Infrastructure renewal			3	2	6
Start date	2019-20		Project Details:	Procure and implement M3LP and M3PP hosted environment to facilitate the delivery of the three borough shared Regulatory Service.						
End date	2020-21									
Project 3		Project Title:	Implement SMARTER working		Improved effectiveness			2	3	6
Start date	2020-21		Project Details:	Implement phase two of the rebranded flexible working programme which will further develop 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	2021 -22									
Project 4		Project Title:	Upgrade/refurbishment of staff toilets		Improved customer experience			2	1	2
Start date	2020-21		Project Details:	Works to upgrade and refurbish the staff toilets within the Civic centre as part of the agreed planned capital maintenance programme.						
End date	2021-22									
Project 5		Project Title:	Energy "Invest to Save" Initiatives		Improved sustainability			3	2	6
Start date	2020-21		Project Details:	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	2021-22									
Project 6		Project Title:	Undertake 'Make/Buy/Share' reviews of key service provision		Improved efficiency (savings)			3	2	6
Start date	2018-19		Project Details:	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:	Upgrade to Office 365		Improved effectiveness			3	2	6
Start date	2019-20		Project Details:	Complete works to upgrade from current version of Microsoft Office to Office 365 and implement cloud based services, including telephony.						
End date	2020-21									
Project 8		Project Title:	Introduction of Artificial Intelligence		Improved effectiveness			3	2	6
Start date	2020-21		Project Details:	Introduction of Artificial Intelligence (Robotics) to automate current manual processing of transactional elements of the Councils operations in order to improve efficiency and reduce operating costs.						
End date	2021-22									
Project 9		Project Title:	Refurbishment of Merton Link		Improved customer experience			3	2	6
Start date	2020-21		Project Details:	Refurbishment of Merton Link and the main reception area in order to promote and enhance the new Customer Contact strategy and improve facilities for staff and visitors.						
End date	2021-22									

Resources						Planning Assumptions							The Corporate strategies your service contributes to				
Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance						Anticipated demand		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Capital Strategy			
<p>Enter a brief description of your main activities and objectives below</p> <p>Accountancy manage financial health of the council through advice & support to officers and Members, production of council's financial accounts, revenue & budget setting, profiling and reporting & monitoring. Over the next four years we will transform by improving use of technology /reviewing processes /how information is stored in our financial systems.</p> <p>Financial Strategy and Capital manage Financial Strategy & Capital Strategy/Monitoring, Financial Systems Liaison & Development & Strategic and Operational Risk Management. The team facilitate multi-year planning, target resources, manage risk & integrate financial, business information. Over the next four years we will improve robustness of our systems & projections, challenge services to improve their risk management. The Team is also responsible for the support and maintenance of e5 in accordance with legislation and best practice.</p> <p>Treasury and pensions manage the Council's treasury (including the day to day cashflow, banking and cash), pension and insurance funds and oversee the contract for pensions administration.</p> <p>Local Taxation Responsible for Council tax & Business rates collection and debt recovery</p> <p>Housing Benefit Responsible for administering housing and council tax benefit schemes & identification and prevention of fraud.</p> <p>Bailiffs Collection of outstanding warrants in a shared service between Sutton & Merton for all areas, especially council tax and parking fines.</p>						Revenue/Capital Budget Managers supported		136/23	136/23	136/23	136/23	136/23	136/23	Medium term Financial Strategy			
						Budget & Risk Monitoring Reports		10	10	10	10	10	Procurement Strategy				
						Benefit/Council Tax support claimants		14,000	14,000	12,750	12,250	12,000	11,750	Treasury Management Strategy			
						Council tax properties		85,000	85,500	86,000	86,500	86,750	87,000				
						Anticipated non financial resources		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24				
						Staff (FTE)		145.1	145.5	141.8	141.8	141.8	141.8				
						Staff (Trainees)		1	1	4	4	4	4				
						Performance indicator		Actual Performance (A) Performance Target (T) Proposed Target (P)					Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
								2018/19(A)	2019/20(T)	2020/21(P)	2021/22(P)	2022/23(P)	2023/24(P)				
						% of Council tax collected		97.98%	97.25%	97.25%	97.4%	97.6%	97.8%	High	Monthly	Business critical	Loss of income
						% Business Rates collected		98.45%	97.50%	97.50%	97.75%	98%	98.25%	High	Monthly	Business critical	Loss of income
						Number of processing days for new Housing Benefit claims		12	14	14	14	14	14	Low	Monthly	Business critical	Customer hardship
						Number of processing days for Housing Benefit change of circumstances		8.21	8	8	8	8	8	Low	Monthly	Business critical	Customer hardship
						% of red risks with current control measures		100	90	90	90	90	90	High	Quarterly	Outcome	Poor decision making
						Accuracy of P10 Revenue Forecast (compared to outturn)		22.65%	90%	90%	90%	90%	90%	High	Annual	Outcome	Poor decision making
						Accuracy of P8 (P9 to 2013/14) Capital Forecast		86.29%	90%	90%	90%	90%	90%	High	Annual	Outcome	Poor decision making
						% of Insurance Claims responded to within 5 working days		93%	96%	96%	TBC	TBC	TBC	High	Quarterly	Outcome	Reduced customer service
						Delivery against current year MTFs savings targets		82.1	100%	100%	100%	100%	100%	High	Quarterly	Business critical	Poor decision making
						Closing Accounts by due date (Publish draft accounts by 31 May, and External Auditor sign off by 31 July		N/A	N/A	Yes	Yes	Yes	Yes	Yes/No	Annual	Business critical	Reputational risk
Accuracy of benefit payments over £1500		N/A	N/A	95%	95%	95%	95%	High	Quarterly	Outcome	Loss of income						

2020/21 Expenditure									2020/21 Income				
													
■ Employees									■ Government grants				
■ Premises									■ Reimbursements				
■ Transport									■ Customer & client receipts				
■ Supplies & Services									■ Recharges				
■ 3rd party payments									■ Reserves				
■ Transfer Payments													
■ Support services													

Summary of major budget etc changes								
2020/21								
2018-19 CS06 Miscellaneous budgets within Resources £17k								
2018-19 CS07 Retender of insurance contract £50k								
2018-19 CS08 Increase in income from Enforcement Service £20k								
2019-20 CS06 Revenues and Benefits reduction in staffing £146k								
2019-20 CS08 Insurance reduction in staffing £15k								
2020-21 CS1 Right sizing charge to Pension Fund for Pension Manager time £24k								
2020-21 CS2 Savings in Insurance Fund top up budget £70k								
2020-21 CS15 Miscellaneous savings (eg. Subscriptions) £39k								
2020-21 CS16 Saving in Consultancy costs £20k								
2021/22								
2018-19 CS07 Retender of insurance contract £25k								
2018-19 CS08 Increase in income from Enforcement Service £15k								
2020-21 CS15 Miscellaneous savings (eg. Subscriptions) -£29k								
2022/23								
2023/24								

£'000s		2018		2019		2020		2021		2022		2023	
Budget		3570		2500		2482		2517		2571		2626	
Actual		2367		2482		2473		2517		2571		2626	

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:	Evaluation of future funding levels			Risk reduction and compliance Requires considerable horizon spotting activity.				2	3	6
Start date	2019-20	Project Details:	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.									
End date	2023-24											
Project 2		Project Title:	Financial systems			Improved effectiveness Timely and accurate financial information will enhance decision making within services.				2	2	4
Start date	2013-14	Project Details:	The E5 Financial System was successfully upgraded to V5.5 in February 2019. We are continuing to upgrade the system functionality, introducing Business Processes manager and E5 Supplier during 2020/21 in addition to developing our reporting suite.									
End date	2021-22											
Project 3		Project Title:	This project will be undertaken in four stages (it is envisaged that it will be piloted with vehicles purchasing) 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	Project Details:										
End date	2021-22											

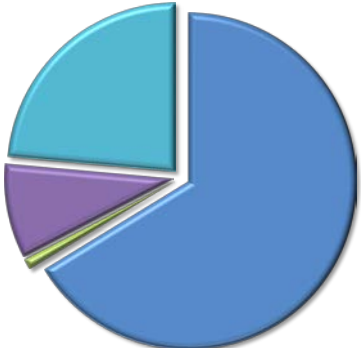
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD									
Shared Legal Services									
PROJECT DESCRIPTION				MAJOR PROJECTS BENEFITS		Risk			
						Likelihood	Impact	Score	
Project 1		Project Title:	Increase 3rd party income	Economic outcomes		2	1	2	
Start date	2019-20								
End date	2020-21								
Project 2		Project Title:	Further expansion of SLLP	Economic outcomes		2	1	2	
Start date	2019-20								
End date	2020-21								
Project 3		Project Title:	Develop Transactional Team	Improved effectiveness		2	1	2	
Start date	2019-20								
End date	2020-21								
		Project Details:	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: £230k						
		Project Details:	To provide an expanded legal support and advice service to Achieving for Children. Income target for 2019/20 - £50k; target for 2020/21: £80k						
		Project Details:	To establish a transactional team for high volume routine matters to deliver efficiency savings						

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		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Economic Development Strategy		
Enter a brief description of your main activities and objectives below					Enforcement cases		554	580	580	580	580	580	Merton Regeneration 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)		3678	3700	3700	3700	3700	3700	Medium Term Financial Strategy		
					BC applications (economy dependant)		1650	1700	1750	1750	1750	1750			
					Tree applications		557	550	550	550	550	550			
					Pre applications		114	115	115	115	115	115			
					Planning performance agreements		25	25	25	25	25	325			
					Prior approvals (permitted development)		640	640	650	650	650	650			
					Anticipated non financial resources		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24			
					Staff (FTE)		35	34	37	37	37	37			
					Performance indicator		Actual Performance (A) Performance Target (T) Proposed Target (P)					Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
							2018/19(A)	2019/20(T)	2020/21(P)	2021/22(P)	2022/23(P)				
% Major planning applications processed within 13 weeks		83	68	68	68	68	68	High	Monthly	Quality	Reduced customer service				
% minor applications determined within 8 weeks		85	71	71	71	71	71	High	Monthly	Quality	Reduced customer service				
% "other" applications determined within 8 weeks		93	82	82	82	82	82	High	Monthly	Quality	Reduced customer service				
% of appeals lost		24	35	35	35	35	35	Low	Quarterly	Perception	Reputational risk				
Income (Development & Building Control)		1,545,187	£1.886m	£1.886m	£1.886m	£1.886m	£1.886m	High	Monthly	Business critical	Loss of income				
% of Market share retained by local authority (building control)		51.06	54	54	54	54	54	High	Monthly	Perception	Loss of income				
No. of planning enforcement cases closed		662	520	520	520	520	520	High	Monthly	Quality	Reduced service delivery				
No. of backlog planning enforcement cases		901	849	500	500	500	500	Low	Monthly	Output	Reduced service delivery				

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Expenditure	2,656	2,765	2,580	88	2,732	2,738	2,743	2,748
Employees	1,673	1,733	1707	116	1811	1813	1814	1815
Premises	2	4	2	(2)	2	2	2	2
Transport	26	14	27	(15)	27	27	28	28
Supplies & Services	251	257	254	(11)	248	252	255	259
3rd party payments	0	0	0	0	0	0	0	0
Transfer payments	0	0	0	0	0	0	0	0
Support services	704	757	590	0	644	644	644	644
Depreciation								
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Income	1,984	1,764	1,986	(148)	2,046	2,046	2,046	2,046
Government grants	0	0	0	(8)	0	0	0	0
Reimbursements	96	219	99	(96)	134	134	134	134
Customer & client receipts	1,888	1,545	1887	(44)	1912	1912	1912	1912
Recharges								
Reserve								
Capital funded								
Council Funded Net Budget	672	1,001	594	(60)	686	692	697	702
Capital Budget £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
	0	0	0	0	0	0	0	0

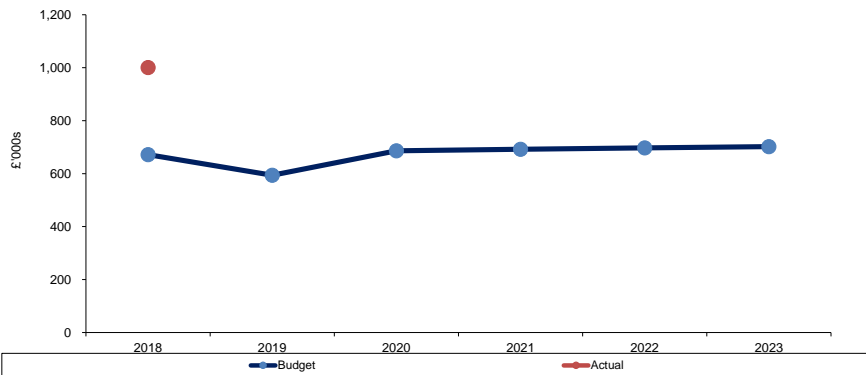
2020/21 Expenditure



2020/21 Income



Summary of major budget etc. changes	
2020/21	
No significant changes	
2021/22	
No significant changes	
2022/23	
No significant changes	
2023/24	



£'000s

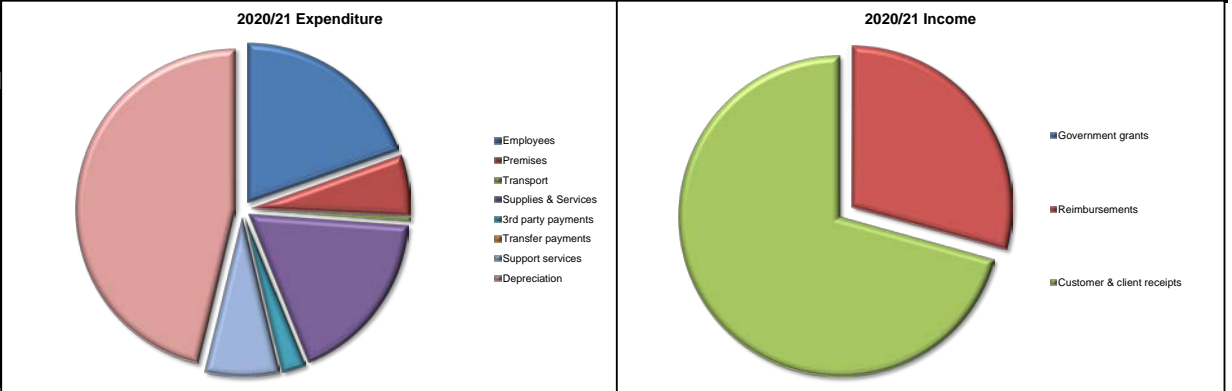
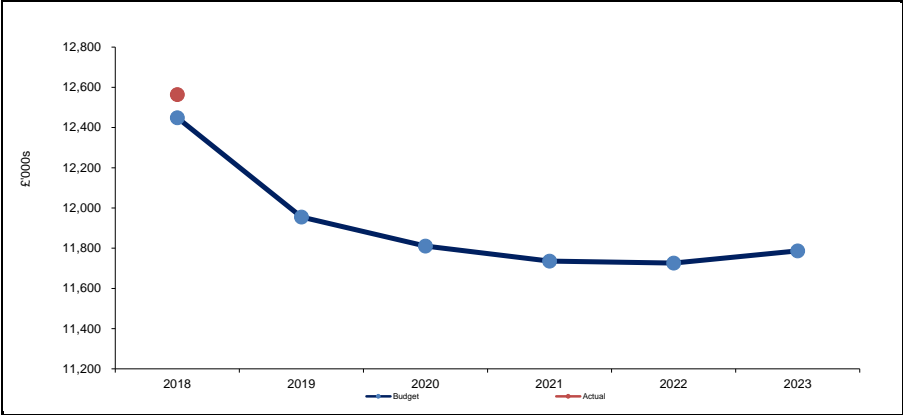
2018 2019 2020 2021 2022 2023

Budget Actual

Future Merton & Traffic and Highways		Planning Assumptions							The Corporate strategies your service contributes to		
Cllr Martin Wheldon: Cabinet Member for Regeneration, Housing and Transport		Anticipated demand	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24			
Enter a brief description of your main activities and objectives below		Population (GLA Borough Preferred Option 2018 based)	209,906	211,278	212,978	214,960	216,851	218,609	Local 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)	84,210	84,483	85,762	87,041	88,320	88,320	Climate Change Strategy		
		Businesses (includes enterprises)	12,960	13,500	14,000	14,500	14,750	14,750	Community Plan		
		Electric Vehicles	300	350	400	500	600	600	Sustainable Transport Strategy (TFL LIP)		
		Anticipated non financial resources	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24			
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)	48	49	49	49	49	49	Housing Strategy		
									Employment and Skills Action Plan		
									Corporate Asset Management Plan		
									Merton Regeneration 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	Actual Performance (A)		Performance Target (T)		Proposed Target (P)		Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
Future Merton contributes to the Merton Partnership via the activities of the Sustainable Communities & Transport Partnership (SCTP), Economic Wellbeing Group, Housing Group and Climate Change Steering Group. The team also services the Borough Plan Advisory Committee (BPAC) and Design Review Panel (DRP) and leads on South London Partnership's Transport, Growth & Skills boards.		2018/19(A)	2019/20(T)	2020/21(P)	2021/22(P)	2022/23(P)	2023/24(P)				
	New homes built annually	429	1328	918	918	918	918	High	Annual	Outcome	Loss of Government grant
Key service areas include: Regeneration, Placemaking, Strategic Planning, Housing Strategy, Economic Development, Traffic & Highways, Transport Planning, Road Safety Education, Flood Mitigation, Urban Design, management of the Community Infrastructure Levy and the management of Vestry Hall.	Number of publically available Electric Vehicles Charging Points	78	49	145	175	205	235	High	Annual	Outcome	Reputational risk
	Number of business premises improved	18	10	10	10	10	10	High	Annual	Outcome	Reputational risk
	Average number of days taken to repair an out of light street light	1	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
	Carriage way condition - unclassified roads defectiveness condition indicator	Awaited	75	75	75	75	75	High	Annual	Quality	Increased costs
	Footway condition (% not defective, unclassified road)	N/A	75	75	75	75	75	High	Annual	Quality	Increased costs
Service transformations identified in the TOM involve streamlined processes for project delivery, increased mobile working, increasing online consultations and interactive digitisation and mapping of highway and traffic management asset records.	Streetworks permitting determined	100	98	98	98	98	98	High	Monthly	Output	Loss of income

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Expenditure	15,780	15,611	14,762	14	14,589	14,584	14,574	14,635
Employees	2,894	2,885	2,817	-57	2,858	2,863	2,868	2,873
Premises	1,178	1,265	1,192	66	896	912	927	943
Transport	68	55	69	-14	61	61	62	63
Supplies & Services	3,206	2,921	2,366	-64	2,588	2,557	2,521	2,555
3rd party payments	445	432	435	83	352	357	362	367
Transfer payments	0	0	0	0	0	0	0	0
Support services	1,200	1,264	1,093	0	1,092	1,092	1,092	1,092
Depreciation	6,789	6,789	6,790	0	6,742	6,742	6,742	6,742
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Income	3,331	3,047	2,807	119	2,778	2,848	2,848	2,848
Government grants	69	86	1	-17	1	1	1	1
Reimbursements	1,392	1,032	804	217	813	883	883	883
Customer & client receipts	1,870	1,929	2,002	-81	1,964	1,964	1,964	1,964
Recharges	0	0	0	0	0	0	0	0
Council Funded Net Budget	12,449	12,564	11,955	133	11,811	11,736	11,726	11,787

Capital Budget £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Highway Maintenance		4,069	4,742	0	7,089	5,389	4,399	4,399
Transport Improvement		570	1,916	0	447	0	0	0
Regeneration		649	688	0	5,436	3,633	2,100	0
	0	5,288	7,346	0	12,972	9,022	6,499	4,399

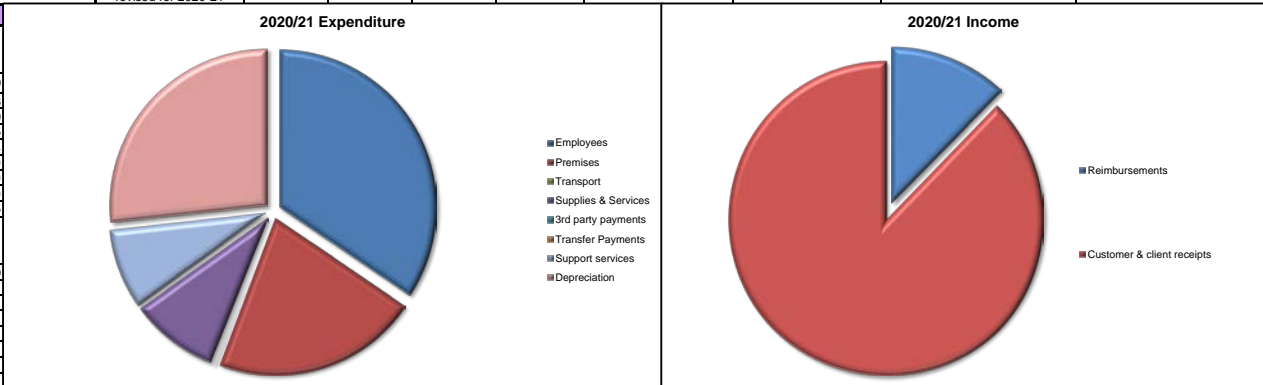


Summary of major budget etc changes	
2020/21	ENV1920-06 = (£40k); One-off reserve-Custom Build Grant = £15k; One-off reserve-Morden Growth = £50k; One-off reserve-OPE7 = £70k
2021/22	ENV1920-06 = (£70k); One-off reserve-OPE 7 =£70k
2022/23	
2023/24	

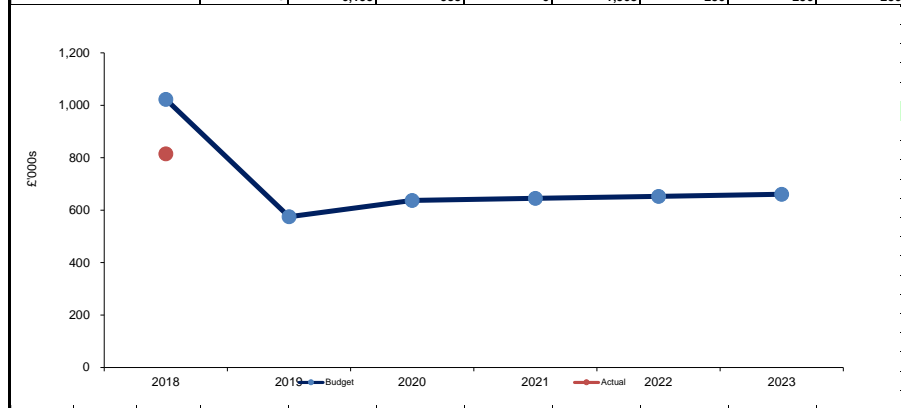
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD											
Future Merton & Traffic and Highways											
PROJECT DESCRIPTION					MAJOR PROJECT BENEFITS			Risk			
								Likelihood	Impact	Score	
Project 1		Project Title:	Estate Regeneration		Infrastructure renewal				4	3	12
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	3	6
Start date	2017	Project Details:	Identifying the growth potential of Wimbledon as the premier business hub in South London. Explore investment and development opportunities in advance of Crossrail2 and linked to its long-term delivery, and improving the quality of architecture, design and placemaking. Masterplan (2019/20) Local Plan 2021		- 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	2020										
Project 3		Project Title:	Morden Town Centre Regeneration		Economic outcomes				4	3	12
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		Improved sustainability				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		Improved customer experience				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) - Increase 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		Infrastructure renewal				2	3	6
Start date	2019-20	Project Details:	Embed and manage Merton's new 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 resilience in maintaining the streetscene and public realm						
End date	2020-26										

Leisure & Cultural Development	Planning Assumptions								The Corporate strategies your service contributes to		
CLlr Caroline Cooper-Marblah: Cabinet Member for Commerce, Leisure & Culture	Anticipated demand	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Asset Management Plan			
Enter a brief description of your main activities and objectives below	Population	209,421	210,452	237,679	240,375	242,701	244,574				
Main Activities: Build infrastructure so that people can engage in healthy living and lifestyle changes through participation in sports, arts, cultural and physical activities and events, by working with and through partners to increase the number, scope and quality of facilities, programmes, activities and events on offer.	Size of Catchment for Wimbledon Park Watersports Centre - No. of Children & Young People aged 8-17 in wards in west of borough	10,755	11,090	11,458	11,709	11,856	11,924	Children & Young person's Plan			
	Population of most disadvantaged wards	110,368	110,843	125,599	127,111	128,428	129,543	Culture and Sport Framework			
									Community Plan		
Main Objectives: - Develop solutions to de-silt & implement plans to mitigate flood risk at Wimbledon Park Lake - Develop plans for the delivery of the Wimbledon Park Master Plan - Deliver final elements of the LB of Culture plans in partnership with the Culture Advisory Group - Manage the Leisure Centres Contract; Wimbledon Theatre Lease; Polka and Attic Theatre's Grants - Deliver core service functionalities including operation of Watersports Centre, Morden Assembly Hall, etc. - Commission culture, arts & sports services where funding allows or with external funding - Deliver Merton's contribution to Ride London, Mini Marathon, VE day celebrations, etc.	Anticipated non financial resources	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Open Spaces Strategy			
	Staff (FTE)	7.8 (A)	8.8	8.8	8.8	8.8	8.8	8.8	Social Inclusion Strategy		
	Accommodation	7 (A)	7 (A)	7	7	7	7	7	Voluntary Sector Strategy		
	Volunteers	25	35	40	40	40	40	40			
	Staff seasonal	30	30	30	30	30	30	30			
Key Changes: - Delivery of major projects working to generate increased income over expenditure - Services delivered through others – contracts; commissioning using procurement tools - Significant changes in technology, procurement, health & safety and employment law - Process reviews to make business changes following new IT and corporate changes - Increased use of IT to trade, report service failures and provide self-service solutions wherever possible, seeking to maximise customers use for culture and sports services - Growth of partnership working - Resident and customers' needs and determining how best to meet those needs.	Performance indicator	Actual Performance (A) Performance Target (T) Proposed Target (P)				Polarity	Reporting cycle	Indicator type	Main impact if indicator not met		
		2018/19(A)	2019/20(T)	2020/21(P)	2021/22(P)	2022/23(P)	2023/24(P)				
	Income from Watersports Centre (£)	405,244	365,000	385,000	385,000	385,000	385,000	High	Monthly	Business critical	Loss of income
	14 - 25 year old fitness participation at leisure centres	99,304	103,100	106,120	108,546	109,626	110,022	High	Monthly	Output	Reduced uptake of service
	Total number of users of Merton's Leisure Centres	974,290	1,092,000	1,102,026	1,115,078	1,124,265	1,126,390	High	Monthly	Outcome	Reduced customer service
	Total number of users of Polka Theatre	84,125	18,700	69,470	101,670	111,000	111,000	High	Monthly	Output	Reduced uptake of service
	% of the Users of Leisure & Sports rating facilities Good to Excellent	N/A - measure has been revised for 2020-21			78	78	78	High	Biennial	Output	Reduced customer service
	% of the young people using Leisure & Sports rating facilities Good to Excellent	N/A - measure has been revised for 2020-21			66	66	66	High	Biennial	Output	Reduced customer service

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Expenditure	2,002	1,895	1,984	19	2,076	2,084	2,092	2,100
Employees	572	510	688	11	716	716	716	716
Premises	286	358	435	1	442	448	454	460
Transport	6	5	5	0	5	5	5	5
Supplies & Services	415	291	217	7	188	190	192	194
3rd party payments	8	3	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0	0	0
Support services	168	181	159	0	170	170	170	170
Depreciation	547	547	480	0	555	555	555	555
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Income	979	1,080	1,409	(269)	1,439	1,439	1,439	1,439
Government Grants								
Reimbursements	219	16	176	(1)	176	176	176	176
Customer payment receipts	760	1,064	1,233	(268)	1,263	1,263	1,263	1,263
Recharges								
Reserves								
Capital Funding								
Council Funded Net Budget	1,023	815	575	(250)	637	645	653	661
Capital Budget £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Morden Leisure Centre		5,848	365	0	0	0	0	0
Wimbledon Park Reservoir Safety		7	75	0	1318	0	0	0
Other		340	495	0	250	250	250	250
	0	6,195	935	0	1,568	250	250	250



Capital Budget £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Summary of major budget etc changes	
Morden Leisure Centre		5,848	365	0	0	0	0	0	2020/21	
Wimbledon Park Reservoir Safety		7	75	0	1318	0	0	0	E3 = £30k	
Other		340	495	0	250	250	250	250	ALT1920-03 = £10k	
	0	6,195	935	0	1,568	250	250	250	2021/22	



Academic Year	Percentage of Students in Top 10% of SAT Scores
2022/23	~10.5%
2023/24	~10.0%

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:	Wimbledon Park Lake Flood Risk & De-silting		Risk reduction and compliance			Likelihood	Impact	Score
Start date	2017-18	Project Details:	Develop solutions to de-silt & implement plans to mitigate flood risk at Wimbledon Park Lake		Statutory Duty - Flood risk alleviation works implemented by January 2022. Costed de-silting of lake options are produced.			4	3	12
End date	2023-24									
Project 2		Project Title:	Wimbledon Park Master Plan		Infrastructure renewal			2	2	4
Start date	2019-20	Project Details:	Develop plans for the delivery of the Wimbledon Park Master Plan		Upgraded, replaced, new - facilities, landscapes and heritage delivered over a 25 year period with and through partners.					
End date	2044-45									
Project 3		Project Title:	London Borough of Culture		Improved customer experience			2	2	4
Start date	2018-19	Project Details:	Deliver final elements of the LB of Culture plans in partnership with the Culture Advisory Group		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 4		Project Title:	Contract, Lease and Grant Management		Improved customer experience			2	1	2
Start date	2018-19	Project Details:	Manage the Leisure Centres Contract; Wimbledon Theatre Lease; Polka and Attic Theatre's Grants		Ensuring the community and residents benefit from the cultural and sport offers whilst achieving sustainability for the delivery agents.					
End date	2023-24									
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	2023-24									
Project 6		Project Title:	Leisure & Culture Development Services		Improved customer experience			2	2	4
Start date	2018-19	Project Details:	Deliver core service functionalities including operation of Watersports Centre, Morden Assembly Hall, etc.		Increased culture, sports and arts offer.					
End date	2023-24									
Project 7		Project Title:	Leisure & Culture Development Services		Improved customer experience			2	2	4
Start date	2018-19	Project Details:	Deliver Merton's contribution to Ride London, Mini Marathon, VE day celebrations, etc.		Increased culture, sports and arts offer.					
End date	2023-24									
Project 8		Project Title:						1	1	1
Start date		Project Details:								
End date										

DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD									
Parking									
PROJECT DESCRIPTION				MAJOR PROJECT BENEFIT		Risk			
Project 1		Project Title:	ICT Update	Improved effectiveness		Likelihood	Impact	Score	
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	2020-21	Project Details:	<p>Project description</p> <p>The purpose of this project is to procure a PCN and permit management system, which will be hosted and managed by the supplier.</p> <p>The system will include the following features or functions:</p> <ul style="list-style-type: none">• 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	<p>The new system will also allow us to better use our two ANPR enforcement vehicles to patrol Controlled Parking Zones.</p> <p>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.</p> <p>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.</p> <p>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.</p>		2	2	4	
Project 2		Project Title:	Review Diesel Levy, CO2 emission based charging and use of cashless.	Improved effectiveness					
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	2020-21	Project Details:		<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>		2	1	2	
Project 3		Project Title:	Cashless and P&D Machine removal	Improved efficiency (savings)					
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:		<p>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:</p> <ul style="list-style-type: none">• 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.		2	2	4	
Project 4		Project Title:	Public Health, Air Quality and sustainable transport - a strategic approach to parking charges.	Select one major benefit					
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 contribute 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.		3	2	6	
End date	2020-21	Project Details:	The project falls into 4 phases: 1. Policy justification and recommendation, 2. Consultation and approval process 3. implementation and 4. review.						

Commissioned Service			The service maintains and develops Merton's numerous parks & open spaces (some117 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 and Mitcham Carnival and hosts various 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). 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.									
Parks & Green Spaces												
Cllr Caroline Cooper-Marbiah: Cabinet Member for Commerce, Leisure & Culture												
Service Provider: idverde UK Ltd												
Planning Assumptions												The Corporate strategies the service contributes to
Anticipated demand	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24						
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)	70,000	75,000	80,000	85,000	90,000	95,000	Culture and Sport Framework					
Number of funerals at LBM cemeteries (not MSJC)	160	165	170	175	180	185						
Anticipated non financial resources	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24						
Contractors	Contract price and schedule of rates											
Client-side team (Lot 2 contract, retained services & policies)	8.7	8.9	8.5	8.5	8.5	8.5						
Performance indicator	Performance Targets (T) & Provisional Performance Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met		
	2018/19(A)	2019/20(T)	2020/21(P)	2021/22(P)	2022/23(P)	2023/24(P)						
% of residents (all service users) rating parks & green spaces good or very good (ARS)	81	N/A	77	77	77	77	High	Biennial	Perception	Reputational risk		
Young peoples % satisfaction with parks & green spaces (ARS)	86	N/A	85	85	85	85	High	Biennial	Perception	Reputational risk		
Number of Green Flag Awards	6	6	6	6	6	6	High	Annual	Quality	Reputational risk		
Number of outdoor event-days in parks	244	140	140	140	140	140	High	Monthly	Outcome	Reputational risk		
Income from outdoor events in parks	N/A	531,230	540,000	540,000	540,000	540,000	High	Monthly	Outcome	Financial		
Average Performance Quality Score (Grounds Maintenance Standards)	N/A	5+	5+	5+	5+	5+	High	Annual	Outcome	Reputational risk		
Number of street trees planted	N/A	235	235	235	235	235	High	Annual	Output	Environmental issues		
Average Performance Quality Score (Grass Verge Standards)	N/A	N/A	5	5	5	5	High	Quarterly	Outcome	Reputational risk		
Average Performance Quality Score (Litter & Cleansing)	N/A	N/A	5	5	5	5	High	Quarterly	Outcome	Reputational risk		
% of tree works commissions completed within SLA (30 working days)	N/A	N/A	85	85	85	85	High	Quarterly	Outcome	Loss of income		
Number of friends & similar groups undertaking voluntary activities within parks & open spaces	N/A	N/A	40	40	40	40	High	Annual	Outcome	Reputational risk		
Financial Information								Additional Expenditure Information				
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	ALT1920-06 = £10k ALT1920-07 = £64k Swap Saving: E6 = (£40k) One-off Reserve-Parks Improvement Fund = £35k			
Expenditure	4,071	4,333	4,109	217	4,258	4,284	4,344	4,404				
Employees	454	506	469	55	476	476	477	477				
Premises	622	464	608	(56)	636	609	617	625				
Transport	45	42	45	(3)	35	36	36	37				
Supplies & Services	364	373	309	157	308	311	314	317				
3rd party payments	1,807	2,135	1,979	64	2,041	2,090	2,138	2,186				
Transfer payments	0		0	0	0	0	0	0				
Support services	543	577	463	0	426	426	426	426				
Depreciation	236	236	236	0	336	336	336	336				
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24				
Income	2,318	2,401	2,401	(209)	2,392	2,392	2,392	2,392				
Government grants	69	69	8	0	8	8	8	8				
Reimbursements	364	424	418	(79)	423	423	423	423				
Customer & client receipts	1,885	1,908	1,975	(130)	1,961	1,961	1,961	1,961				
Recharges												
Reserves												
Council Funded Net Budget	1,753	1,932	1,708	8	1,866	1,892	1,952	2,012				
Capital Budget £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24				
Parks Investment		489	515	0	2,148	569	390	300				
	0	489	515	0	2,148	569	390	300				

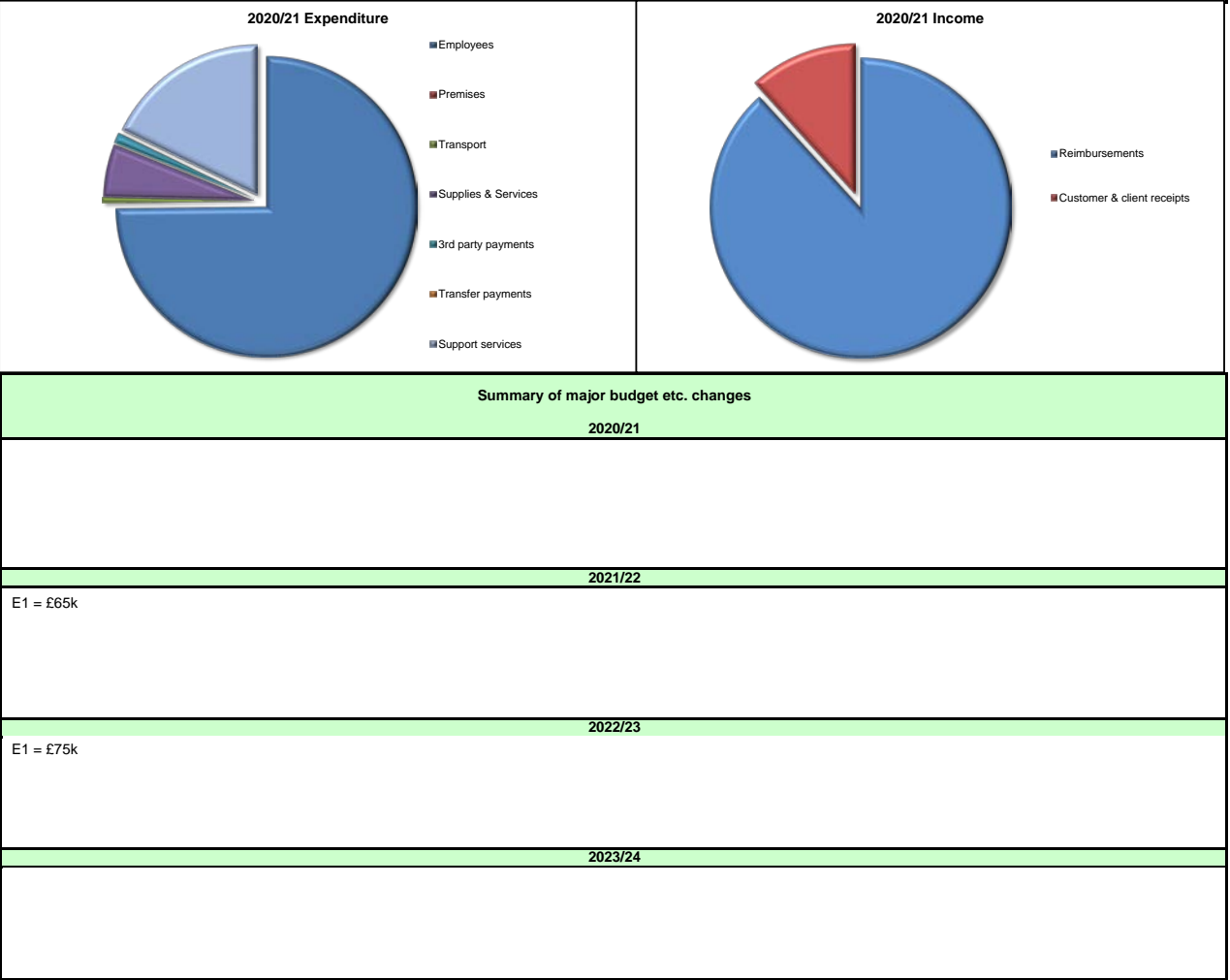
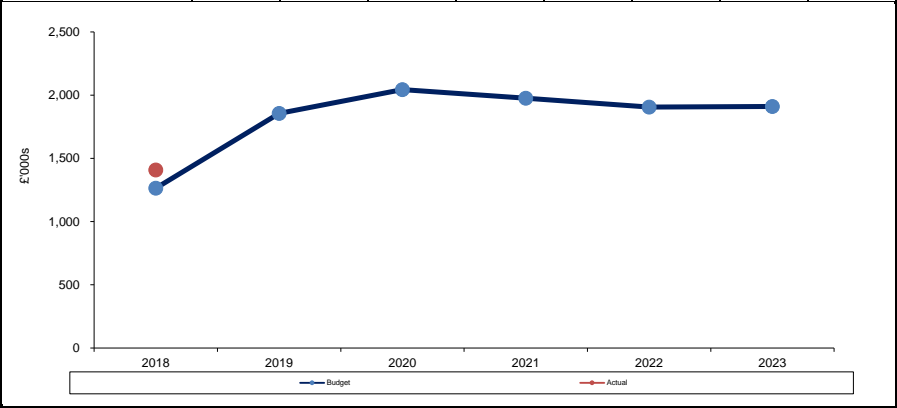
DETAILS OF MAJOR PROJECTS							
Parks & Green Spaces							
PROJECT DESCRIPTION				MAJOR PROJECTS BENEFITS		Risk	
				Likelihood	Impact	Score	
Project 1		Project Title:	Greenspaces TOM	Improved effectiveness			
Start date	2017-18	Project Details:	Implementation of Target Operating Model for Greenspaces	Various benefits & enhancements across a range of services & themes	3	2	6
End date	2023-24						
Project 2		Project Title:	Greenspaces Commercialisation	Improved efficiency (savings)			
Start date	2017-18	Project Details:	Increased commercialisation across a range of Greenspaces services and open spaces	Diversifying the outdoor events portfolio, including new commercial events to increase income. Working with our grounds maintenance service provider, idverde, to increase income for the service, especially from sport & recreational activities	3	2	6
End date	2023-24						
Project 3		Project Title:	Canons House & Rec Restoration	Improved customer experience			
Start date	2017-18	Project Details:	Delivery of Lottery-funded Canons Restoration Project	Multi-million pound investment project to restore, conserve & improve recreational opportunities at Canons Recreation Ground & Canons House.	2	2	4
End date	2022-23						
Project 4		Project Title:	Phase C, Lot 2 Contract	Improved customer experience			
Start date	2017-18	Project Details:	Embedding new systems & processes and ensuring quality & performance standards in relation to Phase C, Lot 2 grounds maintenance contract	Working with our grounds maintenance contractor, idverde, to maintain & improve green spaces & recreational services at a lower cost	3	2	6
End date	2023-24						
Project 5		Project Title:	Re-use of Parks Assets	Improved reputation			
Start date	2017-18	Project Details:	Re-use of surplus & redundant parks facilities and re-modelling of under-utilised properties: pavilions, yards & mess rooms and other parks assets	Increased income & preservation of some existing parks assets	2	1	2
End date	2023-24						
Project 6		Project Title:	Revision of Arboricultural Services	Improved efficiency (savings)			
Start date	2017-18	Project Details:	Reconfiguration of current arboricultural service provisions, systems & policies. Reprourement of arboricultrual operational service	Improved service integration, policy clarification & consolidation & improved operational efficiency	3	3	9
End date	2020-21						
Project 7		Project Title:		Improved efficiency (savings)			
Start date		Project Details:					
End date							
Project 8		Project Title:		Improved customer experience			
Start date		Project Details:					
End date							
Project 9		Project Title:		Economic outcomes			
Start date		Project Details:					
End date							

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DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD						
Property						
PROJECT DESCRIPTION			MAJOR PROJECT BENEFIT	Risk		
				Likelihood	Impact	Score
Project 1	Project Title:	Property have no projects planned for 2019-20				
Start date						
End date	Project Details:					

Regulatory Services - Merton element only		Planning Assumptions							The Corporate strategies your service contributes to				
Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance		Anticipated demand		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24				
Cllr Tobin Byers: Cabinet Member for Adult Social Care		Total number of food premises		1530	1606	1570	1600	1650	1650	Air Quality Action Plan			
A brief description of your main activities and objectives:		Total number of service requests		6234	6357	6722	6800	6900	7000	Climate Change Strategy			
		Licence/permit applications		1900	1900	2542	2500	2500	2500	Merton Regeneration Strategy			
		Population		209,421	210,452	212,658	214,740	216,662	218,298				
Provide statutory environmental health, trading standards and licensing functions across those councils that make up the Regulatory Services Partnership (currently LB Merton, LB Richmond and LB Wandsworth).		Anticipated non financial resources		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24				
		Staff (FTE) (Total)		40.75	111.42	118.56	118.56	118.56	118.56				
Deliver savings and efficiencies in line with the Target Operating Model:		Performance Indicator		Actual Performance (A) Performance Target (T) Proposed Target(P)				Polarity	Reporting cycle	Indicator type	Main impact if indicator not met		
				2018/19(A)	2019/20(T)	2020/21(P)	2021/22(P)					2022/23(P)	2023/24(P)
<ul style="list-style-type: none">Switch to intelligence-led, risk based, targeted enforcementgenerating additional income from trading activities		Total % compliance of non-road mobile machinery on major construction sites with GLA emissions standards		N/A	85	85	85	85	High	Annual	Business critical	Environmental issues	
		% of alcohol and regulated entertainment licences issued within 10 working days of the conclusion of 28 day consultation period (excl those subject to licensing hearing)		N/A	N/A	95	95	95	95	High	Quarterly	Business critical	Reputational risk
		% of service requests with an initial response within the "defined timescale"		N/A	N/A	90	90	90	90	High	Quarterly	Business critical	Reduced service delivery
Transform the service by:		Carry out age restricted sales physical interventions for knives, alcohol, fireworks, tobacco and e-cigarettes		N/A	N/A	Awaiting agreement with Partnership	TBC	TBC	TBC	High	Annual	Business critical	Safeguarding issues
<ul style="list-style-type: none">demand managementstreamlining business processes		High risk A & B and non-compliant C-rated food establishments due for inspection completed		N/A	N/A	100	100	100	100	High	Annual	Business critical	Government intervention
		Number of monitoring stations that meet annual Particulate air quality objectives		N/A	N/A	Awaiting agreement with Partnership	TBC	TBC	TBC	High	Annual	Outcome	Political risk
		Number of monitoring stations measuring below the Nitrogen Dioxide air quality objectives		N/A	N/A	Awaiting agreement with Partnership	TBC	TBC	TBC	High	Annual	Outcome	Political risk
<ul style="list-style-type: none">implementing new ways of workingDeveloping commercial/business planning skills (L&D)													

Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Expenditure	3,190	6,112	7,124	(490)	8,123	8,120	8,125	8,130
Employees	2,249	5,054	5,525	(480)	6,067	6,067	6,067	6,068
Premises	5	19	0	2	0	0	0	0
Transport	44	57	45	(3)	45	46	47	48
Supplies & Services	125	198	80	6	459	454	456	458
3rd party payments	97	82	98	(15)	95	96	98	99
Transfer payments	0	0	0	0	0	0	0	0
Support services	670	702	1,376	0	1,443	1,443	1,443	1,443
Depreciation	0	0	0	0	14	14	14	14
Revenue	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Income	1,926	4,704	5,268	556	6,079	6,144	6,219	6,219
Government grants	0	1	0	0	0	0	0	0
Reimbursements	1,350	3,834	4662	347	5367	5367	5367	5367
Customer & client receipts	295	644	606	209	712	777	852	852
Recharges	281	225	0	0	0	0	0	0
Reserves								
Capital Funding								
Council Funded Net Budget	1,264	1,408	1,856	66	2,044	1,976	1,906	1,911
Capital Budget £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Mortuary provision		0	0	0	0	0	54	0
	0	0	0	0	0	0	54	0

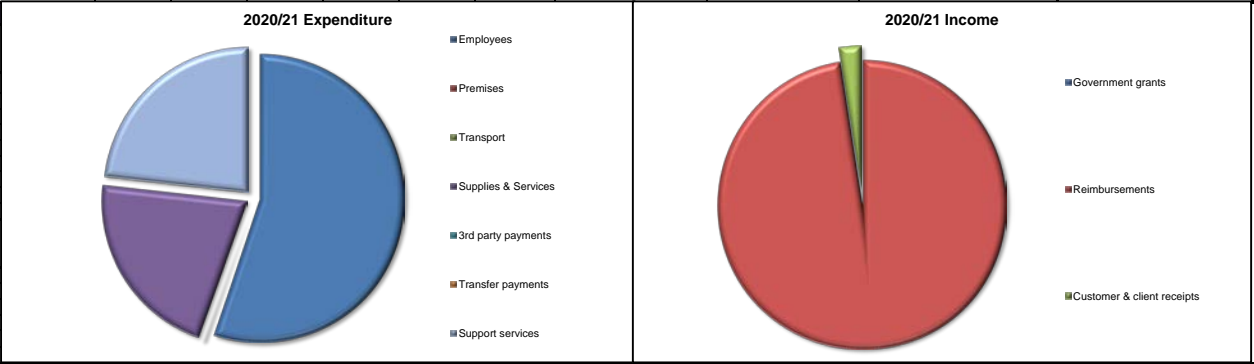
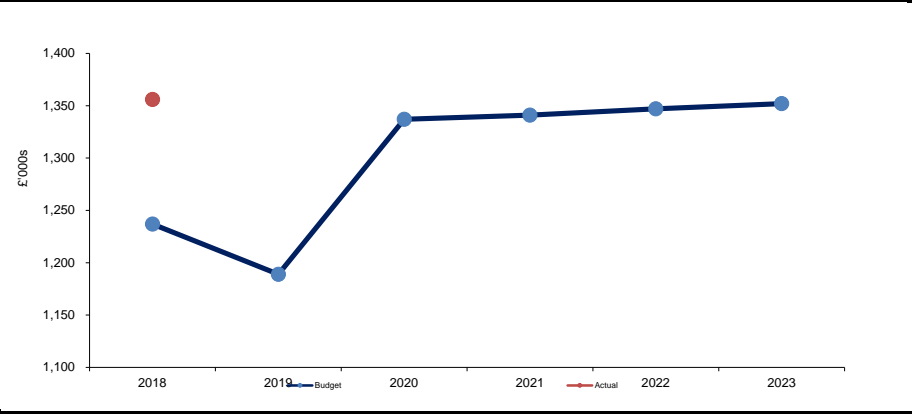


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DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD							
Regulatory Services - Merton element only							
PROJECT DESCRIPTION				MAJOR PROJECT BENEFITS		Risk	
						Likelihood	Impact	Score
Project 1		Project 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	2020-21						
Project 2		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	2022 - 23						
Project 3		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	2020-21						
Project 4		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	2020-21						

Safer Merton	Planning Assumptions							The Corporate strategies your service contributes to			
Cllr Edith Macauley: Cabinet Member for Voluntary Sector, Partnerships and Community Safety	Anticipated demand	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24				
Enter a brief description of your main activities and objectives below	Resident numbers	209,421	210,452	212,658	214,740	216,662	218,298	Community Plan			
Safer Merton delivers the council's statutory Community Safety Partnership (CSP) function and the public realm CCTV functionality . The team consists of 17.8 officers working across several themes: 1) Tackling anti-social behaviour - supporting victims, enforcing against perpetrators 2) Tackling Domestic Violence and Abuse - supporting victims, enforcing against perpetrators 3) Managing and delivering Merton's Neighbourhood Watch programme 4) Crime and ASB analysis - providing an intelligence lead CSP and the annual strategic assessment alongside tackling serious youth violence 5) Tackling hate crime agenda and delivering the hate crime strategy 6) Managing and delivering a 24/7 CCTV service which includes 210 static CCTV cameras and a current deployable asset of 13 cameras 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. 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: 1) A duty to establish a crime and disorder partnership and deliver an annual partnership plan 2) Completion of an annual strategic assessment governed by the Community Safety Partnership 3) Respond to and deal with crime and disorder through evidence based analytical work in a timely and effective manner 4) Manage and deliver CCTV operations within the parameters set by the Information Commissioner	Number of new, actionable, ASB cases	Actual = 1237	1000	1000	1000	1000	1000	Community Cohesion Strategy			
	% of all residents actively engaged in Neighbourhood Watch schemes	35% (coverage for the whole borough)	or the whole borough). 470	470 active watched	480 active watches	490 active watches	500 active watches	Community Cohesion Strategy			
	Hate crime victims	300 (Actual = 278)	320	320	300	300	300	Hate crime strategy			
	Total knife crime incidents	185	175	165	155	145	115	Safer & Stronger Strategic Assessment			
	Anticipated non financial resources	2018/19	2019/20	2020/21	2021/22	2022/23	2023/2024	Workforce Strategy			
	Staff (FTE)	7.49	17.80	16.16	16.16	16.16	16.16				
	Performance indicator	Actual Performance (A) Performance Target (T) Proposed Target (P)				Polarity	Reporting cycle	Indicator type	Main impact if indicator not met		
		2018/19(A)	2019/20(T)	2020/21(P)	2021/22(P)	2022/23(P)	2023/24(P)				
	Repeat MARAC cases (domestic abuse) by volume	N/A	30%	30-40%	30-40%	30-40%	30-40%	Range	Monthly	Outcome	Safeguarding issues
	Number of Community Protection Warnings Issued *	25	24	24	24	24	24	Low	Quarterly	Outcome	Reduced enforcement
	Number of Community Protection Notices Issued *	2	1	3	3	3	3	Low	Quarterly	Quality	Reduced enforcement
	Number of premise closure orders used *	1	8	8	8	8	8	Low	Quarterly	Outcome	Anti social behaviour
	Total number of Neighbourhood Watches *	517	535	535	535	535	535	High	Quarterly	Output	Community engagement
	ASB cases acknowledged within service timescales	94.1	95	95	95	95	95	High	Quarterly	Output	Anti social behaviour
	% of public realm CCTV cameras working at all times	97.14%	98%	98%	98%	98%	98%	High	Monthly	Output	Reduced enforcement
	Number of external contracts managed by CCTV	N/A	2	2	2	2	2	High	Annual	Outcome	Loss of income

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Expenditure	1,483	1,582	1,548	30	1,541	1,545	1,551	1,556
Employees	740	731	788	(41)	760	760	761	761
Premises	3	9	3	10	3	3	3	3
Transport	1	1	1	0	2	2	2	2
Supplies & Services	255	353	289	77	293	297	301	306
3rd party payments	31	10	16	(16)	0	0	1	1
Transfer payments	0	0	0	0	0	0	0	0
Support services	327	352	325	0	320	320	320	320
Depreciation	126	126	126	0	163	163	163	163
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
Income	246	226	359	64	204	204	204	204
Government grants	76	0	136	0	0	0	0	0
Reimbursements	165	224	117	66	199	199	199	199
Customer & client receipts	5	2	106	(2)	5	5	5	5
Recharges								
Council Funded Net Budget	1,237	1,356	1,189	94	1,337	1,341	1,347	1,352
Capital Budget £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24
	0	0	0	0	0	0	0	0



Summary of major budget etc. changes	
2020/21	Swap Saving: ENR4 = (£100k)
2021/22	
2022/23	
2023/24	

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		Improved customer experience			2	2	4
Start date	2017-18		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		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					
End date	2020-21									
Project 2		Project Title: 2	ASB Strategy renewal		Improved effectiveness			2	2	4
Start date	2020-21		Review and redesign the councils, and partnerships, approach to ASB incorporating the administrations requirements on enforcement, the service development in court presentation and ensuring that the Police BCU model does not negatively impact on ASB outcomes around matters such as CBOs and PSPO enforcement		By being clear and concise in what work the ASB service will undertake, under what powers and timeframes LBM residents will be clearer as to the service deliverables. The council will also have greater scope to hold partners to account for their delivery					
End date	2020-21									
Project 3		Project Title: 3	VAWG Strategy renewal		Improved reputation			2	2	4
Start date	2020-21		Review and redesign the partnerships VAWG strategy ensuring that the council, and partners, identify and address the VAWG strands most needed. Build on the developed areas of work to further enhance outcomes and commence exploration in less developed fields of work. Move away from Safer Merton holding all responsibility for the VAWG strategy to a more co-designed and jointly owned approach		Merton is known as a good council for VAWG already but a redesigned strategy will further enhance this reputation and cement our work					
End date	2020-21									
Project 4		Project Title: 4	ASB Enforcement - Tackling Law Breakers		Improved reputation			5	1	5
Start date	2018-19		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		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					
End date	2020-21									
Project 5		Project Title: 5	Public Space Protection Order (PSPO) renewal		Risk reduction and compliance			5	3	15
Start date	2019-20		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		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					
End date	2020-21									
Project 6		Project Title: 6	CCTV service review		Improved staff skills and development			2	3	6
Start date	2019-20		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, can we seek to share service, how do we become a more efficient, cost neutral benefit to LBM		The significance and volume of work for this project is significant and cannot be under-estimated. The benefits will vary significantly depending on the final scope of the review. Potential benefits: 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					
End date	2020-21									
Project 7		Project Title: 7	CCTV maintenance commissioning		Improved efficiency (savings)			3	2	6
Start date	2020/21		To commission a new CCTV service maintenance contract - this contract will ensure that all LBM owned cameras are maintained and operational alongside, capital funding dependent, that a replacement programme of camera upgrades also takes place It is likely that the contract length will be upwards of five years and may also link in with Project 6, CCTV service review		It is envisaged that the council will benefit from greater scales of economy in annual maintenance fee per camera alongside decreased downtime of cameras - especially if a replacement programme is rolled out					
End date	2020-21									

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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								

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 Tobin Byers:Cabinet Member for Adult Social Care, Health & the Environment											
Cllr Martin Whelton Cabinet Member for Regeneration, Environment & Housing											
Service Providers:											
Veolia UK Ltd											
Viridor Waste Management											
Kingdom Ltd (Environmental Protection)											
Noah's Ark (Stray Dogs / Enforcement)											
Planning Assumptions											
Anticipated demand	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24					
Housing Properties	85,000	86,000	86,500	86,500	86,500	86,500					
Kilometres of Roads	375	375	375	375	375	375					
Population	209,421	210,452	212,658	214,740	216,662	218,298					
Total household waste tonnage	71,000	69,000	68,000	67,000	67,000	67,000					
Anticipated non financial resources	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24					
Clienting and Commissioning Team	3.19	3.19	3.09	3.09	3.09	3.09					
Community Engagement and Enforcement	9	8	8	8	8	8					
SLWP	2	1	1	1	1	1					
Client Neighbourhood team	2.4	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	Actual Performance (A) Performance Target (T) Proposed Target (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
	2018/19(A)	2019/20(T)	2020/21(P)	2021/22(P)	2022/23(P)	2023/24(P)					
% of sites surveyed on local street inspections for litter that meet the required standard (Monthly) and quarterly in line with NI195	N/A - redefined measure		87	87	87	87	High	Monthly	Perception	Reputational risk	
% of street cleansing reports rectified within the contract standard time frame	N/A - redefined measure		90	90	90	90	High	Monthly	Perception	Reputational risk	
% of Sites surveyed that meet the required standard for weeds	N/A - redefined measure		90	90	90	90	High	Quarterly	Perception	Reputational risk	
% of Sites surveyed that meet the required standard for detritus	N/A - redefined measure		80	80	80	80	High	Quarterly	Perception	Reputational risk	
% of Sites surveyed that meet the required standard for graffiti	N/A - redefined measure		98	98	98	98	High	Quarterly	Perception	Reputational risk	
% of Sites surveyed that meet the required standard for flyposting	N/A - redefined measure		97	97	97	97	High	Quarterly	Perception	Reputational risk	
% residents satisfied with street cleanliness	44	N/A	57	5700%	57	57	High	Biennial	Perception	Reputational risk	
% of flytips removed within 24 hours	43.58	95	95	95	95	95	High	Monthly	Outcome	Reputational risk	
No. of flytips in streets and parks recorded by Contractor	11,406	8,400	12,900	12,900	12,900	12,900	Low	Monthly	Outcome	Reputational risk	
No. of refuse collections including recycling and kitchen waste (excluding Garden Waste) missed per 100,000	111.08	40	65	65	65	65	Low	Monthly	Outcome	Reduced customer service	
Resident satisfaction with the Household Re-use and recycling facility (Garth Road)	N/A - redefined measure		75	75	75	75	High	Annual	Perception	Reputational risk	
% of Residents satisfied with refuse collection	48	N/A	73	73	73	73	High	Biennial	Perception	Reputational risk	
% of Household waste recycled and composted	38.95	48	48	48	48	48	High	Monthly	Business critical	Reputational risk	
Residual waste kg per household	526.88	475	475	475	475	475	Low	Quarterly	Outcome	Increased costs	
% Municipal solid waste sent to landfill (waste management and commercial waste)	31	10	10	10	10	10	Low	Quarterly	Outcome	Increased costs	
% residents satisfied with recycling facilities	56	N/A	72	72	72	72	High	Annual	Perception	Reputational risk	
Total waste arising per household (kgs)	848.22	910	910	910	910	910	Low	Quarterly	Outcome	Reputational risk	
% FPNs issued that have been paid	73.08	75	70	70	70	70	High	Monthly	Output	Loss of income	

Financial Information - Waste Management and Cleansing									Additional Expenditure Information		
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	2020/21 ENV1920-04 = £250k ENV1920-05 = £50k ALT1920-04 = £150K ALT1920-05 = £6k Swap Saving: ENR9 = (£200k) Internal Debt Charge = £667k 2021/22 Internal Debt Charge = (£10k) 2022/23 Internal Debt Charge = (£9k) 2023/24 Internal Debt Charge = (£9k)		
Expenditure	17,355	16,290	17,746	1,056	19,004	19,271	19,536	19,801			
Employees	785	1,073	800	46	804	804	804	804			
Premises	338	(48)	321	(86)	11	13	14	16			
Transport	238	236	242	(2)	203	206	209	212			
Supplies & Services	8,090	13,784	8,574	1,088	16,440	16,699	16,957	17,215			
3rd party payments	6,882	198	6,892	10	186	189	192	194			
Transfer payments	0	0	0	0	0	0	0	0			
Support services	406	431	314	0	299	299	299	299			
Depreciation	616	616	603	0	1,061	1,061	1,061	1,061			
Revenue £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24			
Income	3,351	3,872	3,717	(596)	4,420	4,420	4,420	4,420			
Government grants	36	36	0	0	0	0	0	0			
Reimbursements	177	437	325	29	326	326	326	326			
Customer & client receipts	3,138	3,399	3,392	(625)	4,094	4,094	4,094	4,094			
Recharges	0		0	0	0	0	0	0			
Reserves											
Capital Funded											
Council Funded Net Budget	14,004	12,418	14,029	460	14,584	14,851	15,116	15,381			
Capital Budget £'000s	Final Budget 2018/19	Actual 2018/19	Budget 2019/20	Forecast Variance 2019/20 P8	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24			
Waste Bins		1,913	731	0	30	0	0	0			
Fleet Vehicles		2,670	0	0	0	0	340	0			
Other		39	0	0	18	0	0	0			
		4,622	731	0	48	0	340	0			

DETAILS OF MAJOR PROJECTS

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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	2020-21								
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	2020-21								
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). It is forecast by the Government and forms the baseline against which tariffs and top-ups are calculated.

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 2020/21 Merton will be part of the 67% London Pool and Business Rates collected will be shared 33% to Central Government, 37% to the GLA and 30% 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, and examines potential funding options
- that bids are submitted in accordance with the 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 in the budget to offset the cost of a future event or circumstance which may or may not occur. This contrasts with a reserve which is a sum set aside in the accounts.

CORE SPENDING POWER

A Spending Review sets 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

It is a local tax on domestic property which was introduced in 1993 by the Local Government Finance Act 1992, It is raised by councils but is now subject to referendum limits set by the Government . It is calculated by deducting any funding from reserves, income it expects to raise and general funding from the total annual cost of providing services, to leave a balance to be funded by council taxpayers

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. Local authorities can obtain supplementary credit approvals during the year for particular projects.

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

A corporate bond is one 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.

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 uprated 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 Ministry of Housing, 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 Inflation 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
- 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 2021/22 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 rescheduling

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 2020/21 to 2023/24 starts from the approved budget 2019/20 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 March 2019 was as follows :-

Table 1: Initial Re-priced MTFS

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Departmental Base Budget '19/20	152,567	152,567	152,567	152,567
Departmental Budget Changes	(627)	1,512	4,721	8,072
Re-Priced Departmental Budget	151,940	154,079	157,288	160,639
Treasury/Capital financing	10,834	12,218	12,133	13,889
Other Corporate items	(16,533)	(16,898)	(16,392)	(16,659)
Levies	607	607	607	607
Sub-total: Corporate provisions	(5,092)	(4,073)	(3,652)	(2,163)
Appropriation to/from Reserves	(5,863)	(1,846)	(1,783)	(1,753)
BUDGET REQUIREMENT	140,985	148,160	151,853	156,723
TOTAL FUNDING	(139,877)	(142,751)	(145,777)	(149,079)
GAP (Cumulative)	1,108	5,409	6,076	7,644

- 1.3 Since then, reports to Cabinet on 14 October 2019 and 27 January 2020 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 2020-24, 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 2020-24. 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 2020/21. 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 February 2020 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 2020/21 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 27 January 2020 showed that the budget gap was:-

Table 2: Budget Gap Cabinet 27 January 2020

Cumulative	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Gap exc. Savings	11,897	20,023	24,651	26,886
(Savings)	(11,897)	(15,784)	(16,149)	(16,345)
Gap Net of Savings	0	4,239	8,502	10,541

1.5.5 As with previous years, the business planning process is a multi-year approach and this includes a review of total planned expenditure and income over the period 2020-24.

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 2020-21

2.1 Local Government Finance Settlement

- 2.1.1 The financial projections in the report to Cabinet on 27 January 2020 were based on the information as announced in the provisional Local Government Finance Settlement on 20 December 2019. Information in this report has been updated as more information has become available. Due to delays caused by Brexit and the subsequent decision to hold a General Election in December 2019, the Settlement was only for one year, 2020/21.
- 2.1.2 On 6 February 2020, 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 Public Health Grant
Merton's allocation for 2020/21 has not yet been confirmed but indications are that it will increase by 2.84%, which would provide £10.464m in 2020/21 compared to the 2019/20 grant of £10.175m.
- 2.1.4 Council Tax Referendum Threshold
The Final Settlement confirmed that the referendum threshold for principal local authorities such as Merton is as follows:-
- For 2020-21, the relevant basic amount of council tax is excessive if the authority's relevant basic amount of council tax for 2020-21 is 4% (comprising 2% for expenditure on adult social care, and 2% for other expenditure), or more than 4%, greater than its relevant basic amount of council tax for 2019-20.
- 2.1.5 Latest details on the Local Government Settlement are included in Appendix 2 and have been incorporated into Merton's MTFS where applicable.

2.2 Settlement Funding Assessment and Business Rates

2.2.1 In the report to Cabinet on 27 January 2020 ,the following information on the Council's provisional Settlement Funding Assessment (Revenue Support Grant + Retained Business Rates) was reported

Table 3: Settlement Funding Assessment 2020/21

	2019-2020	2020-2021	Change	Change
MERTON	£m	£m	£m	%
Settlement Funding Assessment	40.460	41.120	0.659	1.6
of which:				
Revenue Support Grant (RSG)	-	5.159		
Baseline Funding Level (BFL)	40.460	35.961		
(Tariff)/Top-Up (Included in BFL)	40.460	41.120		
	(1.144)	9.534		

2.2.2 As with 2019/20, due to participation in the London Pool final details of Merton's actual share of Business Rates for 2020/21 will not be known until the accounts for 2020/21 are closed.

2.2.3 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 2020 and the change from 75% to 67% Business Rates Retention and the reset of business rates baseline in 2021/22 (deferred from 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 (Deferred from 2020/21)
- The impact of the new Government's Budget which will take place on 11 March 2020 and the Spending Review 2021 (deferred from 2020) which should set Government funding priorities over the longer term and Government department funding allocations
- The impact of the implementation 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
- the level of appeals

2.2.4 The figures for Business Rates included in the Settlement Funding Assessment are the Government's estimate based on forecasts of annual uprates since the introduction of Business Rates Retention in

2013/14. The figures in the MTFS will be based on the latest forecast of Business Rates included in Merton's NNDR1 form which is a statutory return that local authorities are required to submit to the Government by 31 January

- 2.2.5 The following table compares the estimate of Business Rates included in the MTFS reported to January Cabinet, the Local Government Finance Settlement Funding Assessment figure and the NNDR1 figure.

Table 4: Merton's Funding from Business Rates 2020-21

MERTON	Cabinet 27/01/20 £m	2020-2021 LGF Settlement £m	NNDR1 Forecast 2020-2021 £m
Business Rates Baseline		26.427	N/A
Merton NNDR1 2020/21		N/A	26.052
Top-Up (Included in BFL)		9.534	9.534
Section 31		0	3.090
Revenue Support Grant		5.159	5.159
Resources from SFA 2020/21	42.561	41.120	43.835

- 2.2.6 For 2020/21, it will be assumed that Merton's share of Business Rates will be a "no worse off" position as represented by £43.835m in the above table. i.e. the level of business rates income is based on a forecast as if the Council was not participating in the London pool. This is the same assumption as was made in the previous two years when preparing previous budgets and Medium Term Financial Strategies.
- 2.2.7 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 is 7.5%.
- 2.2.8 Further details regarding how the 67% business Rates London Pool and the latest information contained in the NNDR1 return will impact on Merton's MTFS are included in paragraph 11 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 2020/21.

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 pay and terms of conditions of employment for over 1.4 million local government services' workers is determined by the National Joint Council (NJC) for Local Government Services. On 24 July 2019 a pay claim for 2020/21 was submitted by the Joint Trade Union Side (UNISON, GMB and UNITE) to the Local Government Association (NJC).

The union's claim is for:-

- A real living wage of £10 per hour to be introduced for NJC scp 1 and a 10% increase on all other NJC/GLPC pay points
- A one day increase to the minimum paid annual leave entitlement set out in the Green Book
- A two hour reduction in the standard working week as set out in the Green Book
- A comprehensive joint national review of the workplace causes of stress and mental health throughout local authorities.

The current assumptions regarding pay inflation incorporated into the MTFS assume 2% per year.

The latest estimates for pay inflation included in the MTFS are:-

Table 5: Pay Inflation Provision in the MTFS

(Cumulative)	2020/21	2021/22	2022/23	2023/24
Pay inflation (%)	2.0%	2.0%	2.0%	2.0%
Revised Estimate (cumulative £000)	1,708	3,416	5,124	6,832

Further details on the pay negotiations for 2020/21 and beyond, and the impact on the MTFS will be reported when they are known.

3.3.3 National Minimum Wage (NMW) and National Living Wage (NLW)

The government sets a minimum amount workers must get paid on average for the hours they work. This is called the National Minimum Wage (NMW) or the National Living Wage (NLW) if for workers aged 25 or over.

The NMW is an hourly rate set by the Department for Business, Energy & Industrial Strategy (BEIS) and enforced by HM Revenue & Customs (HMRC). There are different rates depending on age and if the worker is an apprentice.

The NLW was introduced from 1 April 2016 and is essentially a premium on top of the NMW for workers aged 25 and over who are not in the first year of their apprenticeship. While the NLW operates as a higher level of NMW for people aged 25 or over, the same rules apply to both.

At the end of December 2019, the Government announced increases in the NMW and NLW rates.

From April 2020, the new rates are:-

- The National Living Wage for ages 25 and above - up 6.2% to £8.72
- The National Minimum Wage for 21 to 24-year-olds - up 6.5% to £8.20
- For 18 to 20-year-olds - up 4.9% to £6.45
- For under-18s - up 4.6% to £4.55
- For apprentices - up 6.4% to £4.15

Additional work is required to assess the impact of these increases on the Council's overall budget and the impact on individual service departments. It is, however, estimated that the ongoing impact of these increases will be c. £1.5m p.a. and it is proposed to include this amount in the MTFS corporate budgets at this stage, which will be allocated to services once the detailed work has been completed.

Cost of London Living Wage (LLW) applied to Home Care Contracts

The estimated additional annual cost of NMW to Home Care contracts is c.£0.378m. However, if LLW is applied to these contracts the estimated additional cost would be c.£1.7m per year and increase the budget gap by c. £5.3m over the MTFS period.

3.3.4 Prices

The estimates for price inflation agreed by Council in March 2019 have been reviewed and the latest forecast is set out in the following table:-

Table 6: Price Inflation Provision in the MTFS

(Cumulative)	2020/21	2021/22	2022/23	2023/24
Price inflation (%)	1.5%	1.5%	1.5%	1.5%
Revised Estimate (cumulative £000)	2,035	4,069	6,104	8,139

The Consumer Prices Index (CPI) 12-month rate was 1.3% in December 2019, down from 1.5% in November 2019. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 1.4% in December 2019, down from 1.5% in November 2019. The largest downward contributions to change in the 12-month inflation rate

between November and December 2019 came from accommodation services and clothing. The largest offsetting upward contributions came from housing, water, electricity, gas and other fuels. The RPI rate for December 2019 was 2.2%, which is unchanged from the figure for November 2019.

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 7: Forecasts for the UK Economy (1)

Source: HM Treasury - Forecasts for the UK Economy (December 2019)			
	Lowest %	Highest %	Average %
2019 (Quarter 4)			
CPI	1.4	2.3	1.7
RPI	1.8	3.2	2.3
LFS Unemployment Rate	3.8	4.1	3.9
2020 (Quarter 4)			
CPI	1.4	3.3	1.9
RPI	1.8	4.2	2.6
LFS Unemployment Rate	3.8	4.6	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 2019 to 2023 are summarised in the following table:-

Table 8: Forecasts for the UK Economy (2)

Source: HM Treasury - Forecasts for the UK Economy (December 2019)					
	2019	2020	2021	2022	2023
	%	%	%	%	%
CPI	1.8	1.8	1.9	2.1	2.1
RPI	2.6	2.4	2.7	3.3	3.4
LFS Unemployment Rate	3.9	4.0	4.0	4.1	4.0

Details on the outlook for inflation over the MTFS period are provided in Appendix 2.

3.3.5 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

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Excess Inflation provision	450	450	450	450

The cash limiting strategy is not without risks but if current forecast levels of inflation (c.2%) were applied un-damped across the period then the budget gap would change by c. £2.7m by 2023/24.

3.3.6 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 2018/19 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2019:-

Table 10: Collection Fund Surplus/Deficit as at 31 March 2019

	Surplus/ (deficit) as at 31/03/19 Outturn	Surplus/ (deficit) as at 31/03/19 Outturn	Total surplus/ (deficit) as at 31/03/19
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	339	339
GLA	580	(1,275)	(695)
Merton	2,159	(2,635)	(476)
Total	2,739	(3,571)	(832)

3.4.3 A review of the Collection Fund, related bad debt provisions, write offs, and collection rates in 2019/20 and anticipated collection rates in 2020/21 has been undertaken. With respect to Business Rates, the NNDR1 return has been submitted (24 January 2019 deadline for London pool) which analyses the estimated Business Rates for 2020/21, estimated surplus/deficit as at 31st March 2020 and estimated Section 31 Grant for 2020/21, and the allocations between Merton, Central Government, and the GLA. As part of the change in the London Pool in 2020/21 from 75% to 67% Business Rate Retention there will be a change in shares of funding to 33% central government , 37% GLA and 30% Merton.

- 3.4.4 As a result of the further analysis, the estimated surplus/deficit on the Collection Fund as at 31st March 2020 is as follows:-

Table 11: Collection Fund Surplus/Deficit as at 31 March 2020

	Surplus/ (deficit) as at 31/03/20 Estimate	Surplus/ (deficit) as at 31/03/20 Estimate	Total surplus/ (deficit) as at 31/03/20
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(947)	(947)
GLA	396	(674)	(278)
Merton	1,524	(1,197)	327
Total	1,920	(2,818)	(898)

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 2020/21.

3.5 Taxicards and Freedom Passes

- 3.5.1 These schemes are administered by London Councils on behalf of London boroughs.

The latest available details are set out in the following table:-

Table 12: Freedom Passes and Taxicards 2020/21

	Current Estimate 2019/20 £000
Freedom Passes	8,968
Taxicards	114
Total	9,082
Estimated Cost in 2020/21	9,174
Increase for 2020/21	92
Provision for increase in MTFS (Cabinet October 2019)	450
Reduction in MTFS in 2020/21	358

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 2020/21, 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 2020-24:-

Table 13: Revenuisation

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Revenuisation	600	600	600	600

The expenditure charged to capital during the current year is being closely monitored and is being reported through the monitoring report.

3.9 Pension Fund Revaluation

Pensions

By law the Superannuation Fund is valued every 3 years. The new valuation is based on the position at 31 March 2019 and is implemented in the 2020/21 financial year. The fund has shown an increase in funding level to 103%. Discussions during the current financial year have been held with the actuary Barnett Waddingham LLP and they have confirmed that there will be no need to provide for a deficit recovery over the next three years.

Table 14: Pension Deficit Recovery

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
MTFS (Based on 2016 valuation)	3,635	3,718	3,801	3,884
Latest (2019 valuation)	0	0	0	0
Change	(3,635)	(3,718)	(3,801)	(3,884)

Oncost

In addition, the actuary has indicated that the future service contribution rate will be fixed at 17.06% for 2020/21, 2021/22 and 2022/23, an increase from 15.2% in the current year. The estimated additional cost in each department's salary costs from 2020/21 is as follows:-

Table 15: Increased oncost contribution rate

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Increased contribution	1,158	1,181	1,204	1,229

The net change in pension costs is therefore

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Net saving to General Fund	(2,477)	(2,537)	(2,597)	(2,655)

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 14 October 2019 and 27 January 2020 agreed some proposed amendments to savings that had been agreed in previous year's budgets and also agreed that the financial implications should be incorporated into the draft MTFS 2020-24.

4.2 The change over the four year MTFS period resulting from these proposals is set out in the following table:-

Table 16: Amendments to Previously Agreed Savings

Deferred Savings and Replacement Savings (Net impact)	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Corporate Services	196	0	0	(196)	0
Children, Schools and Families	0	0	0	0	0
Environment and Regeneration	65	10	(75)	0	0
Community and Housing	0	0	0	0	0
Total	261	10	(75)	(196)	0
Cumulative Total	261	271	196	0	

4.3 Details of all of the amendments have been referred to Overview and Scrutiny Panels and the Commission for scrutiny in February 2020 (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 17: Full Year Effects of previous years savings

Full Year Effects of previous years savings	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Corporate Services	2,510	315	91	(196)	2,720
Children, Schools & Families	1,000	0	0	0	1,000
Environment and Regeneration	2,130	111	(61)	0	2,180
Community and Housing	1,928	1,000	0	0	2,928
Total	7,568	1,426	30	(196)	8,828
Total - Cumulative	7,568	8,994	9,024	8,828	

5. Departmental Savings Proposals 2020-24 and Service Planning

- 5.1 It was clear from the outset of the Business Planning process for 2020/24 that significant savings would be required to balance the MTFS over the four year period.

5.2 Savings Proposals 2020-24

Controllable budgets and Savings Targets for 2020-24

- 5.3 Cabinet on 14 October 2019 agreed the rolling forward of the unmet element of 2019/20 savings targets to be identified by service departments over the period 2020-24 as follows:-

Table 18: Savings Targets 2020-24

	Savings Targets 2020-24 £'000
Corporate Services	663
Children, Schools & Families	2,627
Environment & Regeneration	2,606
Community & Housing	4,385
Total	10,281

- 5.4 Cabinet on 14 October 2019 also considered some proposed new savings towards meeting these savings targets and referred them to the Scrutiny Panels and Commission. Cabinet agreed to ratify these savings at a future Cabinet meeting subject to scrutiny comments. The savings, considered by Cabinet in October 2019 and scrutinised by panels and the Commission during November 2019 are summarised in the following table:-

Table 19: Savings proposals – Cabinet October 2019

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
SAVINGS (Cabinet 14 October 2019)					
Corporate Services	570	(49)	125	0	646
Children, Schools and Families	509	400	0	0	909
Environment and Regeneration	1,240	340	0	0	1,580
Community and Housing	0	500	0	0	500
Total	2,319	1,191	125	0	3,635
Total (cumulative)	2,319	3,510	3,635	3,635	

- 5.5 Feedback on the October 2019 Cabinet proposals from the Overview and Scrutiny Panels and the Commission which met during November 2019 was reported to Cabinet on 9 December 2019
- 5.6 Further work was carried out to identify additional savings and Cabinet on 27 January 2020 considered and agreed further savings and referred these to Overview and Scrutiny Panels and the Commission.
- 5.7 Details of these proposals are provided in provided in the Member's Information Pack and summarised in the following table:-

Table 20: Savings proposals – Cabinet January 2020

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
SAVINGS (Cabinet 27 January 2020)					
Corporate Services	0	0	0	0	0
Children, Schools and Families	1,460	410	0	0	1,870
Environment and Regeneration	40	70	0	0	110
Community and Housing	532	810	60	0	1,402
Total	2,032	1,290	60	0	3,382
Total (cumulative)	2,032	3,322	3,382	3,382	

- 5.8 These savings were scrutinised by Overview and Scrutiny Panels and the Commission during February 2020 and feedback from the Overview and Scrutiny Commission is included in a separate report on the agenda for this meeting.
- 5.9 Assuming that all of the new savings agreed by Cabinet are confirmed the total new savings are as follows:-

Table 21: Total New Savings proposals 2020-24

SUMMARY (cumulative)	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Corporate Services	570	(49)	125	0	646
Children, Schools & Families	1,969	810	0	0	2,779
Environment & Regeneration	1,280	410	0	0	1,690
Community & Housing	532	1,310	60	0	1,902
Total	4,351	2,481	185	0	7,017
Net Cumulative total	4,351	6,832	7,017	7,017	

- 5.10 If all of the savings are agreed, the progress against the savings targets set by Cabinet in October 2019 is as follows:-

Table 22: Progress against Savings Targets

	Targets £'000	Proposals £'000	Balance £'000	Balance %
Corporate Services	663	646	17	2.6
Children, Schools & Families	2,627	2,779	(152)	0
Environment & Regeneration	2,606	1,690	916	35.1
Community & Housing	4,385	1,902	2,483	56.6
Total	10,281	7,017	3,264	31.7

- 5.11 Draft Equalities Assessments where applicable are included in the Member's Information Pack.
- 5.12 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.
- 5.13 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 February 2020.
- 5.14 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. Departmental Growth Proposals 2020-24**
- 6.1 Cabinet in October 2019 agreed new provision for growth from 2020/21 to 2023/24 as follows:-

Table 23: Growth proposals – Cabinet October 2019

Growth – Cabinet (October 2019)	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
CS - Emergency Planning – Response to Grenfell	150	0	0	0
CS – Microsoft Licences	280	0	0	0
Service Department Growth Total	430	0	0	0
Service Department Growth (cumulative)	430	430	430	430
CSF – New Burdens funding to offset DSG Deficit (Based on October monitoring)*	9,297	(1,297)	726	925
Total – New Burdens Funding	9,297	(1,297)	726	925
Cumulative – New Burdens Funding	9,297	8,000	8,726	9651
Total Growth (October Cabinet)	9,727	(1,297)	726	925
Cumulative Growth (October Cabinet)	9,727	8,430	9,156	10,081

*Current growth to offset 50% of the deficit, with some assumed additional HN Grant funding for 2021/21 only.

- 6.2 The report to Cabinet on 27 January 2020 reviewed the need for growth and updated this for the latest assumptions relating to the DSG deficit and adding some further growth to address pressures in Children's Services and Environment and Regeneration
- 6.3 The total growth proposals reported to Cabinet in October 2019 and January 2020 is as follows:-

Table 24: Growth proposals (Cabinet October 2019 & January 2020)

Growth – Total	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
CS	430	0	0	0
CSF	3,847	404	384	390
E&R	937	0	0	0
C&H	0	0	0	0
Total	5,214	404	384	390
Cumulative	5,214	5,618	6,002	6,392
DSG Deficit – GF Contribution (cumulative)*	16,014	6,354	7,158	8,130
Total (Cumulative)	21,228	11,972	13,160	14,522

*Current growth to offset 100% of the deficit up to 20/21 and 50% thereafter, with assumed additional HN Grant funding continuing over the MTFS period.

- 6.4 Since Cabinet in January 2020, the following amendments to the growth proposals approved so far have been identified:-
- Corporate Services Department has identified the need for £16k growth in the cost of Microsoft Licences (Enterprise Agreement) following a procurement exercise (Addition to 2020-21 CSG2)
 - The cost of providing for the deficit in the DSG has been reviewed and updated for the latest forecast based on December 2019.

- 6.5 Assuming that the latest growth proposals are agreed, the latest estimated growth required for 2020-24 is as follows:-

Table 25: Total Growth proposals 2020-24

Growth – Total	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
CS	446	0	0	0
CSF	3,847	404	384	390
E&R	937	0	0	0
C&H	0	0	0	0
Total	5,230	404	384	390
Cumulative	5,230	5,634	6,018	6,408
DSG Deficit – GF Contribution (cumulative)	16,009	6,354	7,158	8,130
Total (Cumulative)	21,239	11,988	13,176	14,538

7. Feedback from the Scrutiny Process:-

- 7.1 Comments from the Overview and Scrutiny Commission on 12 February 2020 are provided in a separate report on the agenda for this meeting.

7.2 Financial Implications of Changes arising from response to Scrutiny

- 7.2.1 The draft MTFS shown in Appendix 7 includes the impact of the savings recommended. If Cabinet decide to accept any changes to the savings, the MTFS reported to Council on 4 March 2020 will be amended to reflect this.

8. **Budgetary Control 2019/20**

- 8.1 The revenue budgetary control information below summarises the corporate position using the latest available information as at 31 December 2019 as shown in a separate report on the agenda for this meeting. As at 31 December 2019, there is a forecast favourable variance for the Council of £1.710m.

- 8.2 Although an overall favourable position is forecast, there are spending pressures being experienced in the following areas:-

- CS - Infrastructure and Transactions, Human Resources
- CSF - Children's Social Care, SEN transport
- CSF - DSG funded services are forecast to overspend by £10.557m. The DSG had a cumulative overspend of £2.909m at the end of 2018/19. The overspend in the current financial year will be adding to this balance, currently estimated at £13.668m.
- E&R – Waste Services, Senior management and support
- C&H – Libraries, Housing General Fund (mainly temporary accommodation)

9. Capital Financing and Treasury Management

Treasury Management, Capital Financing and Investment Income:

- 9.1 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.
- 9.2 Details relating to how the capital programme has changed from that approved by Council in March 2019 to the capital programme for 2020-24 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 2020-24.
- 9.3 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 2019/20 to ensure that the revenue impact of the capital programme is minimised in 2020/21 and beyond.
- 9.4 The revenue budget implications of the capital programme 2020-24 compared to those included in the MTFS approved by Council in March 2019 are summarised in the following table:-

Table 26: Summary of Capital Financing Costs and movement since 2019/20

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Budgeted Capital financing costs of Programme approved by Council 06/03/2019	10,834	12,218	12,133	13,889
Change in capital financing costs arising from new schemes and review and re-profiling of existing capital programme as set out in Section 4	(251)	(727)	600	(425)
Estimated capital financing costs of Capital Programme 2020-24	10,583	11,491	12,733	13,464

- 9.5 The analysis of the budget for capital financing costs and investment income is set out in the following table:-

Table 27: Details of Budgets for capital financing costs

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
MRP(net of contributions)	4,875	5,635	6,950	7,704
Interest	6,315	6,315	6,110	6,082
Capital financing costs	11,190	11,950	13,060	13,786
Investment Income	(607)	(459)	(327)	(322)
Net	10,583	11,491	12,733	13,464

10 GENERAL FUND BALANCES AND RESERVES

- 10.1 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 £13.778m as shown in the final accounts for 2018/19, but will need to be adjusted for outturn, with a projected underspend of £1.710m, subject to winter pressures.

Table 28: Indicative range of balances

	Min	Medium	Max
	£m	£m	£m
Level of balances	13.8	24.5	36.4

- 10.2 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 thorough, 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 for net spending, 7.5% for safety net and 10% for DSG deficit.

Table 29: Indicative level of balances

	£m
Net spending	7.8
Safety Net	2.7
DSG	1.4
Appeals	3.1
Level of balances	15.0

- 10.3 The average level of General Fund balances for outer London boroughs for 2018/19 was £14.998m, with a low of £8.416m and a high of £41.620m.
- 10.4 A review of Merton's reserves has been undertaken and details are shown in Appendix 8. The estimated level of earmarked reserves changes from £34.393m as at 31 March 2019 to £23.874m by 31 March 2024.
- 10.5 The average level of earmarked reserves (excluding schools and HRA) for outer London boroughs for 2018/19 was £74.350m, with a low of £21.295m and a high of £233.800m. Merton, with £48.106m (excluding schools) is ranked 13th highest out of 20 outer London boroughs.
- 11. Revenue Support Grant and Baseline Funding (Non-Domestic Rates)**
- 11.1 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 6 February 2020. There were no significant changes and details of the Settlement are summarised in paragraph 2 and Appendix 2 of this report.
- 11.2 Update arising from completion of the NNDR 1 Return and assuming the London 67% Business Rates Pool proceeds
- 11.2.1 Revenue Support Grant
The reduction of Business Rates Retention to 67% means that Merton will now receive some Revenue Support Grant.
- 11.2.2 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 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 2019/20 and the shares for Merton, central Government and the GLA
 - Merton's estimated non-domestic rating income for 2020/21 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 previously announced in Government funding statements

11.2.3 Financial implications of the NNDR1 for Merton's MTFS

a) Estimated Surplus/Deficit:

Based on the information from Merton's final outturn for 2018/19 (as per the NNDR3 return) and latest estimates for the level of appeals and required Bad Debt Provision, there will an estimated deficit of £2.818m on the Collection Fund at 31 March 2020.

This will be shared as follows:-

Table 30: Share of Deficit on Collection Fund – Business Rates

	£m
Merton	1.197
GLA	0.674
Central Government	0.947
Total	2.818

b) Share of 2020/21 Business Rates

Assuming that the pool proceeds Merton's Business Rates income will be shared in the ratio 33:37:30 between the Government: GLA: Merton.

As Indicated in Merton's NNDR1 form for 2020/21 (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 £86.814m.

Based on 67% Business Rates Retention, the distribution of the net amount of business rates receivable in 2020/21 is as follows:

Table 31: Share of Business Rates 2020/21

	£m
Central Government	28.657
Merton	26.052
GLA	32.130
Total	86.839

Under the revised pool arrangements, Merton reverts to being a top-up authority (i.e. it receives a contribution (top-up) from the Government to supplement its share of business rates and the Final Local Government Finance Settlement indicates that Merton's top-up will be £9.534m which means that Merton's estimated share of Business Rates income would be £35.586m in 2020/21.

c) Amount of Section 31 grant due from Central Government to compensate for reliefs

Merton's estimated share of Section 31 grant due in 2020/21 is £3.090m which is based on a 30% share under the pool arrangements.

d) Impact on 2020/21 – Based on “No worse off” Position

It is important not to overestimate the level of funding that is achievable from business rates. Therefore, as for 2019/20 it is intended to use an estimate of the position Merton would be in if it was not participating in the 67% London pool. This protects the Council from any risk arising if the 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 32: Business Rates “No worse off position”

	£m
Net retained rates under existing "67%" system	35.586
RSG	5.159
S.31 grants not built into net retained rates above	3.090
"No worse off" level	43.835

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 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 67% Business Rates Retention the Government has removed the no detriment guarantee.

11.2.4 Impact of London 67% 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.

12. **Council Tax Strategy**

- 12.1 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.

12.2 The Secretary of State has ruled that for most principal authorities, which includes Merton council, for 2020-21, the following referendum principles will apply:-

- For 2020-21, the relevant basic amount of council tax is excessive if the authority's relevant basic amount of council tax for 2020-21 is 4% (comprising 2% for expenditure on adult social care, and 2% for other expenditure), or more than 4%, greater than its relevant basic amount of council tax for 2019-20.

12.3 For Merton, a Council Tax increase of 4% would be regarded as excessive but, for example, a core principle of 1.999% plus Adult Social Care precept of 2% (i.e. 3.999%) would be in accordance with the thresholds set.

13. Council Tax Base

13.1 Cabinet on 27 January 2020 agreed the Council Tax Base calculation for 2018/19. Details of the calculation are included as Appendix 3.

13.2 For 2020/21 the Council Tax Base has been calculated as:-

Table 33: Council Tax Base 2020/21

Council Tax Base 2020/21	75,989.9
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13.3 A separate council tax base calculation has been produced for the properties covered by the Wimbledon and Putney Common Conservators (WPCC) area. For 2020/21 the Council Tax Base for Wimbledon and Putney Commons Conservators has been calculated as:-

Table 34: WPCC Council Tax Base 2020/21

WPCC Council Tax Base 2020/21	11,604.6
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14. Greater London Authority Precept and Other Levies

14.1 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.

14.2 As reported to Cabinet on 27 January 2020, the Mayor published his draft consolidated budget and provisional council tax precept for 2020-21 on 18 December 2019 for consultation. The consultation on the budget proposals ended on Wednesday 15 January 2020.

- 14.3 The GLA's consultation noted that the Band D precept was likely to change prior to the Mayor's final budget to reflect the impact of the Home Office settlement for policing including the council tax referendum thresholds for local policing bodies which at that time had not been announced for 2020-21.
- 14.4 On 22 January the Home Office announced the threshold limits for PCCs. In 2020/21, the Government are giving PCCs in England flexibility to increase local funding in England by setting the council tax referendum limit to £10 for a typical (Band D) property.
- 14.5 Following the announcement of the police grant settlement, the GLA announced on 29 January 2020 that the Mayor has revised his Band D council tax precept proposals for 2020-21.
- 14.6 The proposed Band D precept in the 32 boroughs is now £332.07 – an £11.56 or 3.6% rise compared to 2019-20 (comprising an additional £10 for the Metropolitan police and £1.56 for the London Fire Brigade). The precept on council taxpayers in the Corporation of London (i.e. excluding the Met Police element) remains unchanged at £79.94.
- 14.7 The final GLA council tax figure will not be approved formally until after the London Assembly meeting on Monday 24th February 2020. There will be a verbal update at the meeting to confirm the final figure that the London Assembly agree.
- 14.8 The statutory deadline for the GLA to agree the final GLA council tax precept and the Capital Spending Plan is 28 February 2020.

15. Other Levies

- 15.1 The Council is required by statute to pay certain levies to the organisations listed below. Not all of the levies for 2020/21 have been confirmed and the latest position is as set out in the following table:-

Table 35: Other Levies

	2019/20 £000	2020/21 £000	2020/21 Change %
London Pension Fund Authority	258	257	(0.2%)
Lee Valley Regional Park	178	178	(0.1%)
Environment Agency	171	174	1.9%

15.2 Wimbledon and Putney Commons Conservators (WPCC)

- 15.2.1 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 2020/21 will be £352,856, an increase of £10,034 (2.9%) from the 2019/20 levy of £342,822.

Table 36: Wimbledon and Putney Commons Conservators Precept

	2019/20 £000	2020/21 £000	Change %
Wimbledon & Putney Commons Conservators	343	353	2.9%

15.2.2 The average Band D cost to a council taxpayer in the WPCC area has changed from £29.90 in 2019/20 to £30.41 (1.7%) in 2020/21.

16 CONCLUSIONS

16.1 It is a statutory requirement that the council sets a balanced budget in 2020/21.

16.2 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.

16.3 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.

16.4 The Medium Term Financial Strategy assumes that all of the corporate provisions and proposals for savings, in 2020/21 discussed in this report are agreed and if this is the case, the following financial position is achieved:-

Table 37: Average Band D Council Tax

Average Council Tax Calculation at Band D	2019/20 £m	2020/21 £m
Budget Requirement	143.054	152.645
Settlement Funding Assessment inc. Section 31 Grant	(44.026)	(43.835)
New Homes Bonus	(2.108)	(1.438)
PFI Grant	(4.797)	(4.797)
ASC Improved BCF	(1.054)	(4.862)
Collection Fund (Surplus)/Deficit (Net)	1.301	(0.327)
Council Tax Requirement	92.370	97.386
Council Tax Base	74,951.7	75,989.9
Average Council Tax *	1,232.39	1,281.56

* The actual increase is 3.99% and it is important to stay below the 4% threshold to avoid triggering the requirement for a referendum

NB The calculation of the average council tax is subject to Government verification via the submission of a return – Council Tax Requirement Form CTR1.

- 16.5 The calculation of Band D council tax for properties outside the Wimbledon and Putney Commons Conservators area is as follows:

Table 38: Council Tax calculation

Council Tax Calculation Band D	2019/20 £m	2020/21 £m
Budget requirement	143.054	152.645
WPCC	(0.343)	(0.353)
RSG + Business Rates (inc. S.31 grant) + Transition	(44.026)	(43.835)
New Homes Bonus	(2.108)	(1.438)
PFI Grant	(4.797)	(4.797)
ASC Improved BCF	(1.054)	(4.862)
Collection Fund (Surplus)/Deficit (Net)	1.301	(0.327)
Balance to be met from Council Tax	92.027	97.033
Implied Council Tax (Band D)	1,227.82	1,276.92

- 16.6 The implications for the level of Council Tax on a Band D property, including the GLA precept are set out as follows:-

Table 39: Band D Council Tax

Council Tax at Band D	2019/20 £	2020/21 £	% change from 2019/20
Merton (exc. WPCC)	1,227.82	1,276.92	4.0%
GLA Precept (Provisional)	320.51	332.07	3.6%
Implied Council Tax at Band D	1,548.33	1,608.99	3.9%

- 16.7 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.

17. Risk Management

- 17.1 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 2020-24 and beyond has been highlighted as a key strategic risk on the corporate risk register.

- 17.2 Currently c.£7 million of savings are being progressed for 2019-20, coupled with a further c. £16m of savings identified for 2020-24. 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.

18. Summary

- 18.1 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 40: Cumulative MTFS Gap 2020-2024

Cumulative	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Gap exc. Savings	11,397	18,622	22,574	24,880
Savings	(11,397)	(15,284)	(15,649)	(15,845)
Gap Net of Savings	0	3,338	6,925	9,035

19 Future Years

- 19.1 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.
- 19.2 The budget process for 2021/22 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

20. Positive Assurance Statement

20.1 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.

20.2 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 and increasing DSG deficit and how it is to be funded and cleared
- 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 and the Fair Funding Review both deferred from 2020/21 but currently due to take effect in 2021/22
- Risks to other income streams including Business Rates Retention and proposed reset

20.3 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 2020-21 of 4% (comprising up to 2% for expenditure on adult social care and 2% for other expenditure). Alongside this, the Government has approved the 67% London Business Rates pool for 2020/21 and all London boroughs have signed up to participate in this.

20.4 The 67% London Pool for 2020/21 replaces the 75% London Pilot Pool which is operating in 2019/20. The new 67% has been approved for 2020/21 but it is currently assumed that the Government still plan to fully implement 75% Business Rates Retention for all local authorities in 2021/22 (deferred from 2020/21).

20.5 Following on from the Spending Review, which will determine the resources overall for local government, the longer term position is uncertain because of potential changes in the way Government Funding is allocated. Firstly, the Government is currently proceeding with its work on a "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. Following a delay in introducing the changes in 2020/21, the Government proposes to work towards a revised implementation date for the review of 2021/22 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,

20.6 The redistribution of resources arising from the review could therefore have significant, ongoing implications for the Council's Medium Term Financial Strategy from 2021/22 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 2022/23 onwards still to be addressed, with increases in council tax already built in.

20.7 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, was the deficit on the Dedicated Schools Budget, a common issue across London and elsewhere. However, the scale of the deficit over the five years as reported to Cabinet has a significant impact on the Council's resources and potentially the financial resilience of the authority. Discussions with Government are ongoing on and on Friday 31 January 2020, the DfE published the outcome of the consultation on clarifying the DSG ringfence.

20.8 The changes look set to involve statutory backing through amendments to the School and Early Years Finance Regulations 2020 (which come into force in February 2020). This outcome is welcome – so long as it comes with the extra funding required to relieve the deficit. If there is no additional funding then it is simply an unsatisfied debt which is unsustainable. At this stage there has been no indication of further sufficient funding and as s151 officer I believe it is inappropriate and irresponsible to provide for a deficit to continue to accumulate without assurance of funds to re-pay this deficit.

- 20.9 The Budget / MTFS set before you therefore makes provision for the projected high needs overspends. It does this by ensuring that there is sufficient funding to pay for the statutory services which the council has a duty to deliver and any deficit on DSG is set to be earmarked on the balance sheet at the year-end. The Budget / MTFS also provides for an equal and opposite provision up to the end of 2020/21 and 50% of the deficit in the following years, to offset the projected deficit. In this way the Council is able to offset any deficit but should the DfE provide the appropriate level of additional funds then the Council can re-claim the offsetting provision and reduce its level of projected funding gap. The Council is therefore not funding the DSG deficit at this point but is funding provision for the possibility that it may need to in the future in line with good financial practice.
- 20.10 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 but will need to be closely managed and the views of the External Auditor may require further actions when they audit our final accounts and provide a view for our Value for Money Assessment.
- 20.11 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.
- 20.12 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 4), and approve the proposed budget for 2020/21 set out in Section 2 of the revenue report, together with the proposed Council Tax levy in 2020/21.
2. That it be noted that at its meeting on 27 January 2020 the Council calculated its **Council Tax Base for the year as 75,989.9** 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 11,604.6** 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	534.744
Corporate Provisions	10.868
Amounts Payable to the Levying Bodies	0.962
Contribution to/(from) Financial Reserves	(11.274)
Gross Expenditure	535.300

- 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	437.914

- 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 2020/21 (including special expenses re WPCC)	97.386

- 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	5.159
Baseline funding NNDR inc. top-up & Section 31 Grant	37.402
Settlement Funding Assessment	42.561

- 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)	1,281.56

- 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	352,856

- 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)	1,276.92

- 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	1,307.33

- 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 £
	851.28	993.16	1,135.04	1,276.92	1,560.68	1,844.44	2,128.20	2,553.84
Parts inc. WPCC	871.55	1,016.81	1,162.07	1,307.33	1,597.85	1,888.37	2,178.88	2,614.66

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 2020/21 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	221.38	258.28	295.17	332.07	405.86	479.66	553.45	664.14

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 £
	1,072.66	1,251.44	1,430.21	1,608.99	1,966.54	2,324.10	2,681.65	3,217.98
Parts inc. WPCC	1,092.93	1,275.09	1,457.24	1,639.40	2,003.71	2,368.03	2,732.33	3,278.80

FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2020/21

Background – Delay to the announcement

In recent years at the end of November to mid-December, the government has notified local authorities of their Provisional Local Government Finance Settlement. This has included the amounts of funding allocated to each local authority in terms of Revenue Support Grant, share of Business Rates and other major allocations of grant. The final Settlement figures are published the following January/February but are generally unchanged from the provisional figures. The total amount of funding available for local authorities is essentially determined by the amount of resources that Central Government has allocated as part of its annual Departmental Expenditure Limit which is set out in the Budget. The Budget usually sets out the government's plans for the economy based on the latest forecasts from the Office for Budget Responsibility's (OBR) "Economic and Fiscal Outlook".

The Government originally announced that there would be a Budget on 6 November but due to the delay in Brexit negotiations it was then cancelled and subsequently a General Election was called for 12 December 2019. This has resulted in delays to the Government's publication of key financial information on which local authorities base their budgets and council tax assumptions.

Office for Budget Responsibility (OBR) – Publication of Restated March Forecasts

The Chairman of the OBR, wrote to the Treasury on 29 October 2019 concerning the cancellation of the Budget and in the letter indicated that "Following the cancellation of the Budget, we have decided to publish a restated version of our March public finance forecast, incorporating subsequent ONS classification and other statistical changes. Given the importance of these changes for public understanding of the baseline against which the Government will wish to judge its fiscal policy options, we believe that it would be useful to explain publicly the impact that these changes would have had on our March forecast. We have written to the Treasury informing them that we intend to publish our restated March forecast on 7 November at 9.30am."

On 7 November the OBR published the following statement on its website

"As we notified the Treasury and Treasury Select Committee on 29 October, we had planned to publish a technical restatement of our March public finance forecast this morning, bringing it into line with current ONS statistical treatment – for example, the new treatment of student loans implemented in September – but not incorporating any new forecast judgements regarding the economy, the public finances or the impact of Brexit. This will no longer go ahead as the Cabinet Secretary has concluded that this would not be consistent with the Cabinet Office's General Election Guidance."

On 5 November 2019, the Director General, Local Government and Public Services, at the Ministry of Housing, Communities and Local Government wrote to all Chief Executives and Chief Finance Officers with the following update:-

*“Dear Chief Executive/ Chief Finance Officer,
As you know, the Early Parliamentary General Election Bill recently gained Royal Assent and a General Election will be held on Thursday 12 December. Colleagues in local authorities will naturally be keen to understand how this impacts on funding for local government next year. While we cannot be definitive at this stage, I hope that this letter will give an outline of recent decision taken by this Government and a sense of the outcomes it is seeking to achieve.*

LOCAL GOVERNMENT FINANCE SETTLEMENT

As you know, the Government set out its proposals for the 2020-21 settlement in a technical consultation published on 3 October 2019. This consultation has now closed, and I am grateful for your responses. The department is now working through each response and will come back with further proposals, including proposed local authority allocations, at the provisional settlement.

Last year the independent review of local government finance and processes recommended the department issue the provisional settlement around 5 December. This is no longer possible because of the General Election. However, the department anticipates that the provisional Settlement will be a priority for Ministers to consider after the General Election. We will take all possible steps to ensure that the final settlement aligns with local authority budget setting timetables.

In the meantime, local authorities should take account of the proposals the Government has published in the technical consultation in drawing up draft budgets for next year. “

Following the result of the General Election, the Provisional Local Government Finance Settlement was released on 20 December 2019. The Final Local Government Finance Settlement was published on 6 February 2020. There were no changes in Merton’s figures. A summary analysis on the potential financial impact of the final Settlement is included in this appendix.

The Settlement broadly reflects the details set out in the Spending Round 2019. The main details are:-

Overview of the Final Local Government Settlement 2020-21

Details of the provisional Local Government Settlement were published on 20 December 2019. There were no significant changes from those included in the Spending Round 2019 and detailed in the Government’s Technical Consultation which was published in October 2019.

The Final Settlement was announced on 6 February 2020 which confirmed the figures in the Provisional Settlement.

This is a summary of the main details included in the 2020/21 Local government Finance Settlement, with particular emphasis on the implications for Merton.

1. Final Local Government Finance Settlement 2020/21

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 2020/21.

The Settlement Funding Assessment is the total of Revenue Support Grant (RSG) and Baseline Funding (BF) from Business Rates. There has been an increase of 1.6% in SFA nationally in 2020/21. Details of changes in SFA for England, London boroughs and in Merton are summarised in the following table:-

	2016/17 Final	2017/18 Final	2018/19 Final	2019/20 Final	2020/21 Provisional
Merton (£m)	55.5	48.5	44.7	40.5	41.1
Annual % Change	-	-12.6%	-7.8%	-9.4%	1.6%
Cumulative % change	-	-12.6%	-19.5%	-27.0%	-25.9%
England (£m)	18,601.5	16,632.4	15,574.2	14,559.6	14,796.9
Annual % Change	-	-10.6%	-6.5%	-6.5%	1.6%
Cumulative % change	-	-10.6%	-16.3%	-21.7%	-20.6%
London Boroughs (£m)	3,398.5	3,078.3	2,901.2	2,713.5	2,757.7
Annual % Change	-	-9.4%	-5.8%	-6.5 %	1.6%
Cumulative % change	-	-9.4%	-14.6%	-20.2%	-18.9%

1.2 Core Spending Power

Core Spending Power is the Government's measure of the resources available to local authorities to fund service delivery. In 2020-21 it includes "roll forward" of core components from 2019-20 and also injects significant new funding into social care

Core Spending Power in 2020-21 is therefore made up of:

- Settlement Funding Assessment
- Estimated Council Tax Requirement excluding Parish Precepts
- Compensation via Section 31 grant 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

In 2020-21, Social Care Support Grant has been renamed Social Care Grant and Winter Pressures Grant has been rolled into the Improved Better Care Fund.

At the England level since 2016/17 there will be a cumulative increase in spending power of £5.4 billion (12.4% in cash terms) from £43.7 billion to £49.1 billion. The equivalent figures for London boroughs are an increase of £643.9 billion (9.7%) from £6.7 billion to £7.3 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 2020-21
- All authorities increase overall council tax by the maximum amount (2% in 2020-21)
- Tax base increases at the same average rate for each authority as between 2015-16 to 2019-20
- New Homes Bonus allocations are based on the share of NHB to date

In England the level of assumed spending power will increase by £2.9 billion (6.3%) in 2020-21 from £46.2 billion to £49.1 billion. In London boroughs the assumed increase is £446.1million (6.5%) in 2020/21 from £6.848 billion to £7.294 billion.

A summary of Merton's assumed Core Spending Power from 2016/17 to 2020/21 is included as Annex 1 to this Appendix.

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 in 2020-21, without the need for a local referendum, the Government has decided that the core principles to be applied to authorities with social care responsibilities including London boroughs such as Merton are:-

- For 2020-21, the relevant basic amount of council tax is excessive if the authority's relevant basic amount of council tax for 2020-21 is 4% comprising 2% for expenditure on adult social care and 2% for other expenditure), or more than 4%, greater than its relevant basic amount of council tax for 2019-20

The financial projections in this report are based on the following levels of council tax increase:-

	2020/21 %	2021/22 %	2022/23 %	2023/24 %
Council Tax increase - General	1.99	2.00	2.00	2.00
Council Tax increase - ASC	2.00	0	0	0
Total	3.99	2.00	2.00	2.00

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

The provisional schools funding settlement for 2020/21 has been published by the Department for Education. (See Section 3)

1.4.1 New Homes Bonus

The Spending Review 2015 set out the overall envelope for New Homes Bonus payments over the period to 2019-20 as being £1,485 million for 2016-17, reducing to £900 million by 2019-20. £18 million was made available to maintain the NHB baseline for payments in 2019-20. The Spending Round 2019 maintained the overall funding at £900 million in 2020-21. £7 million will be made available to maintain the NHB baseline for payments in 2020-21.

The Provisional Settlement confirms the proposal set out in the October technical consultation that 2020-21 NHB payments will not attract legacy payments in following years. However, the Government has confirmed it will retain the 0.4 per cent baseline which means local authorities will need to achieve tax base growth of greater than 0.4 per cent before they receive any NHB funding.

New Homes Bonus returned funding: For 2016-17 and 2017-18 any unclaimed New Homes Bonus funding was returned to local authorities based on their share of 2013-14 adjusted Start-up Funding Allowance. In 2018-19, 2019-20 and 2020-21, New Homes Bonus allocations exceed the original funding so there is no returned funding.

1.4.2 Compensation for under-indexing the business rates multiplier: The level of compensation for under-indexing of the business rates multiplier as a result of previous decisions to cap business rates increases by past governments, will increase nationally from £400.0m in 2019/20 to £500.0m in 2020-21 (an increase from £70.9m to £88.6m across London boroughs). Merton's allocation in 2020-21 is estimated to be £1.441m.

1.4.3 Former Independent Living Fund Recipient Grant: The Former Independent Living Fund (ILF) recipient grant funds pre-existing ILF arrangements following the closure of the ILF in 2015. This was intended to come to a conclusion in 2019-20. The Government has decided to continue the grant for a further year at 2019-20 levels of £160.6m, of which London will receive £19.3m. The detail by London borough is to be announced.

1.4.4 Improved Better Care Fund

In England, this represents a total of £1,115 million in 2017-18, £1,499 million in 2018-19, £1,837 million in 2019-20 and £2,077 million in 2020-21. The £2,000 million additional funding announced at Budget 2017 is included in this total. For 2020-21, the existing improved Better Care Fund funding is maintained at 2019-20 levels, and incorporates the £240 million which was allocated as Winter Pressures Grant in 2019-20, allocated using the adult social care relative needs formula.

Merton's allocation is:-

Improved Better Care Fund	2020-21 £m
Merton	4.862

1.4.5 Social Care Grant

The Government introduced a Social Care Support Grant of £410m in 2019-20, covering Children's and Adults social care, distributed according to Adult Social Services RNF. This has been renamed as the Social Care Grant and will be increased by £1 billion in 2020-21 to £1.41bn, of which London Boroughs will receive £223.1m.

For 2020-21, a £1,410 million Social Care Grant comprised of three elements:

1. Retaining the £410 million in Social Care Support Grant from 2019-20, distributed using the adult social care relative needs formula;
2. An additional £850 million, distributed using the adult social care relative needs formula; and
3. £150 million to equalise the impact of the distribution of the council tax adult social care council tax precept in 2020-21.

Merton's allocation is:-

Social Care Grant	2020-21 £m
Merton	4.058

1.4.6 Winter Pressures Grant

Funding at the same level as 2019/20 has been incorporated with the Improved Better Care Fund

Merton's allocation is:-

Winter Pressures	2019-20 £m	2020-21 £m
Merton	0.748	0.000

1.4.7 Public Health Grant

The Public Health Grant was transferred to Local Authorities in 2013 and has seen a 10% cut over the last four years. Whilst allocations have not yet been published, the government has announced that there would be a “real terms increase” in 2020-21, which London Councils expects to be 2.84%. which would provide £10.464m in 2020/21 compared to the 2019/20 grant of £10.175m.

1.4.8 Other grants

Details of some other grants have now been published as follows:-

	2020/21 £
Homelessness Prevention	394,703
Learning Disability and Health Reform	7,621,921
Care Act Funding	1,612,150
Local Welfare Provision	329,766
Early Intervention	3,692,675
Lead Local Flood Grant	178,603
Sustainable Drainage Authorities	8,754

2. School Funding Announcement

- 2.1 The School Revenue Funding Settlement: 2020 to 2021 was published on 19 December 2019. 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 are:-

Dedicated schools grant (DSG): 2020 to 2021 allocations local authority summary	2020 to 2021 DSG allocations, before recoupment and deductions for direct funding of high needs places by Education and Skills Funding Agency (ESFA)				
	Schools block (£m)	Central school services block (£m)	High needs block (£m)	Early years block (£m)	Total DSG allocation (£m)
	[A]	[B]	[C]	[D]	[E]
					= [A] + [B] + [C] + [D]
Merton 20/21	129.966	1.016	36.429	16.375	183.787
Merton 19/20	122.978	1.041	33.319	15.571	172.909
Change %	5.7%	-2.4%	9.3%	5.2%	6.3%
2020 to 2021 DSG allocations, after deductions for academies recoupment and direct funding of high needs places by ESFA					
	Schools block (£m)	Central school services block allocation (£m)	High needs block allocation (£m)	Early years block (£m)	Total DSG allocation (£m)
[F]		[G]	[H]	[H]	[I]
Merton 20/21	129.966	1.016	36.299	16.375	183.657
Merton 19/20	122.978	1.041	33.033	15.571	172.623
Change %	5.7%	-2.4%	9.9%	5.2%	6.4%

ANNEX 1

Detailed Breakdown of Core Spending Power – Merton

	Final	Final	Final	Final	Provisional	Annual Change (19- 20 to 20-21)	Cumulative Change (16-17 to 20-21)
	2016-17	2017-18	2018/19	2019/20	2020/21		
	£m	£m	£m	£m		%	%
Council Tax	78.920	82.563	87.009	92.370	97.847	5.9%	24.0%
Settlement Funding Assessment*	55.500	48.545	44.662	40.460	41.120	1.6%	-25.9%
Compensation for under-indexing the business rates multiplier	0.476	0.504	0.793	1.153	1.441	25.0%	202.7%
Improved Better Care Fund	0.000	2.746	3.523	4.114	4.862	18.2%	-
New Homes Bonus	4.658	4.068	2.371	2.108	1.438	-31.8%	-69.1%
New Homes Bonus – returned funding	0.076	0.080	0.000	0.000	0.000	-	-100%
Transition Grant	0.567	0.557	0.000	0.000	0.000	-	-100%
Adult Social Care Support Grant	0.000	0.751	0.467	0.000	0.000	-	-
Winter Pressures Grant	0.000	0.000	0.748	0.748	0.000	-100.0%	-
Social Care Support Grant	0.000	0.000	0.000	1.278	0.000	-100.0%	-
Social Care Grant	0.000	0.000	0.000	0.000	4.058	-	-
Core Spending Power	140.197	139.815	139.574	143.231	150.766	5.3%	7.5%

* SFA figures do not reflect the London Business Rates Pool

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 2020/21 arising from the Government's decision to discontinue most pilot pools including the 75% London Pilot pool which Merton was part of. London boroughs have subsequently decided to continue to pool and the Government has agreed that London can pool on the 67% basis. A 67% pool shares business rates in the ratio of 37% GLA, 30% London boroughs and 33% central government. 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 33% in 2020/21 if the London 67% 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 2018/19 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2019:-

	Surplus/ (deficit) as at 31/03/19 Outturn	Surplus/ (deficit) as at 31/03/19 Outturn	Total surplus/ (deficit) as at 31/03/19
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	339	339
GLA	580	(1,275)	(695)
Merton	2,159	(2,635)	(476)
Total	2,739	(3,571)	(832)

2.9 Council Tax

The estimated surplus on the Collection Fund as at 31st March 2020 due to Council Tax is £1.920m. This is to be shared £1.524m (79%) to Merton and £0.396m (21 %) 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 2020. 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 2020 which was met. Part 4 of this return relates to the calculation of the estimated Collection Fund balance as at 31/3/20.

Based on the calculation in the Council's NNDR1 (Part 4) there is an estimated deficit on the Collection Fund as at 31st March 2020 due to NNDR of £2.818m. This is to be shared £1.197m to Merton and £0.674m to the GLA and £0.947m to Central Government.

3. Council Tax Base 2020/21

- 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 2019. The deadline for return was 11 October 2019 and Merton met this deadline.
- 3.6 The CTB form (October 2019) 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 2020/21 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 98.75% in each of the years.

3.9 Details of the Council's Tax Base calculation for 2020/21 were reported to Cabinet on 27 January 2020 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	2019/20	2020/21	Change
			%
Whole Area	74,951.7	75,989.9	1.4%
Wimbledon & Putney Common Conservators	11,464.4	11,604.6	1.2%

3.10 Council Tax Yield 2020/21

3.10.1 Based on the latest information about Council Tax proposals for 2020/21 the estimated Council Tax yield for 2020/21 is:-

	2020/21 CT Base	2020/21 Band D £	2020/21 Yield £000	2019/20 CT Base	2019/20 Band D £	2019/20 Yield £000
Merton General	75,989.9	1,184.52	90,012	74,951.7	1,159.98	86,942
ASC 2017/18	75,989.9	33.06	2,512	74,951.7	33.06	2,478
ASC 2018/19	75,989.9	11.35	862	74,951.7	11.35	851
ASC 2019/20	75,989.9	23.43	1,780	74,951.7	23.43	1,756
ASC 2020/21	75,989.9	24.56	1,866		-	-
Sub-total: ASC		92.40	7,021		67.84	5,085
Sub-total		1,277.02	97,033		1,227.82	92,027
WPCC	11,604.6	30.41	353	11,464.4	29.90	343
GLA	75,989.9	332.07	25,234	74,951.7	320.51	24,023

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. 2020-21 will be the eighth 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 London boroughs and the GLA have participated in a 75% Business Rates pilot pool.

4.2 London Pool 2020/21

The Government announced that it was discontinuing most of the pilots in 2020/21, including London. For London it was announced that Business Rates Retention would be on the 67% scheme, whereby Business Rates are shared 37% GLA, 30% London borough and 33% Central Government. Following this, London boroughs have agreed to continue to pool on this basis.

4.3 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.

4.4 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.

4.5 The estimate for the actual income figure (or net rate yield) for 2020/21 is based on the NNDR1 return to the MHCLG. This had to be returned to the MHCLG by 31 January 2020 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 Pool with the completed NNDR1 by 24 January 2020 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.

4.6 Other changes relating to NNDR

- 4.7.1 In December 2018 the Government published a consultation paper titled “Business Rates Retention Reform – Sharing Risk and Reward, managing volatility and setting up the reformed system”. It was intended that the reform of the business rates retention system would sit alongside wider changes to the local government finance system which the Government aimed to introduce in 2020; notably the review of relative needs and resources, which would review the relative needs and resources of all local authorities. However, due to delays in implementing Brexit and the unexpected calling of a General Election any decisions and announcements have been deferred until 2021/22.

The new Government’s first Budget is due to take place on 11 March 2020 and there will be a Spending Review in the Summer/Autumn of 2020. This Spending Review should determine the spending envelope for local government over the next 3 years.

Tariff and Top-up adjustments

Updated top-ups and tariffs for 2020-21 were published as part of the Local Government Finance Settlement.

Under the pilot pools in 2018/19 and 2019/20 Merton moved from a top-up authority to a tariff authority but for 2020/21 under the 67% pool Merton reverts back to being a top-up 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	2020-21 £m
Settlement Funding Assessment	48.545	44.662	40.460	41.120
of which:				
Revenue Support Grant	14.963	-	-	5.159
Baseline Funding Level	33.583	44.662	40.460	35.961
(Tariff)/Top-Up	9.083	(9.568)	(1.144)	9.534
2017-18 Tariff and Top-up reconciliation		(0.179)		
Safety Net Threshold	31.064	43.323	38.437	33.264

The business rate multipliers for 2020/21 are:-

- Small Business Multiplier 49.9p per £ (49.1p in 2019/20)
- Standard Multiplier 51.2p per £ (50.4p in 2019/20)

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	2018-19	2019-20	2020-21
	Rate in £	Rate in £	Rate in £	Rate in £
Small Business Multiplier	46.6p	48.0p	49.1p	49.9p
Standard Multiplier	47.9p	49.3p	50.4p	51.2p

4.8 **Estimating the net rate yield for 2020/21**

The starting point is the aggregate rateable value for Merton as at 20 December 2019. (£212.522m) 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 2020/21 will be 49.9p in the £). This gives a gross rates figure of £106.298m.

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 and sometimes April 2010.
- 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 2020, 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 2020-21 non-domestic rating income.

- 4.12 A copy of Merton's NNDR1 for 2020/21 is attached.
- 4.13 Merton's final 2020/21 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 67% Business Rates Retention London 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 2020-21. Further measures were announced as part of Autumn Statements 2015 and 2016, and the Budgets for 2017, 2018, and 2019. The cost of the measures to alleviate the burden of NNDR on small businesses, 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 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 and 2019/20 it is intended to use an estimate of the position Merton would be in if it was not participating in the 67% London pool. This protects the Council from any risk arising if the 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	35.586
RSG rolled-in	5.159
S.31 grants not built into net retained rates above	3.090
"No worse off" level	43.835

The latest figures use the data from Merton's NNDR1 and the Local Government Finance Settlement together. This produces the amount of NNDR and Section 31 grant Merton would receive assuming that Merton is not in a pool although under 67% 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 at the earliest. It is impossible to estimate the final figure for Merton's resources at this stage.

4.16 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 2020/21 from the Local Government Finance Settlement, and then increases by CPI inflation at the Government's target of 2% per year thereafter over the MTFS period with Safety Net levels of funding at 92.5% produces the following forecasts:-

	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m
Baseline Funding Level at "No Worse Off" Level	43.835	43.835	44.712	45.606
Annual inflation increase in multiplier (2% CPI)	N/A	0.877	0.894	0.912
Sub-total: Updated Baseline Funding Level	43.835	44.712	45.606	46.518
Business Rates at Safety Net Level (92.5%)	40.547	41.359	42.186	43.029

The Spending Review 2021, Government changes to the Business Rates Retention scheme and the Fair Funding Review which will impact from 2021/22 onwards are all Government led measures that can have significant implications for Merton's funding over the MTFS period.



Ministry of Housing,
Communities &
Local Government

NATIONAL NON-DOMESTIC RATES RETURN NNDR1 2020-21

Please e-mail to : nndr.statistics@communities.gov.uk

Please enter your details after **checking** that you have **selected** the correct authority name

Forms should be **returned** to the Ministry of Housing, Communities and Local Government by **Friday 31 January 2020**

All figures should be entered in whole £

Please **remember** that a copy of this form, signed by your Chief Financial Officer / Section 151 officer should also be sent to your relevant **Precepting Authorities**, and Pool Leads (if applicable).

These instructions highlight the special features of the form and should be **read in conjunction with the Guidance Notes and Validation notes.**

Completing the form

1. The form can be set up for each individual local authority by selecting the appropriate authority name from the list. The example shows the local authority ZZZZ. Once a local authority name is selected the spreadsheet will **automatically complete** the data for the white cells with a blue border.

2. There are three different type of input cells:



* White, Black Border - these are blank for new data - Please ensure all white cells are filled before submitting the form including entering zeroes where appropriate.



* White background, green border - These cells are information cells and have the appropriate formula in them. **Please do not overwrite the formula.**



* White background, blue border - actual data entered by the Ministry of Housing, Communities and Local Government into these cells.

The **Total column** is greened out - there is no need to enter data in any of these cells.

In addition areas of the form are **greyed out** - especially for those authorities that do not have designated areas. **Please do not enter data** in these areas as this will cause delay as we will have to ask you to complete a revised form.

Entering data

3. All values in the form should be entered in whole £. Except for part 1 of the form, **receipts** (eg sums due to the billing authority from ratepayers, or central government) should always be entered as **positive numbers**. **Payments from the authority, or amounts foregone** (eg reliefs given to ratepayers) should always be entered as **negative numbers**.

4. Where possible, you will be prevented from entering data with the wrong sign (+ve when it should be -ve or vice versa).

Updates

We will use this area to list any updates to the form in the future if required

Checking the Validation Sheet

5. Once the form has been completed go to the validation sheet and check if any of the data require any further explanation. The data are compared with the NNDR1 for 2019-20 and, if the change in number or percentage terms is higher or lower than we would normally expect, you are asked to provide an explanation for the change in the box provided.

For further details on the types of checks we do see *Validation notes for NNDR1 2020-21*.

Signing the Form

6. When the data have been checked and verified please email the **complete** file to nndr.statistics@communities.gov.uk

7. Print a copy of the form for signing by your Chief Financial / Section 151 Officer. The form can be printed by using the defined print area.

The signed copy must be forwarded as a pdf document by email to the Ministry of Housing, Communities and Local Government using the email address above. NB We require just one copy of a signed form.

8. A copy of the form must also be sent to your NNDR contact at all your major precepting **authorities**.

9. If you experience any problems using the form please email
nndr.statistics@communities.gov.uk

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2020-21

Please e-mail to: nndr.statistics@communities.gov.uk by no later than 31 January 2020
In addition, a certified copy of the form should be returned by no later than 31 January 2020 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

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 1.2

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

£

87,478,275

TRANSITIONAL PROTECTION PAYMENTS

2 Sums due to the authority

0

3 Sums due from the authority

383,062

COST OF COLLECTION (See Note A)

4 Cost of collection formula

256,692

5 Legal costs

0

6 Allowance for cost of collection

256,692

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 Oil and Gas Sites Schemes (see Note C)

0

NON-DOMESTIC RATING INCOME

13 Line 1 plus line 2, minus lines 3, 6 - 9 and 12

85,838,521

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2020-21

Please e-mail to: nndr.statistics@communities.gov.uk by no later than 31 January 2020
In addition, a certified copy of the form should be returned by no later than 31 January 2020 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 1.2

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 2020-21 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 2020-21	£ 33%	£ 30%	£ 37%	£ 0%	£ 100%
Non-Domestic Rating Income for 2020-21					
15. Non-domestic rating income from rates retention scheme	£ 28,656,712	£ 26,051,556	£ 32,130,253	£ 0	£ 86,838,521
16. (less) deductions from central share	£ 0	£ 0	£ 0	£ 0	£ 0
17. TOTAL:	£ 28,656,712	£ 26,051,556	£ 32,130,253	£ 0	£ 86,838,521
Other income for 2020-21					
18. add. cost of collection allowance		£ 256,692			£ 256,692
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 oil and gas sites 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 growth retained in Additional Growth Pilots		£ 0	£ 0	£ 0	£ 0
25. add. in respect of Port of Bristol hereditament		£ 0			£ 0
Estimated Surplus/Deficit on Collection Fund	£	£	£	£	£
<u>Percentages to be used to distribute the collection fund surplus/deficit</u>					
26. % for distribution of "in-year" surplus/deficit (ie 2019-20)	£ 25%	£ 48%	£ 27%	£ 0%	£ 100%
26a. "In-year" surplus (positive) /deficit (negative)	£ -947,367	£ -1,818,945	£ -1,023,157	£ 0	£ -3,789,469
27. % for distribution of "prior-year" surplus/deficit (ie 2018-19)	£ 0%	£ 64%	£ 35%	£ 0%	£ 100%
27a. "Prior-year" surplus (positive) / deficit (negative)	£ 0	£ 621,547	£ 349,620	£ 0	£ 971,167
28. Estimated Surplus/Deficit at end of 2019-20	£ -947,367	£ -1,197,398	£ -673,537	£ 0	£ -2,818,302
TOTAL FOR THE YEAR	£	£	£	£	£
29. Total amount due to authorities	£ 27,709,345	£ 25,110,850	£ 31,456,716	£ 0	£ 84,276,911

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2020-21

Please e-mail to: nnr_statistics@communities.gov.uk by no later than 31 January 2020
In addition, a certified copy of the form should be returned by no later than 31 January 2020 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 1.2

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 Merton	Column 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	1,044,151	1,287,786	0	2,331,937
Small Business Rate Relief				
31. Cost of doubling SBRR & threshold changes for 2020-21	1,168,280	1,440,878	0	2,609,158
31a. Additional compensation for loss of supplementary multiplier income	62,592	101,863	0	184,455
32. Cost to authorities of maintaining relief on "first" property	983	1,211	0	2,194
Rural Rate Relief				
33. Cost to authorities of providing 100% rural rate relief	0	0	0	0
Supporting Small Businesses Relief				
34. Cost to authorities of providing relief	7,230	8,918	0	16,148
Discretionary Scheme				
35. Cost to authorities of providing relief	4,056	5,003	0	9,059
Designated Areas qualifying relief in 100% pilot areas				
36. Cost to authorities of providing relief	0	0	0	0
Telecoms Relief				
37. Cost to authorities of providing relief	0	0	0	0
Retail discount				
38. Cost to authorities of providing relief	782,556	965,153	0	1,747,709
TOTAL FOR THE YEAR	£	£	£	£
39. Amount of Section 31 grant due to authorities to compensate for reliefs	3,089,848	3,810,812	0	6,900,660

NB To determine the amount of S31 grant due to it, the authority will have to add / deduct from the amount shown in line 39, a sum to reflect the adjustment to tariffs / top-ups in respect of the multiplier cap (See notes for Line 39)

Certificate of Chief Financial Officer / Section 151 Officer

NNDR1 2020-21

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 :

Signature :

Date :

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2020-21

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 1.2

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 <input type="text" value="08/01/2020"/>	<input type="text" value="212,521,869"/>	<input type="text" value="0"/>	<input type="text" value="212,521,869"/>
2. Small business rating multiplier for 2020-21 (pence) <input type="text" value="49.9"/>			
3. Gross rates 2020-21 (RV x multiplier)	<input type="text" value="106,048,413"/>	<input type="text" value="0"/>	
4. Estimated growth/decline in gross rates (+ = increase, - = decrease)	<input type="text" value="250,000"/>	<input type="text" value="0"/>	
5. Forecast gross rates payable in 2020-21	<input type="text" value="106,298,413"/>	<input type="text" value="0"/>	<input type="text" value="106,298,413"/>
TRANSITIONAL ARRANGEMENTS (See Note F)			
6. Revenue foregone because increases in rates have been deferred (Show as -ve)	<input type="text" value="-165,213"/>	<input type="text" value="0"/>	<input type="text" value="-165,213"/>
7. Additional income received because reductions in rates have been deferred (Show as +ve)	<input type="text" value="548,275"/>	<input type="text" value="0"/>	<input type="text" value="548,275"/>
8. Net cost of transitional arrangements	<input type="text" value="383,062"/>	<input type="text" value="0"/>	
9. Changes as a result of estimated growth / decline in cost of transitional arrangements (+ = decline, - = increase)	<input type="text" value="0"/>	<input type="text" value="0"/>	
10. Forecast net cost of transitional arrangements	<input type="text" value="383,062"/>	<input type="text" value="0"/>	<input type="text" value="383,062"/>
TRANSITIONAL PROTECTION PAYMENTS (See Note F(a))			
11. Sum due to/(from) authority	<input type="text" value="-383,062"/>	<input type="text" value="0"/>	<input type="text" value="-383,062"/>

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2020-21

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 1.2

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)
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 2020-21	-5,139,222	0	-5,139,222
13. of which: relief on existing properties where a 2nd property is occupied	-3,148	0	-3,148
14. Additional yield from the small business supplement (Show as +ve)	2,136,033	0	2,136,033
15. Net cost of small business rate relief (line 12 + line 14)	-3,003,189	0	-3,003,189
Charitable occupation			
16. Forecast of relief to be provided in 2020-21	-6,426,026	0	-6,426,026
Community Amateur Sports Clubs (CASCs)			
17. Forecast of relief to be provided in 2020-21	-121,037	0	-121,037
Rural rate relief			
18. Forecast of relief to be provided in 2020-21	0	0	0
Telecoms Relief (see Note L)			
19. Forecast of relief to be provided in 2020-21	0	0	0

20. Forecast of mandatory reliefs to be provided in 2020-21 (Sum of lines 15 to 19)

-9,550,252

0

21. Changes as a result of estimated growth/decline in mandatory relief
(+ = decline, - = increase)

-1,500,000

0

22. Total forecast mandatory reliefs to be provided in 2020-21

-11,050,252

0

-11,050,252

UNOCCUPIED PROPERTY (See Note H) (All data should be entered as -ve unless specified otherwise)

Partially occupied hereditaments

23. Forecast of 'relief' to be provided in 2020-21

0

0

0

Empty premises

24. Forecast of 'relief' to be provided in 2020-21

-882,335

0

-882,335

25. Forecast of unoccupied property 'relief' to be provided in 2020-21 (Line 23 + line 24)

-882,335

0

26. Changes as a result of estimated growth/decline in unoccupied property 'relief'
(+ = decline, - = increase)

-595,000

0

27. Total forecast unoccupied property 'relief' to be provided in 2020-21

-1,477,335

0

-1,477,335

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2020-21

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 1.2

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)
DISCRETIONARY RELIEFS (See Note J) (All data should be entered as -ve unless specified otherwise)			
Charitable occupation			
28. Forecast of relief to be provided in 2020-21	-181,680	0	-181,680
Non-profit making bodies			
29. Forecast of relief to be provided in 2020-21	-40,305	0	-40,305
Community Amateur Sports Clubs (CASCs)			
30. Forecast of relief to be provided in 2020-21	-2,583	0	-2,583
Rural shops etc			
31. Forecast of relief to be provided in 2020-21	0	0	0
Small rural businesses			
32. Forecast of relief to be provided in 2020-21	0	0	0
Other ratepayers (refer to guidance for further details)			
33. Forecast of relief to be provided in 2020-21	-100,000	0	-100,000
	<i>of which:</i>	<i>of which:</i>	
34. Relief given to Case A hereditaments		0	
35. Relief given to Case B hereditaments	0		
Summary			
36. Forecast of discretionary relief to be provided in 2020-21 (Sum of lines 28 to 33)	-324,568	0	-324,568
37. Changes as a result of estimated growth/decline in discretionary relief (+ = decline, - = increase)	0	0	
38. Total forecast discretionary relief to be provided in 2020-21	-324,568	0	-324,568

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2020-21

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 1.2

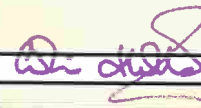
Local Authority : Merton

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)
DISCRETIONARY RELIEFS FUNDED THROUGH SECTION 31 GRANT (See Note K) (All data should be entered as -ve unless specified otherwise)			
Rural Rate Relief			
39. Forecast of relief to be provided in 2020-21	0	0	0
Supporting Small Businesses Relief			
40. Forecast of relief to be provided in 2020-21	-23,173	0	-23,173
Discretionary Scheme			
41. Forecast of relief to be provided in 2020-21	-13,000	0	-13,000
Retail Discount			
42. Forecast of relief to be provided in 2020-21	-2,508,000	0	-2,508,000
43. Forecast of discretionary reliefs funded through S31 grant to be provided in 2020-21 (Sum of lines 39 to 42)	-2,544,173	0	
44. Changes as a result of estimated growth/decline in Section 31 discretionary relief (+ = decline, - = increase)	-50,000	0	
45. Total forecast of discretionary reliefs funded through S31 grant to be provided in 2020-21	-2,594,173	0	-2,594,173
NET RATES PAYABLE			
46. Forecast of net rates payable by rate payers after taking account of transitional adjustments, unoccupied property relief, mandatory and discretionary reliefs	£ 91,235,147	£ 0	£ 91,235,147

Checked by Chief Financial / Section 151 Officer :



Merton

Total Designated Area value

All figures must be entered in whole £

Designated Area

[illegible]

Checked by Chief Financial / Section 151 Officer

2018

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2020-21

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 1.2

Local Authority : Merton

PART 4: ESTIMATED COLLECTION FUND BALANCE

(Please refer to guidance notes for details about these cells.)

OPENING BALANCE

1. Opening Balance (From Collection Fund Statement)

£

£

-3,559,784

BUSINESS RATES CREDITS AND CHARGES

2. Business rates credited and charged to the Collection Fund in 2019-20

90,000,962

3. Sums written off in excess of the allowance for non-collection

0

4. Changes to the allowance for non-collection

-76,739

5. Amounts charged against the provision for alteration of lists and appeals following RV list changes

1,852,369

6. Changes to the provision for alteration of lists and appeals

-6,625,949

7. Total business rates credits and charges (Total lines 2 to 6)

85,150,643

OTHER RATES RETENTION SCHEME CREDITS

8. Transitional protection payments received, or to be received in 2019-20

0

9. Transfers/payments to the Collection Fund for end-year reconciliations

0

10. Transfers/payments into the Collection Fund in 2019-20 in respect of a previous year's deficit

4,530,951

11. Total Other Credits (Total lines 8 to 10)

4,530,951

OTHER RATES RETENTION SCHEME CHARGES

12. Transitional protection payments made, or to be made, in 2019-20

-568,613

13. Payments made, or to be made, to the Secretary of State in respect of the central share in 2019-20

-22,015,144

14. Payments made, or to be made to, major precepting authorities in respect of business rates income in 2019-20

-23,776,356

15. Transfers made, or to be made, to the billing authority's General Fund in respect of business rates income in 2019-20

-42,269,076

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 2019-20

-310,923

17. Transfers/payments from the Collection Fund for end-year reconciliations

0

18. Transfers/payments made from the Collection Fund in 2019-20 in respect of a previous year's surplus

0

19. Total Other Charges (Total lines 12 to 18)

-88,940,112

ESTIMATED SURPLUS/(DEFICIT) ON COLLECTION FUND IN RESPECT OF FINANCIAL YEAR 2019-20 - Surplus (positive), Deficit (Negative)

20. Opening balance plus total credits, less total charges (Total lines 1, 7, 11 & 19)

£

-2,818,302

Checked by Chief Financial / Section 151 Officer :

[Signature]

**SUPPLEMENTARY INFORMATION ON HEREDITAMENTS BEING GRANTED RELIEF FROM
NATIONAL NON-DOMESTIC RATES AND THE AMOUNT OF RELIEF GRANTED**

Please complete the following questions on hereditaments that were being granted relief from national non-domestic rates and the amount of relief granted

If you have any queries on completing the form please contact
us with the subject heading 'NDR1 query' by email to nndr.statistics@communities.gov.uk

The completed form must be returned to nndr.statistics@communities.gov.uk
no later than 31 JANUARY 2020

Authority Name	Merton
E-code	E5044
Contact name	Eamon Maher
Contact number	020 8545 3177
Contact e-mail	Eamon.maher@merton.gov.uk

Ver 1.2

**PART 1 : NUMBERS OF HEREDITAMENTS THAT WERE BEING GRANTED RELIEF
AS AT 31 DECEMBER 2019 ***

**Number of
hereditaments that were
being granted relief as at
31 December 2019***

MANDATORY RELIEF

- a. Number of hereditaments that were being granted charitable relief as at 31 December 2019*
- b. Number of hereditaments that were being granted Community Amateur Sports Clubs relief as at 31 December 2019*
- c. Number of hereditaments that were being granted rural general stores, post offices, public houses, petrol filling stations and food shops relief as at 31 December 2019*
- d. Number of hereditaments that were being granted telecoms relief as at 31 December 2019
- e. Number of hereditaments that were being granted partly occupied premises relief as at 31 December 2019*
- f. Number of hereditaments that were being granted empty property relief as at 31 December 2019* of which:
- i. those that are classed as "industrial property" above the exemption threshold
 - ii. those that have "listed building status"
 - iii. those that are "Community Amateur Sports Clubs"
 - iv. those that are "charities"
 - v. those where the hereditament is empty and not included in categories i to iv
 - vi. those that are classed as "non-industrial" above the exemption threshold

227

7

0

0

0

305

15

23

0

3

234

30

DISCRETIONARY RELIEF

- g. Number of hereditaments that were being granted charitable relief as at 31 December 2019*
- h. Number of hereditaments that were being granted non-profit making bodies' relief as at 31 December 2019*
- i. Number of hereditaments that were being granted Community Amateur Sports Clubs relief as at 31 December 2019*
- j. Number of hereditaments that were being granted rural shops, post offices, public houses, petrol filling stations and food shops relief as at 31 December 2019*
- k. Number of hereditaments that were being granted other small rural businesses relief as at 31 December 2019*
- l. Number of hereditaments within Enterprise Zones being granted discounts as at 31 December 2019*
- m. Number of hereditaments subject to a S47 local discount as at 31 December 2019*

81

11

2

0

0

0

6

RELIEF FUNDED THROUGH SECTION 31 GRANT

- n. Number of hereditaments receiving Rural Rate Relief as at 31 December 2019
- o. Number of hereditaments receiving Local Newspaper Relief as at 31 December 2019
- p. Number of hereditaments receiving Supporting Small Business Relief as at 31 December 2019
- q. Number of hereditaments receiving Discretionary Scheme relief as at 31 December 2019

0

0

15

330

SMALL BUSINESS RATE RELIEF

- r. Number of hereditaments contributing to the small business rate relief scheme by paying the additional supplement as at 31 December 2019*
- s. Number of hereditaments that receive a discount from the small business rate relief scheme as at 31 December 2019*
- of which:
- i. Hereditaments with a rateable value between £0 and £12,000 receiving the maximum discount
 - ii. Hereditaments with a rateable value between £12,001 and £15,000 receiving the discount on a sliding scale
- t. Number of hereditaments that pay only the small business rate multiplier and are not granted a discount as at 31 December 2019*

1,479

1,503

1,358

145

2,462

* The data should be as at 31 December 2019 or as soon as possible after that date.

NATIONAL NON-DOMESTIC RATES (SUPPLEMENTARY) RETURN 2020-21		Merton Ver 1
PART 2 : ESTIMATED VALUE OF RELIEF TO BE GRANTED IN 2020-21		Amount of relief to be granted in 2020-21 (£)
EMPTY PROPERTY RELIEF		
a. Estimated value of empty property relief to be granted in 2020-21		-882,335
of which:		
i. Relief to be given - industrial property above the exemption threshold		-133,530
ii. Relief to be given - listed building status		-272,181
iii. Relief to be given - Community Amateur Sports Clubs		0
iv. Relief to be given - charities		-36,762
v. Relief to be given where the hereditament is empty and is not included in categories i to iv		-289,642
vi. Relief to be given - "non-industrial" above the exemption threshold		-150,220
SMALL BUSINESS RATE RELIEF		
b. The cost of small business rate relief for properties within the billing authority area		-5,139,222
of which:		
i. Hereditaments with a rateable value between £0 and £12,000 that will receive the full discount		-4,631,836
ii. Hereditaments with a rateable value between £12,001 and £15,000 that will receive the discount on a sliding scale		-507,386
DATE OF LATEST INFORMATION		
Date of latest information taken into account when calculating the figures on the supplementary form		14/01/2020
Notes :		

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2020-21

Validation Checks

12

Local authority : Merton E5044
 Local authority contact name : Eamon Maher
 Local authority contact number : 020 8545 3177
 Local authority contact email address : Eamon.maher@merton.gov.uk

This sheet automatically highlights any validation queries and provides space for your explanations
 The note 'NNDR1 Validation Checks 2020-21' provides further details on the validations we carry out. Please consult this when completing this validation sheet

Test	Data		Change		Parameters		Please comment below where required
	VOA data	2020-21	Actual	%	Actual	%	
1	Check total RV	212,643,000	212,521,869	0%	0	2%	OK
Mandatory Reliefs							
2	Cost SBR relief	-4,853,373	-5,139,222	6%	500,000	10%	OK
3	Additional yield to finance SBRR	2,142,595	2,136,033	0%	50,000	5%	OK
4	Net cost of SBRR	-2,710,778	-3,003,189	11%	250,000	20%	OK
5	Cost of Charity relief	-6,214,200	-6,426,026	3%	0	15%	OK
6	Cost of CASC relief	-119,146	-121,037	2%	20,000	20%	OK
7	Cost of Rural relief	0	0	0%	5,000	15%	OK
8	Cost of Partly Occupied relief	0	0	0%	100,000	20%	OK
9	Cost of Empty property relief	-828,478	-882,335	7%	500,000	25%	OK
Discretionary Reliefs							
10	Cost of Charity relief	-407,066	-181,880	55%	0	25%	Following a change to our Discretionary Rate Relief Policy the number of cases and the percentage of relief awarded has reduced
11	Cost of non-profit bodies' relief	-104,192	-40,305	61%	50,000	25%	Following a change to our Discretionary Rate Relief Policy the number of cases and the percentage of relief awarded has reduced
12	Cost of CASC Relief	-2,543	-2,583	2%	5,000	25%	OK
13	Cost of rural shop relief	0	0	0%	5,000	25%	OK
14	Cost of other rural relief	0	0	0%	5,000	25%	OK
15	Cost of other discretionary relief	-100,000	-100,000	0%	100,000	25%	OK
16	Class A hereditaments	0	0	0%	25,000	25%	OK
17	Class B hereditaments	0	0	0%	0	25%	OK
18	Net rates payable	91,781,824	91,235,147	1%	0	5%	OK
Other checks							
19	Estimated repayments (Appeals provision (Part 3 L	-1,978,701	-3,064,766	55%	2,000,000	25%	OK
20	Zero in surplus / deficit (Part 4, Line 20)		-2,818,302	n/a	0	n/a	OK
21	Discretionary scheme relief (Part 2, Line 41)	Allocation 13,119	2020-21 13,000		Actual 0		OK
22	Collection fund opening balance (Part 4, Line 1)	Pre-populated -3,559,784	2020-21 form -3,559,784		Actual 0		OK
Please provide any further comments below							Number where comments are outstanding 0

1.2

This sheet automatically highlights any validation queries and provides space for your explanations
The note '*NNDR1 Validation Checks 2020-21*' provides further details on the validations we carry out. Please consult this when completing this validation sheet

Data	2020-21
VOA data	

Change	Actual	%
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Parameters	Actual	%
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Please comment below where required

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2020-21

Supplementary data - validation checks

Local authority : Merton E5044
Local authority contact name : Eamon Maher
Local authority contact number : 020 8545 3177
Local authority contact email address : Eamon.maher@merton.gov.uk

This sheet automatically highlights any validation queries and provides space for your explanations
The note 'NNDR1 Validation Checks 2020-21' provides further details on the validations we carry out. Please consult this when completing this validation sheet

Test	Data		Change		Parameters		Please comment below where required
	2019-20	2020-21	Actual	%	Actual	%	
Mandatory Reliefs							
1	227	227	0	0%	20	10%	OK
2	7	7	0	0%	5	0%	OK
3	0	0	0	0%	10	0%	OK
4	0	0	0	0%	10	0%	OK
5	289	305	16	6%	100	30%	OK
Discretionary Reliefs							
6	101	81	-20	-20%	30	10%	OK
7	18	11	-7	-39%	20	0%	OK
8	2	2	0	0%	5	0%	OK
9	0	0	0	0%	10	0%	OK
10	0	0	0	0%	5	0%	OK
11	0	0	0	0%	10	0%	OK
12	0	6	6	100%	20	0%	OK
13	1,480	1,479	-1	0%	100	10%	OK
14	1,443	1,503	60	4%	100	10%	OK
15	1,308	1,358	50	4%	100	10%	OK
16	135	145	10	7%	50	10%	OK
17	2,535	2,462	-73	-3%	100	10%	OK

Number of hereditaments

Number hereditaments in tests 13, 14 & 17 above

Total		Hereds included in lines	
Hereds		13, 14 & 17 above	
5,464		5,444	-20
			0%
			25
			5%
			OK

Please provide any further comments below

Number where comments are outstanding

0

OTHER CORPORATE ITEMS - CABINET February 2020

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Asset Rentals: Depreciation	(23,351)	(23,351)	(23,351)	(23,351)
Change in corporate Specific and Special Grants	213	203	204	204
CHAS Dividend	(1,503)	(1,503)	(1,503)	(1,503)
WPCC	353	353	353	353
Bad Debt provision	500	500	500	500
Further provision for revenueisation/RCCO	582	143	213	213
Overheads - Charge to non-general fund	(0)	(0)	(0)	(0)
Contingency	1,500	1,500	1,500	1,500
Pensions Strain/Redundancy	1,000	1,000	1,000	1,000
Transport	17	17	17	17
Local Election	0	0	350	0
LPFA - Provision for deficit contribution	86	86	86	86
Balance Sheet Management - CT & HB Credits	(220)	(220)	(220)	(220)
Loss of HB Admin. Grant	34	34	34	34
Apprenticeship Levy	450	450	450	450
Cyber Security	92	92	92	92
Rounding	1	2	(1)	0
Other Corporate items	(20,247)	(20,694)	(20,277)	(20,626)

Summarised Transition from Council March 2019 to Cabinet 24 February 2020

Budget Forecast 2020/21 to 2024/25				
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Budget Gap Council March 2019	1,108	5,409	6,076	7,644
EXPENDITURE				
Inflation - Pay	935	1,870	2,805	3,740
Inflation - Prices	(42)	(87)	(130)	(173)
Inflation - Provision for National Living Wage	1,500	1,500	1,500	1,500
FYE - Amendments to existing savings and growth	(239)	(229)	(304)	(500)
Pension Fund Revaluation	(2,477)	(2,537)	(2,597)	(2,655)
External Borrowing Costs	(1,125)	(1,591)	(255)	(1,271)
Change in NNDR	(116)	(116)	(116)	(116)
C&H: Taxicard & Concessionary Fares	(358)	(358)	(358)	(358)
NEW SAVINGS 2020/21:	(4,351)	(6,832)	(7,017)	(7,017)
Proposed Growth - Services	5,230	5,634	6,018	6,408
Provision for DSG Deficit	16,009	6,354	7,158	8,130
<u>Social Care changes:</u>				
ASC - 2% precept resources allocated to C&H	1,870	1,866	1,866	1,866
ASC - Better Care Fund - Provisional Settlement - allocated to C&H	4,862	4,862	4,862	4,862
Social Care Grant - Provisional Settlement - Net of CSF Growth	1,686	0	0	0
<u>Previous funding in case BCF discontinued - now removed</u>				
Unfunded ASC commitments if BCF Removed	(3,218)	(3,218)	(3,218)	(3,218)
Possible Offset of ASC funded by BCF replaced by 19/20 ASC CT	1,742	1,742	1,742	1,742
Potential Shortfall in ASC Budget to Balance against Government S.151	(1,807)	(1,850)	(1,850)	(1,850)
<u>Levies</u>				
Environment Agency	0	0	0	0
Lee Valley Regional Park	(1)	(1)	(1)	(1)
London Pension Fund Authority	3	3	3	3
WPCC	10	10	10	10
FUNDING				
RSG	(5,159)	0	0	0
Business Rates	3,549	1,619	1,652	1,685
Business Rates - Section 31 grant	(3,090)	0	0	0
Adult Social Care - Better Care Fund LGF Settlement 2020-21	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant - LGF Settlement 2020-21	(4,058)	(2,776)	(3,160)	(3,550)
Council Tax income	(2,735)	(2,807)	(2,889)	(2,974)
Council Tax - WPCC Levy	(10)	(10)	(10)	(10)
Collection Fund - t/f of Ctax surplus(-)/deficit	(1,524)	0	0	0
Collection Fund - t/f of BRates surplus(-)/deficit	1,197	0	0	0
New Homes Bonus	(134)	0	0	0
Use of Reserves	(4,396)	(258)	0	0
Rounding	0	0	0	1
Cabinet 24 February 2020	(0)	3,338	6,925	9,035

STATEMENT OF COUNCIL TAX REQUIREMENTS AND BALANCES

	ORIGINAL BUDGET 2016/17	ORIGINAL BUDGET 2017/18	ORIGINAL BUDGET 2018/19	ORIGINAL BUDGET 2019/20	ORIGINAL BUDGET 2020/21	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	2020/21 Band D Council Tax
	£m	£m	£m	£m	£m	£	£	£	£	£
<u>Merton</u>										
Net Cost of General Fund Services	134.496	138.220	136.059	138.095	155.223	1,885.63	1,907.99	1,835.56	1,842.45	2,042.68
Contingency	1.500	1.500	1.500	1.500	1.500	21.03	20.71	20.24	20.01	19.74
	135.996	139.720	137.559	139.595	156.723	1,906.66	1,928.70	1,855.80	1,862.47	2,062.42
<u>Levies</u>										
Lee Valley	0.204	0.190	0.179	0.178	0.178	2.86	2.62	2.41	2.37	2.34
London Pensions Fund	0.262	0.260	0.260	0.258	0.257	3.67	3.59	3.51	3.44	3.38
Environment Agency	0.162	0.164	0.168	0.171	0.174	2.27	2.26	2.27	2.28	2.29
Total Levies	0.628	0.614	0.607	0.607	0.609	8.80	8.48	8.19	8.10	8.01
TOTAL BUDGET (before balances, etc adjustment)	136.624	140.334	138.166	140.202	157.332	1,915.46	1,937.18	1,863.98	1,870.56	2,070.43
<u>Provisions, Contributions and Balances</u>										
Appropriations to/from Reserves	1.683	(3.533)	(1.332)	(4.186)	(11.275)	23.60	(48.77)	(17.97)	(55.85)	(148.37)
TOTAL BUDGET REQUIREMENT	138.307	136.801	136.834	136.016	146.057	1,939.06	1,888.41	1,846.01	1,814.72	1,922.06
<u>Less: Central Government Support</u>										
Government (Formula) Grant:										
Revenue Support Grant (including Transition Grant)	(23.156)	(15.520)	0.000	0.000	(5.159)	(324.65)	(214.24)	0.00	0.00	(67.89)
National Non-Domestic Rates inc. Section 31 Grant	(35.052)	(36.519)	(47.611)	(44.026)	(38.676)	(491.43)	(504.11)	(642.32)	(587.39)	(508.96)
Brexit Grant				(0.210)	0.000				(2.80)	0.00
Adult Social Care Improved Better Care Fund	0.000	(0.751)	(2.115)	(1.054)	(4.862)	0.00	(10.37)	(28.53)	(14.06)	(63.98)
Total Revenue Support Grant + Baseline NNDR Funding:	(58.208)	(52.790)	(49.726)	(45.290)	(48.697)	(816.07)	(728.72)	(670.85)	(604.26)	(640.84)
Contribution to/(from) Collection Fund	(1.479)	(1.766)	(0.430)	1.301	(0.327)	(20.74)	(24.38)	(5.80)	17.36	(4.30)
Council Tax Requirement										
Merton - General (excluding WPCC)	78.620	82.245	86.678	92.027	97.033	1,102.25	1,135.31	1,169.36	1,227.82	1,276.92
Merton - COUNCIL TAX FUNDING REQUIREMENT	78.620	82.245	86.678	92.027	97.033	1,102.25	1,135.31	1,169.36	1,227.82	1,276.92
<u>Greater London Authority Precept</u>										
Metropolitan Police Authority/Mayor's Office for Policing and Crime	14.750	14.933	16.169	18.148	19.159	206.79	206.13	218.13	242.13	252.13
Other Non-Police Services	4.937	5.353	5.641	5.875	6.075	69.21	73.89	76.10	78.38	79.94
Greater London Authority Precept	19.686	20.285	21.810	24.023	25.234	276.00	280.02	294.23	320.51	332.07
TOTAL COUNCIL TAX REQUIREMENT	98.306	102.530	108.488	116.050	122.267	1,378.25	1,415.33	1,463.59	1,548.33	1,608.99

DRAFT MTFS 2020-24:				
	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
Departmental Base Budget 2019/20	152,567	152,567	152,567	152,567
Inflation (Pay, Prices)	5,243	8,985	12,728	16,471
Salary oncost increase (15.2% to 17.06%)	695	718	741	766
FYE – Previous Years Savings	(7,307)	(8,723)	(8,828)	(8,828)
FYE – Previous Years Growth	500	500	500	500
Amendments to previously agreed savings/growth	(239)	(229)	(304)	(500)
Change in Net Appropriations to/(from) Reserves	737	345	(213)	(213)
Taxi card/Concessionary Fares	92	542	992	1,442
Change in depreciation/Impairment (Contra Other Corporate items)	448	448	448	448
Social Care - Additional Spend offset by grant and precept	7,364	5,828	5,824	5,824
Growth	5,230	5,634	6,018	6,408
Provision - DSG Deficit	16,009	6,354	7,158	8,130
Other	44	137	226	315
Re-Priced Departmental Budget	181,383	173,106	177,858	183,330
Treasury/Capital financing	10,583	11,491	12,733	13,464
Other Corporate items	(20,247)	(20,694)	(20,277)	(20,626)
Levies	609	609	609	609
Sub-total: Corporate provisions	(9,055)	(8,594)	(6,935)	(6,553)
Sub-total: Repriced Departmental Budget + Corporate Provisions	172,328	164,512	170,923	176,777
Savings/Income Proposals 2020/21	(4,351)	(6,832)	(7,017)	(7,017)
Sub-total	167,977	157,680	163,906	169,760
Appropriation to/from departmental reserves	(2,889)	(2,497)	(1,935)	(1,935)
Appropriation to/from Balancing the Budget Reserve	(8,385)	(259)	0	0
BUDGET REQUIREMENT	156,703	154,924	161,971	167,825
Funded by:				
Revenue Support Grant	(5,159)	0	0	0
Business Rates (inc. Section 31 grant)	(38,676)	(38,358)	(39,185)	(40,029)
Adult Social Care Grants inc. BCF	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant	(4,058)	(2,776)	(3,160)	(3,550)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(1,438)	(1,008)	(800)	(800)
Council Tax inc. WPCC	(97,386)	(99,785)	(102,242)	(104,751)
Collection Fund – (Surplus)/Deficit	(327)	0	0	0
TOTAL FUNDING	(156,703)	(151,586)	(155,047)	(158,789)
GAP including Use of Reserves (Cumulative)	0	3,338	6,925	9,035

Reserves

Forecast Movement in Reserves 2018-23	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	Net Movt. in year £'000	Bal. at 31/3/24 £'000
General Fund Reserve	13,778	0	13,778	0	13,778	0	13,778	0	13,778	0	13,778
Earmarked Reserves	34,393	(226)	34,167	(12)	34,155	4,943	39,098	6,921	46,019	7,918	53,938
Grants & Contributions	6,041	(4,622)	1,419	(672)	747	(89)	658	(20)	638	0	638
Total Available Gen. Fund Rev. Reser	54,212	(4,848)	49,364	(684)	48,680	4,854	53,535	6,901	60,436	7,918	68,354
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	56,167	(4,848)	51,319	(684)	50,635	4,854	55,489	6,901	62,390	7,918	70,309
Schools Balances & Reserves	10,903	(10,887)	16	(9,050)	(9,034)	(13,010)	(22,044)	(14,316)	(36,360)	(16,260)	(52,620)

APPENDIX 8

Analysis	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	Net Movt. in year £'000	Bal. at 31/3/24 £'000
Earmarked Reserves											
Outstanding Council Programme Board Reserve	4,432	(1,796)	2,636	(1,850)	785	(395)	390	0	390	0	390
For use in future years' budgets	10,551	(1,907)	8,644	(8,385)	259	(259)	(0)	0	(0)	0	(0)
Revenue Reserve for Capital/Revenuisation	4,610	0	4,610	(3,977)	633	(45)	588	(55)	533	(30)	503
Energy renewable reserve	1,523	300	1,823	(110)	1,713	0	1,713	0	1,713	0	1,713
Repairs and Renewals Fund	2,090	0	2,090	(1,250)	840	(500)	340	0	340	0	340
Pension Fund additional contribution	453	0	453	0	453	0	453	0	453	0	453
Local Land Charges	2,258	165	2,423	0	2,423	0	2,423	0	2,423	0	2,423
Apprenticeships	1,093	(120)	973	(120)	854	(120)	734	(120)	614	(120)	495
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	(65)	311	(30)	281	(30)	251	(30)	221	(30)	191
Economic Development Strategy	0	0	0	0	0	0	0	0	0	0	0
LEP - New Homes Bonus funded projects	122	0	122	(122)	0	0	0	0	0	0	0
Corporate Services Reserves	2,249	(335)	1,914	(32)	1,882	(62)	1,820	(32)	1,788	(32)	1,756
Spending Review Reserve	3,100	3,532	6,632	16,014	22,646	6,354	29,000	7,158	36,158	8,130	44,288
Wimbledon Tennis Court Renewal Fund	150	0	150	(150)	0	0	0	0	0	0	0
Earmarked Reserves	34,393	(226)	34,167	(12)	34,155	4,943	39,098	6,921	46,019	7,918	53,938
Culture and Environment contributions	402	(212)	190	(190)	0	0	0	0	0	0	0
Culture and Environment grant	266	(11)	255	(146)	109	(89)	20	(20)	0	0	0
Childrens & Education grant	475	(374)	101	0	101	0	101	0	101	0	101
Adult Social care grants	4,194	(3,858)	336	(336)	0	0	0	0	0	0	0
Housing GF grants	704	(167)	537	0	537	0	537	0	537	0	537
Public Health Grant Reserve	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)
Grants & Contributions	6,041	(4,622)	1,419	(672)	747	(89)	658	(20)	638	0	638
Total	40,434	(4,848)	35,586	(684)	34,902	4,854	39,757	6,901	46,658	7,918	54,576
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 31/3/19 £'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	Net Movt. in year £'000	Bal. at 31/3/24 £'000
DSG Reserve	(2,909)	(10,857)	(13,766)	(8,880)	(22,646)	(12,707)	(35,353)	(14,316)	(49,669)	(16,260)	(65,929)
Governor Support Reserve	28	0	28	(28)	0	0	0	0	0	0	0
Schools Reserve	0	0	0	0	0	0	0	0	0	0	0
CSF reserve	60	(35)	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	5,628	5	5,633	(142)	5,491	(303)	5,188	0	5,188	0	5,188
Earmarked Schools Balances	7,994	0	7,994	0	7,994	0	7,994	0	7,994	0	7,994
Schools Standards Fund balances	0	0	0	0	0	0	0	0	0	0	0
Schools Fund	102	0	102	0	102	0	102	0	102	0	102
Schools Reserves	10,903	(10,887)	16	(9,050)	(9,034)	(13,010)	(22,044)	(14,316)	(36,360)	(16,260)	(52,620)

CAPITAL RESERVES

Forecast Movement in Reserves 2018-23	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	Net Movt. in year £'000	Bal. at 31/3/24 £'000
Capital Grants	387	(357)	30	(30)	(0)	0	(0)	0	(0)	0	(0)
Capital Contributions	0	0	0	0	0	0	0	0	0	0	0
CIL Reserve *	16,619	3,122	19,740	(2,624)	17,116	(1,464)	15,652	2,660	18,312	3,500	21,812
Capital Receipts	9,228	(7,821)	1,407	(1,407)	0	0	0	0	0	0	0
Capital Reserves	26,234	(5,056)	21,177	(4,061)	17,117	(1,464)	15,653	2,660	18,313	3,500	21,813

*Forecast of future years income set at £3.5 million pa

Draft Departmental Budget Summaries 2020-21

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 - SUBJECTIVE ANALYSIS				
FULL TIME EQUIVALENTS		2019/20		2020/21
Total FTE Staff		1,819.2		1,866.6
SUBJECTIVE ANALYSIS OF ESTIMATES				
	2019/20 Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees	91,868	109	6,687	98,663
Premises	8,617	155	(478)	8,294
Transport	8,184	106	1,089	9,380
Supplies and Services	190,109	775	9,134	200,019
Third Party Payments	90,435	954	(3,192)	88,197
Transfer Payments	104,411	1	(29,797)	74,614
Support Services	30,302	0	1,926	32,228
Depreciation and Impairment Losses	22,903	0	447	23,350
GROSS EXPENDITURE	546,829	2,100	(14,184)	534,745
Income				
Government Grants	(272,146)	(7)	27,468	(244,685)
Other Reimbursements and Contributions	(27,537)	0	(1,376)	(28,913)
Customer and Client Receipts	(64,456)	0	(5,882)	(70,338)
Interest	(3,516)	0	276	(3,241)
Recharges	(27,316)	0	(2,122)	(29,438)
Reserves	711	0	197	908
GROSS INCOME	(394,261)	(7)	18,561	(375,707)
NET EXPENDITURE	152,568	2,093	4,377	159,038
Corporate Provisions	(9,302)	0	6,968	(2,334)
NET EXPENDITURE	143,265	2,093	11,346	156,704
Funded by:				
Revenue Support Grant	0	0	(5,159)	(5,159)
Business Rates	(44,026)	0	5,350	(38,676)
Improved Better Care Fund	(1,054)	0	(3,808)	(4,862)
Social Care Grant	0	0	(4,058)	(4,058)
New Homes Bonus	(2,108)	0	670	(1,438)
Council Tax	(92,028)	0	(5,005)	(97,033)
WPCC Levy	(343)	0	(10)	(353)
Collection Fund	1,301	0	(1,628)	(327)
Brexit Grant	(210)		210	0
PFI Grant	(4,797)	0	0	(4,797)
	(143,265)	0	(13,438)	(156,704)
NET	0	2,093	(2,093)	0
Other Variations: Contingency/Other				
Major Items: Corporate Provisions		£000	fte	
Corporate borrowing and Investment		666	0.0	
Further provision for revenueisation/RCCO		65	0.0	
Pension Fund and Auto-enrolment		(3,089)	0.0	
Contingency and centrally held provisions		200	0.0	
Change in Grants		16	0.0	
Appropriation to/from Reserves		(7,088)	0.0	
Depreciation and impairment		(448)	0.0	
Service Mitigation Fund - Appropriation to Reserve		0	0.0	
Change in levies		12	0.0	
Overheads - Charge to non-general fund		(102)	0.0	
Transport - Additional provision		145	0.0	
Brexit costs		(500)	0.0	
Apprenticeship Levy		0	0.0	
Balance Sheet Management CT & HB		0	0.0	
CHAS - IP/Dividend		(556)	0.0	
Provision against DSG Deficit		16,009	0.0	
Social Care Grant - balance not earmarked		1,686	0.0	
Loss of HB Admin. Grant		(49)	0.0	
TOTAL		6,968	0	

SUMMARY					
FULL TIME EQUIVALENTS		2019/20		2020/21	
Total FTE Staff		1,819.2		1,866.6	
SERVICE AREA ANALYSIS		2019/20		2020/21	
		Estimate	Inflation	Other	
		£000	£000	Variations	
				£000	
				Estimate	
				£000	
Corporate Services		10,930	276	(931)	10,275
Education Services]				
	] CSF	60,819	576	601	61,997
Children's Services]				
Environment and Regeneration		15,831	420	(2,228)	14,024
Adult Social Care]				
Cultural Services	] C&H	63,754	820	4,081	68,656
Housing General Fund]				
Single Status		100	0	0	100
National insurances changes/autoenrolment		254	0	0	254
Pay Award		877	0	2,852	3,730
TOTAL NET SERVICE EXPENDITURE		152,567	2,093	4,377	159,037
Corporate Provisions/Appropriations		(9,302)	0	6,968	(2,334)
NET EXPENDITURE		143,264	2,093	11,345	156,703
Funded by:					
Revenue Support Grant		0	0	(5,159)	(5,159)
Business Rates		(44,026)	0	5,350	(38,676)
Improved Better Care Fund		(1,054)	0	(3,808)	(4,862)
Social Care Grant		0	0	(4,058)	(4,058)
Brexit Grant		(210)	0	210	0
New Homes Bonus		(2,108)	0	670	(1,438)
Council Tax		(92,028)	0	(5,005)	(97,033)
WPCC Levy		(343)	0	(10)	(353)
Collection Fund		1,301	0	(1,628)	(327)
PFI Grant		(4,797)	0	0	(4,797)
		(143,264)	0	(13,438)	(156,703)
NET		0	2,093	(2,093)	0
NB					
Public Health		0	0	0	0
Other Variations: Contingency/Other					
Major Items: Corporate Provisions		£000	fte		
Corporate borrowing and Investment		666	0.0		
Further provision for revenue/isation/RCCO		65	0.0		
Pension Fund and Auto-enrolment		(3,089)	0.0		
Contingency and centrally held provisions		200	0.0		
Change in Grants		16	0.0		
Appropriation to/from Reserves		(7,088)	0.0		
Depreciation and impairment		(448)	0.0		
Service Mitigation Fund - Appropriation to Reserve		0	0.0		
Change in levies		12	0.0		
Overheads - Charge to non-general fund		(102)	0.0		
Transport - Additional provision		145	0.0		
Brexit costs		(500)	0.0		
Apprenticeship Levy		0	0.0		
Balance Sheet Management CT & HB		0	0.0		
CHAS - IP/Dividend		(556)	0.0		
Provision against DSG Deficit		16,009	0.0		
Social Care Grant - balance not earmarked		1,686	0.0		
Loss of HB Admin. Grant		(49)	0.0		
TOTAL		6,968	0		

CORPORATE ITEMS ANALYSIS				
	2019/20 Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Cost of Borrowing including Minimum Revenue Provision	10,481	0	709	11,190
Further provision for revaluisation/RCCO	517	0	65	582
Pension Fund	3,089	0	(3,089)	0
Adjustment re Income re P3/P4	200	0	200	400
Overheads - Charge to non-general fund	102	0	(102)	0
Provision for excess inflation	450	0	0	450
Bad Debt Provision	500	0	0	500
Redundancy/Pension Strain	1,000	0	0	1,000
Transport - Additional provision	(128)	0	145	17
Contingency	1,500	0	0	1,500
Apprenticeship Levy	450	0	0	450
Brexit costs	500	0	(500)	0
Loss of HB Admin. Grant	83	0	(49)	34
Change in Corporate Specific and Special Grants	208	0	16	224
LPFA - Provision for deficit contribution	86	0	0	86
Cyber Security	92	0	0	92
Other/Rounding				0
Provision against DSG Deficit	0	0	16,009	16,009
Social Care Grant - balance not earmarked	0	0	1,686	1,686
Levies:-				
Lee Valley	178		(0)	178
London Pensions Fund	258		(1)	257
Environment Agency	171		3	174
WPCC	343		10	353
GROSS EXPENDITURE	20,078	0	15,103	35,181
Income				
Investment Income	(664)		(43)	(707)
Depreciation & Impairment	(22,903)		(448)	(23,351)
Appropriations to/from reserves (excluding Public Health)	(4,186)		(7,088)	(11,274)
Balance Sheet Management CT & HB	(220)		0	(220)
CHAS - IP/Dividend	(1,407)		(556)	(1,963)
GROSS INCOME	(29,381)	0	(8,135)	(37,515)
NET EXPENDITURE	(9,302)	0	6,968	(2,334)



2020/2021 ESTIMATES

**CORPORATE SERVICES
DEPARTMENT**

SUMMARY: CORPORATE SERVICES DEPARTMENT

FULL TIME EQUIVALENTS (FTE)
Number of Permanent Staff
Number of Fixed term contracts
Total FTE

2019/20	2020/21
469.4	477.7
24.1	27.6
493.5	505.3

SERVICE AREA ANALYSIS

CHANGE BETWEEN YEARS			
2019/20 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
1,056	35	(53)	1,038
521	106	(95)	532
567	31	(172)	426
2,482	52	(61)	2,473
40	11	22	73
6,264	40	(571)	5,733
10,930	276	(931)	10,275
0	0	0	0
0	0	0	0
0	0	0	0
10,930	276	(931)	10,275

SUMMARY: CORPORATE SERVICES DEPARTMENT

FULL TIME EQUIVALENTS (FTE)
Number of Permanent Staff
Number of Fixed term contracts
Total FTE

2019/20	2020/21
469.4	477.7
24.1	27.6
493.5	505.3

SUBJECTIVE ANALYSIS OF ESTIMATES
Expenditure

	2019/20 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Employees	24,597	26	1,643	26,266
Premises	2,383	55	71	2,508
Transport	198	3	3	204
Supplies and Services	11,670	172	(473)	11,369
Third Party Payments	1,323	20	235	1,579
Transfer Payments	93,946	0	(29,450)	64,496
Support Services	10,348	0	1,511	11,859
Depreciation and Impairment Losses	2,347	0	89	2,436

GROSS EXPENDITURE

146,812	276	(26,371)	120,717
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Income

Government Grants	(96,303)	0	28,999	(67,304)
Other Reimbursements and Contributions	(1,482)	0	(450)	(1,931)
Customer and Client Receipts	(13,373)	0	(1,321)	(14,693)
Interest	0	0	0	0
Recharges	(25,436)	0	(1,985)	(27,421)
Reserves	711	0	197	908

GROSS INCOME

(135,883)	0	25,440	(110,442)
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NET EXPENDITURE

10,930	276	(931)	10,275
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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

2019/20	2020/21
46.6	51.4
2.0	4.0
48.6	55.4

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/20 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees	2,139	0	206	2,345
Premises	117	2	(1)	117
Transport	3	0	(2)	1
Supplies and Services	1,989	30	(24)	1,995
Third Party Payments	242	4	(12)	233
Transfer Payments	0	0	0	0
Support Services	609	0	96	705
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	5,098	35	264	5,397
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(3)	0	0	(3)
Customer and Client Receipts	(967)	0	(15)	(982)
Interest	0	0	0	0
Recharges	(3,126)	0	(446)	(3,571)
Reserves	54	0	144	198
GROSS INCOME	(4,042)	0	(317)	(4,359)
NET EXPENDITURE	1,056	35	(53)	1,038

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(85)	(1.0)
Transfer between departments	0	
Technical adjustments	238	6.9
Depreciation adjustments	0	
Overheads adjustments	(350)	
Use of reserves	144	1.0
TOTAL	(53)	6.9

INFRASTRUCTURE & TECHNOLOGY

The Infrastructure & Technology 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

2019/20	2020/21
116.2	111.1
5.5	7.0
121.7	118.1

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/20 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees	5,438	0	103	5,540
Premises	2,211	52	105	2,368
Transport	25	0	(3)	23
Supplies and Services	3,443	52	422	3,916
Third Party Payments	100	1	0	101
Transfer Payments	10	0	0	10
Support Services	1,333	0	509	1,843
Depreciation and Impairment Losses	2,347	0	89	2,436
GROSS EXPENDITURE	14,905	106	1,225	16,236
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(81)	0	45	(36)
Customer and Client Receipts	(2,608)	0	(218)	(2,826)
Interest	0	0	0	0
Recharges	(12,283)	0	(1,088)	(13,370)
Reserves	586	0	(58)	528
GROSS INCOME	(14,385)	0	(1,320)	(15,705)
NET EXPENDITURE	521	106	(95)	532

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(540)	(4.6)
Growth	446	1.0
Transfer between departments	411	
Technical adjustments	135	0.5
Depreciation adjustments	89	
Overheads adjustments	(579)	
Use of reserves	(58)	(0.5)
TOTAL	(95)	(3.6)

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

2019/20	2020/21
133.5	144.5
6.6	3.6
140.1	148.1

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/20 Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees	7,679	1	989	8,669
Premises	5	0	(0)	5
Transport	36	1	12	48
Supplies and Services	1,617	24	(148)	1,493
Third Party Payments	396	6	0	402
Transfer Payments	0	0	0	0
Support Services	601	0	(22)	578
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	10,334	31	831	11,196
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(130)	0	0	(130)
Customer and Client Receipts	(7,171)	0	(1,257)	(8,428)
Interest	0	0	0	0
Recharges	(2,466)	0	254	(2,212)
Reserves	0	0	0	0
GROSS INCOME	(9,767)	0	(1,003)	(10,770)
NET EXPENDITURE	567	31	(172)	426

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(219)	(1.0)
Transfer between departments	6	
Technical adjustments	(190)	9.0
Depreciation adjustments	0	
Overheads adjustments	232	
Use of reserves	0	
TOTAL	(172)	8.0

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

2019/20	2020/21
140.5	137.8
6.0	8.0
146.5	145.8

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/20 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees	6,647	0	(62)	6,585
Premises	2	0	0	2
Transport	132	2	(6)	127
Supplies and Services	3,051	46	(205)	2,892
Third Party Payments	284	4	191	479
Transfer Payments	0	0	0	0
Support Services	1,961	0	50	2,012
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	12,076	52	(32)	12,097
Income				
Government Grants	(1,099)	0	49	(1,050)
Other Reimbursements and Contributions	(1,189)	0	(246)	(1,435)
Customer and Client Receipts	(2,067)	0	(4)	(2,071)
Interest	0	0	0	0
Recharges	(5,270)	0	172	(5,098)
Reserves	30	0	0	30
GROSS INCOME	(9,594)	0	(29)	(9,624)
NET EXPENDITURE	2,482	52	(61)	2,473

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(401)	(3.1)
Transfer between departments	47	
Technical adjustments	70	2.4
Depreciation adjustments	0	
Overhead adjustments	223	
Use of Reserves	0	
TOTAL	(61)	(0.7)

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

2019/20	2020/21
32.5	32.8
4.0	5.0
36.5	37.8

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/20 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees	1,948	3	19	1,970
Premises	49	1	(34)	16
Transport	2	0	2	4
Supplies and Services	196	3	(150)	49
Third Party Payments	303	5	56	364
Transfer Payments	0	0	0	0
Support Services	432	0	6	438
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	2,930	11	(100)	2,841
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(79)	0	(8)	(87)
Customer and Client Receipts	(560)	0	173	(386)
Interest	0	0	0	0
Recharges	(2,292)	0	(155)	(2,447)
Reserves	40	0	112	152
GROSS INCOME	(2,890)	0	122	(2,768)
NET EXPENDITURE	40	11	22	73

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(57)	-1.8
Transfer between departments	0	
Technical adjustments	116	1.0
Depreciation adjustments	0	
Overheads adjustments	(149)	
Use of reserves	112	2.0
TOTAL	22	1.2

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

2019/20	2020/21
0	0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/20 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees*	747	23	388	1,157
Premises	0		0	0
Transport	0		0	0
Supplies and Services	1,374	17	(368)	1,024
Third Party Payments	0		0	0
Transfer Payments	93,936		(29,450)	64,486
Support Services	5,411		872	6,283
Depreciation and Impairment Losses	0		0	0
GROSS EXPENDITURE	101,468	40	(28,558)	72,950
Income				
Government Grants	(95,204)	0	28,950	(66,254)
Other Reimbursements and Contributions	0	0	(240)	(240)
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	0	0	(723)	(723)
Reserves	0	0	0	0
GROSS INCOME	(95,204)	0	27,987	(67,217)
NET EXPENDITURE	6,264	40	(571)	5,733

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(620)	
Transfer between departments	(41)	
Technical adjustments	(59)	
Overheads adjustments	149	
TOTAL	(571)	0.0

* The employee budgets shown here relate to employee redundancy payments. There are no FTEs in Corporate Items



2020/2021 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

2019/20	2020/21
426.7	403.1
77.1	77.4
11.0	11.0
514.8	491.5

SUBJECTIVE ANALYSIS OF ESTIMATES

Expenditure

Employees
 Premises
 Transport
 Supplies and Services
 Third Party Payments
 Transfer Payments
 Support Services
 Depreciation and Impairment Losses

2019/20 Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000	2020/21 DSG Estimate £000	2020/21 LA Estimate £000
28,678	47	(1,178)	27,547	4,840	22,707
1,790	30	(256)	1,564	88	1,476
4,864	73	1,322	6,260	67	6,193
159,428	243	1,054	160,725	136,853	23,871
24,706	191	1,124	26,020	13,147	12,873
0	0	0	0	0	0
5,111	0	159	5,270	233	5,037
10,022	0	(451)	9,570	0	9,570
234,599	583	1,774	236,956	155,228	81,728
Income					
Government Grants	(163,818)	(7)	(914)	(164,740)	(153,422)
Other Reimbursements and Contributions	(7,103)	0	(88)	(7,191)	(1,613)
Customer and Client Receipts	(2,812)	0	(170)	(2,982)	(399)
Interest	0	0	0	0	0
Recharges	(46)	0	0	(46)	0
Reserves	0	0	0	0	0
GROSS INCOME	(173,779)	(7)	(1,172)	(155,434)	(19,525)
NET EXPENDITURE	60,819	576	61,997	(207)	62,204

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(2,969)	12.0
Overhead adjustments		
Depreciation adjustments	(451)	
Technical adjustments	(185)	
Transfer between departments		
Growth	3,847	
Use of Reserves adjustment	359	
TOTAL	601	12

SUMMARY: CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

SERVICE AREA ANALYSIS	2019/20	Inflation	Other	2020/21	2020/21	2020/21
	Estimate £000	£000	Variations £000	Estimate £000	DSG Estimate £000	LA Estimate £000
Senior Management	1,337	13	(206)	1,143	0	1,143
Childrens Social Care	23,355	166	(24)	23,498	43	23,455
Education	32,766	154	1,124	34,044	18,087	15,957
Schools	(8,518)	25	(681)	(9,174)	(18,337)	9,163
Other Childrens, Schools and Families	11,880	218	388	12,486	0	12,486
TOTAL NET EXPENDITURE	60,819	576	601	61,997	(207)	62,204

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

2019/20	2020/21
3.0	3.0
0.0	0.0
0.0	0.0
3.0	3.0

SUBJECTIVE ANALYSIS OF ESTIMATES

Expenditure

Employees
 Premises
 Transport
 Supplies and Services
 Third Party Payments
 Transfer Payments
 Support Services
 Depreciation and Impairment Losses

2019/20 Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000	2020/21 DSG Estimate £000	2020/21 LA Estimate £000
555	2	(35)	521	0	521
0	0	0	0	0	0
3	0	0	3	0	3
713	11	(153)	570	0	570
10	0	0	10	0	10
0	0	0	0	0	0
56	0	(17)	39	0	39
0	0	0	0	0	0
1,337	13	(206)	1,143	0	1,143
Income					
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,337	13	(206)	1,143	0	1,143

GROSS EXPENDITURE

Income

Government Grants
 Other Reimbursements and Contributions
 Customer and Client Receipts
 Interest
 Recharges
 Reserves

GROSS INCOME

NET EXPENDITURE

Other Variations are analysed as follows:

Major Items	£000	fte
Overhead adjustments	0	
Transfer between departments	0	
Savings	0	0.0
Technical adjustments	(206)	
TOTAL	(206)	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

2019/20	2020/21
204.4	183.3
1.0	1.0
11.0	11.0
216.4	195.3

SUBJECTIVE ANALYSIS OF ESTIMATES

Expenditure

	2019/20 Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000	2020/21 DSG Estimate £000	2020/21 LA Estimate £000
Employees	11,424	1	(1,156)	10,269	37	10,232
Premises	60	1	(1)	60	0	60
Transport	235	4	1	239	1	238
Supplies and Services	681	10	(34)	657	1	656
Third Party Payments	9,650	150	730	10,531	0	10,531
Transfer Payments	0	0	0	0	0	0
Support Services	2,594	0	23	2,617	3	2,614
Depreciation and Impairment Losses	0	0	0	0	0	0
					0	
GROSS EXPENDITURE	24,644	166	(437)	24,373	43	24,330

Income

Government Grants	(1,086)	0	534	(552)	0	(552)
Other Reimbursements and Contributions	(203)	0	0	(203)	0	(203)
Customer and Client Receipts	0	0	(121)	(121)	0	(121)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	(0)	0	0	0
GROSS INCOME	(1,289)	0	414	(875)	0	(875)
NET EXPENDITURE	23,355	166	(24)	23,498	43	23,455

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(1,180)	7.0
Growth	1,046	
Transfer between departments	0	
Overhead adjustments	0	
Depreciation adjustments	0	
Use of Reserves adjustment	0	
Technical adjustments	110	
TOTAL	(24)	7.0

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

2019/20	2020/21
202.1	199.6
75.1	75.4
0.0	0.0
277.2	275.0

SUBJECTIVE ANALYSIS OF ESTIMATES**Expenditure**

Employees
 Premises
 Transport
 Supplies and Services
 Third Party Payments
 Transfer Payments
 Support Services
 Depreciation and Impairment Losses

2019/20 Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000	2020/21 DSG Estimate £000	2020/21 LA Estimate £000
12,619	1	421	13,041	3,887	9,154
1,094	19	(229)	885	21	864
4,620	69	1,321	6,010	65	5,945
3,421	41	16	3,478	1,597	1,882
13,824	24	(317)	13,532	12,991	541
0	0	0	0	0	0
2,237	0	164	2,401	230	2,171
457	0	(50)	407	0	407
38,273	154	1,326	39,754	18,790	20,964
Income					
Government Grants	(604)	(65)	(669)	0	(669)
Other Reimbursements and Contributions	(2,169)	0	(2,257)	(304)	(1,953)
Customer and Client Receipts	(2,734)	0	(2,783)	(399)	(2,385)
Interest	0	0	0	0	0
Recharges	0	0	0	0	0
Reserves	0	0	0	0	0
				0	
GROSS INCOME	(5,507)	(202)	(5,710)	(703)	(5,007)
NET EXPENDITURE	32,766	154	34,044	18,087	15,957

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(798)	5.0
Growth	2,091	
Overhead adjustments		
Transfer between departments		
Use of Reserves adjustment		
NNDR Adjustments	(47)	
Depreciation adjustments	(50)	
Technical adjustments	(72)	
TOTAL	1,124	5.0

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

2019/20	2020/21
0.0	0.0
1.0	1.0
0.0	0.0
1.0	1.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/20 Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000	2020/21 DSG Estimate £000	2020/21 LA Estimate £000
Expenditure						
Employees	920	0	(4)	916	916	0
Premises	67	1	(1)	67	67	0
Transport	0	0	0	0	0	0
Supplies and Services	143,737	24	1,109	144,870	135,256	9,615
Third Party Payments	156	0	0	156	156	0
Transfer Payments	0	0	0	0	0	0
Support Services	0	0	0	0	0	0
Depreciation and Impairment Losses	9,564	0	(401)	9,163	0	9,163
	0					
GROSS EXPENDITURE	154,444	25	703	155,172	136,394	18,778
Income						
Government Grants	(161,653)	0	(1,384)	(163,037)	(153,422)	(9,615)
Other Reimbursements and Contributions	(1,309)	0	0	(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	(162,962)	0	(1,384)	(164,346)	(154,731)	(9,615)
NET EXPENDITURE	(8,518)	25	(681)	(9,174)	(18,337)	9,163

Other Variations are analysed as follows:

Major Items	£000	fte
Depreciation adjustments	(401)	
Use of Reserves adjustment		
Technical adjustments	(280)	
TOTAL	(681)	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

2019/20	2020/21
17.3	17.2
0.0	0.0
0.0	0.0
17.3	17.2

SUBJECTIVE ANALYSIS OF ESTIMATES**Expenditure**

Employees
 Premises
 Transport
 Supplies and Services
 Third Party Payments
 Transfer Payments
 Support Services
 Depreciation and Impairment Losses

2019/20 Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000	2020/21 DSG Estimate £000	2020/21 LA Estimate £000
3,160	43	(403)	2,801	0	2,801
569	9	(25)	553	0	553
7	0	0	7	0	7
10,876	157	116	11,149	0	11,149
1,065	16	710	1,791	0	1,791
0	0	0	0	0	0
223	0	(10)	213	0	213
0	0	0	0	0	0
15,901	225	388	16,514	0	16,514
Income					
Government Grants	(475)	(7)	0	(482)	0
Other Reimbursements and Contributions	(3,422)	0	0	(3,422)	0
Customer and Client Receipts	(78)	0	0	(78)	0
Interest	0	0	0	0	0
Recharges	(46)	0	0	(46)	0
Reserves	0	0	0	0	0
(4,021)	(7)	0	(4,028)	0	(4,028)
NET EXPENDITURE	11,880	218	388	12,486	0
					12,486

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(790)	0.0
Transfer between departments		
Growth	710	
Use of Reserves adjustment	128	
Technical adjustments	340	
TOTAL	388	0.0



2020/2021 ESTIMATES

ENVIRONMENT AND REGENERATION DEPARTMENT

SUMMARY: ENVIRONMENT & REGENERATION

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2019/20	2020/21
365	373
8	14
373	387

SERVICE AREA ANALYSIS

CHANGE BETWEEN YEARS			
2019/2020 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
16,313	315	460	17,088
(10,188)	26	(2,296)	(12,458)
9,707	71	(383)	9,395
0	8	(9)	(0)
15,831	420	(2,228)	14,024

ENVIRONMENT AND REGENERATION DEPARTMENT

Departmental Summary

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2019/20	2020/21
365	373
8	14
373	387

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/2020 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees	18,116	10	1,151	19,276
Premises	3,539	42	(375)	3,206
Transport	1,727	7	(207)	1,527
Supplies and Services	12,937	301	8,149	21,387
Third Party Payments	9,887	61	(6,761)	3,187
Transfer Payments	0	0	0	0
Support Services	7,000	0	215	7,215
Depreciation and Impairment Losses	9,892	0	682	10,573
GROSS EXPENDITURE	63,098	420	2,853	66,371
Income				
Government Grants	(144)	0	136	(8)
Other Reimbursements and Contributions	(6,792)	0	(804)	(7,596)
Customer and Client Receipts	(38,495)	0	(4,276)	(42,771)
Recharges	(1,834)	0	(137)	(1,971)
Reserves	0	0	0	0
GROSS INCOME	(47,265)	0	(5,081)	(52,346)
NET EXPENDITURE	15,831	420	(2,228)	14,024

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(3,280)	4.0
Growth	937	0.0
Depreciation adjustments	682	0.0
Overheads adjustments	78	0.0
Transfer between departments	(898)	0.0
Technical adjustments	86	0.0
Use of Reserves adjustments	167	0.0
TOTAL*	(2,228)	4

* Any difference due to roundings.

ENVIRONMENT AND REGENERATION DEPARTMENT

Public Space, Contracting, and Commissioning*: Greenspaces, Leisure & Culture, Transport Services, and Waste Management and Operations.

* Previously the Street Scene and Waste division

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2019/20	2020/21
73	73
1	1
75	74

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/2020 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees	3,442	0	134	3,576
Premises	1,399	16	(293)	1,122
Transport	1,446	3	(194)	1,255
Supplies and Services	9,133	245	7,589	16,967
Third Party Payments	9,114	51	(6,678)	2,487
Transfer Payments	0	0	0	0
Support Services	1,631	0	(31)	1,600
Depreciation and Impairment Losses	1,687	0	574	2,261
GROSS EXPENDITURE	27,852	315	1,101	29,268
Income				
Government Grants	(7)	0	0	(7)
Other Reimbursements and Contributions	(1,110)	0	27	(1,083)
Customer and Client Receipts	(10,422)	0	(668)	(11,090)
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(11,539)	0	(641)	(12,180)
NET EXPENDITURE	16,313	315	460	17,088

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(330)	
Growth	937	
Depreciation adjustments	574	
Overheads adjustments	(31)	
Transfer between departments	(715)	
Technical adjustments	140	
Use of reserves adjustments	(115)	
TOTAL*	460	0.0

* Any difference due to roundings.

ENVIRONMENT AND REGENERATION DEPARTMENT

Public Protection: Regulatory Services Partnership, Parking Control, Safer Merton.

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2019/20	2020/21
198	202
4	12
202	213

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/2020 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees	9,171	0	789	9,960
Premises	750	7	152	909
Transport	175	3	(2)	176
Supplies and Services	798	12	364	1,174
Third Party Payments	336	5	5	346
Transfer Payments	0	0	0	0
Support Services	2,877	0	112	2,989
Depreciation and Impairment Losses	336	0	63	399
GROSS EXPENDITURE	14,442	26	1,483	15,951
Income				
Government Grants	(136)	0	136	(0)
Other Reimbursements and Contributions	(4,779)	0	(787)	(5,566)
Customer and Client Receipts	(19,715)	0	(3,128)	(22,843)
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(24,630)	0	(3,779)	(28,409)
NET EXPENDITURE	(10,188)	26	(2,296)	(12,458)

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(2,610)	3.0
Depreciation adjustments	63	
Overheads adjustments	112	
Transfer between departments	(5)	
Technical adjustments	(3)	
Use of Reserves adjustments	147	
TOTAL*	(2,296)	3

* 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

2019/20	2020/21
85	90
3	1
88	91

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/2020 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees	4,750	5	218	4,973
Premises	1,389	19	(234)	1,174
Transport	97	1	(10)	89
Supplies and Services	2,796	41	170	3,007
Third Party Payments	435	5	(88)	352
Transfer Payments	0	0	0	0
Support Services	2,380	0	127	2,507
Depreciation and Impairment Losses	7,869	0	45	7,914
GROSS EXPENDITURE	19,716	71	228	20,015
Income				
Government Grants	(1)	0	0	(1)
Other Reimbursements and Contributions	(903)	0	(44)	(947)
Customer and Client Receipts	(8,358)	0	(480)	(8,838)
Recharges	(747)	0	(87)	(834)
Reserves	(0)	0	0	(0)
GROSS INCOME	(10,009)	0	(611)	(10,620)
NET EXPENDITURE	9,707	71	(383)	9,395

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(340)	1.0
Growth	0	
Depreciation adjustments	45	
Overheads adjustments	40	
Transfer between departments	(178)	
Technical adjustments	(85)	
Use of Reserves adjustments	135	
TOTAL*	(383)	1.0

* 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

2019/20	2020/21
8	8
0	0
8	8

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/2020 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees	753	5	10	768
Premises	1	0	0	1
Transport	9	0	(1)	8
Supplies and Services	210	3	26	239
Third Party Payments	2	0	0	2
Transfer Payments	0	0	0	0
Support Services	112	0	7	119
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	1,087	8	42	1,137
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Recharges	(1,087)	0	(50)	(1,137)
Reserves	0	0	0	0
GROSS INCOME	(1,087)	0	(50)	(1,137)
NET EXPENDITURE	0	8	(9)	(0)

Other variations are analysed as follows:

Major Items	£000	fte
Savings	0	
Overheads adjustments	(43)	
Technical adjustments	34	
Use of Reserves adjustments		
TOTAL*	(9)	0.0

* Any difference due to roundings.



2020/21 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

2019/20	2020/21
419.67	450.17
11.41	11.19
6.60	21.31
437.68	482.67

SERVICE AREA ANALYSIS

	2019/20 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Adult Social Care	58,657	729	2,472	61,858
Libraries and Heritage	2,855	51	130	3,036
Merton Adult Education	23	0	4	28
Housing General Fund	2,219	39	1,476	3,735
Public Health	0	0	(0)	(0)
NET EXPENDITURE	63,754	820	4,081	68,656

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

2019/20	2020/21
419.67	450.17
11.41	11.19
6.60	21.31
437.68	482.67

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/20 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees	19,245	25	2,219	21,489
Premises	905	30	82	1,016
Transport	1,394	23	(29)	1,388
Supplies and Services	6,074	59	405	6,538
Third Party Payments	54,519	682	2,210	57,411
Transfer Payments	10,465	1	(347)	10,118
Support Services	7,843	0	41	7,884
Depreciation and Impairment Losses	643	0	128	771
GROSS EXPENDITURE	101,088	820	4,708	106,616
Income				
Government Grants	(11,881)	0	(752)	(12,633)
Other Reimbursements and Contributions	(12,160)	0	(34)	(12,195)
Customer and Client Receipts	(9,776)	0	(115)	(9,891)
Interest	(3,516)	0	276	(3,241)
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(37,334)	0	(626)	(37,959)
NET EXPENDITURE	63,755	820	4,082	68,656

Other Variations are analysed as follows:

Major Items	£000	fte
Salary	597	4.28
Savings	(2,460)	
Growth	5,766	
Overheads adjustments	305	
Depreciation & NNDR adjustments	159	
Inflation	0	
Rebasing of Income	241	
Technical adjustments	12	
Transfers between departments	360	
Grants	(753)	
Other	(145)	
	0	
TOTAL	4,082	4.28

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

2019/20	2020/21
344.28	368.90
11.41	11.19
2.00	18.31
357.69	398.40

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/20 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees	15,600	25	1,848	17,473
Premises	351	9	56	416
Transport	1,358	23	(29)	1,352
Supplies and Services	2,914	43	215	3,172
Third Party Payments	44,331	629	938	45,898
Transfer Payments	9,894	1	(348)	9,547
Support Services	6,681	0	(12)	6,669
Depreciation and Impairment Losses	158	0	(19)	139
GROSS EXPENDITURE	81,287	729	2,649	84,666
Income				
Government Grants	(282)	0	(326)	(607)
Other Reimbursements and Contributions	(9,746)	0	(28)	(9,775)
Customer and Client Receipts	(9,085)	0	(100)	(9,185)
Recharges	(3,516)	0	276	(3,241)
Reserves	0	0	0	0
GROSS INCOME	(22,630)	0	(178)	(22,808)
NET EXPENDITURE	58,657	729	2,472	61,858

Other Variations are analysed as follows:

Major Items	£000	fte
Salaries- Pension	226	
Savings	(2,460)	
Growth	5,766	
Overheads adjustments	264	
Depreciation & NNDR adjustments	11	
Inflation	0	
Rebasing of Income	0	
Technical adjustments	0	
Transfers between departments/Service	(883)	
Grants	(326)	
Other	(126)	
TOTAL	2,472	0.00

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

2019/20	2020/21
29.65	29.05
0.00	0.00
0.00	2.00
29.65	31.05

SUBJECTIVE ANALYSIS OF ESTIMATES

Expenditure

Employees
Premises
Transport
Supplies and Services
Third Party Payments
Transfer Payments
Support Services
Depreciation and Impairment Losses

2019/20 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
1,065	0	58	1,123
494	20	4	519
4	0	(0)	4
571	13	(28)	556
18	17	(0)	35
0	0	0	0
669	0	14	683
485	0	85	570
3,307	51	132	3,490
Income			
0	0	(29)	(29)
(96)	0	11	(85)
(356)	0	15	(341)
0	0	0	0
0	0	0	0
0	0	0	0
(452)	0	(2)	(454)
2,855	51	130	3,036

GROSS EXPENDITURE

Income

Government Grants
Other Reimbursements and Contributions
Customer and Client Receipts
Interest
Recharges
Reserves

GROSS INCOME

NET EXPENDITURE

Other Variations are analysed as follows:

Major Items	£000	fte
Salary-Pension& Project	58	1.40
Savings	0	
Growth	0	
Overheads adjustments	14	
Depreciation adjustments	85	
Inflation	0	
Rebasing of Income	0	
Technical adjustments	(25)	
Transfers between departments	0	
Grants Reduction	(29)	
Other	27	
TOTAL	130	1.40

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

2019/20	2020/21
3.75	3.75
0.00	0.00
0.00	0.00
3.75	3.75

SUBJECTIVE ANALYSIS OF ESTIMATES

Expenditure

Employees 193
 Premises 17
 Transport 0
 Supplies and Services 21
 Third Party Payments 1,108
 Transfer Payments 0
 Support Services 31
 Depreciation and Impairment Losses 0

2019/20 Original £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
193	0	3	196
17	0	0	17
0	0	0	0
21	0	0	21
1,108	0	50	1,159
0	0	0	0
31	0	2	32
0	0	(0)	0
1,370	0	54	1,425
Income			
(1,347)	0	(50)	(1,397)
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
(1,347)	0	(50)	(1,397)
23	0	4	28

GROSS EXPENDITURE

Income

Government Grants
 Other Reimbursements and Contributions
 Customer and Client Receipts
 Interest
 Recharges
 Reserves

GROSS INCOME

NET EXPENDITURE

Other Variations are analysed as follows:

Major Items	£000	fte
Salary-Pension & uplifts	3	
Savings	0	
Growth	0	
Overheads adjustments	0	
Depreciation adjustments	0	
Inflation	0	
Rebasing of Income	0	
Technical adjustments-Traning & Contracts	51	
Transfers between departments	0	
Grants	(50)	
Use of Reserves Adjustment	0	
TOTAL	4	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 of mandatory grant assistance for improvements and adaptations

FULL TIME EQUIVALENTS

	2019/20	2020/21
Number of FTE Staff	26.53	30.41
Number of FTE TUPE staff	0.00	0.00
Number of Fixed Term Contract	2.00	1.00
Total FTE	28.53	31.41

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/20 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees	1,213	0	200	1,413
Premises	40	1	22	63
Transport	30	0	0	30
Supplies and Services	192	3	(23)	172
Third Party Payments	2,368	36	1,288	3,691
Transfer Payments	571	0	0	571
Support Services	315	0	27	342
Depreciation and Impairment Losses	0	0	63	63
GROSS EXPENDITURE	4,728	39	1,577	6,344
Income				
Government Grants	(77)	0	(59)	(136)
Other Reimbursements and Contributions	(2,097)	0	(11)	(2,108)
Customer and Client Receipts	(335)	0	(30)	(365)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(2,508)	0	(101)	(2,609)
NET EXPENDITURE	2,219	39	1,476	3,735

Other Variations are analysed as follows:

Major Items	£000	fte
Salary-Transfer of post from ASC, pension, Env Off	200	2.88
Savings	0	
Growth	0	
Overheads adjustments	27	
Depreciation- New	63	
Inflation	0	
Rebasing of Income	0	
Technical adjustments	43	
Transfers between services- HRS	1,243	
Grants	(59)	
Other	(41)	
TOTAL	1,476	2.88

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

2019/20	2020/21
15.46	18.06
0.00	0.00
2.60	0.00
18.06	18.06

SUBJECTIVE ANALYSIS OF ESTIMATES

	2019/20 Original Estimate £000	Inflation £000	Other Variations £000	2020/21 Estimate £000
Expenditure				
Employees	1,173	0	110	1,284
Premises	3	0	(0)	2
Transport	2	0	(0)	2
Supplies and Services	2,376	0	241	2,617
Third Party Payments	6,694	0	(65)	6,628
Transfer Payments	0	0	0	0
Support Services	148	0	9	157
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	10,396	0	294	10,690
Income				
Government Grants	(10,175)	0	(289)	(10,464)
Other Reimbursements and Contributions	(221)	0	(5)	(227)
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	(10,396)	0	(294)	(10,690)
NET EXPENDITURE	0	0	(0)	(0)

Other Variations are analysed as follows:

Major Items	£000	fte
Salary-Pension & uplifts	110	
Savings	0	
Growth	0	
Overheads adjustments	0	
Depreciation adjustments	0	
Inflation	0	
Contracts	241	
Technical adjustments	(57)	
Transfers between departments	0	
Grants Reduction	(289)	
Other Income	(5)	
Use of Reserves Adjustment	0	
TOTAL	0	0.00

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

Risk Analysis for General Fund

- The Council's draft budget for 2020/21, 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	93.9
Premises Related Expenditure	8.2
Transport Related Expenditure	9.3
Supplies and Services	63.1
Third Party Payments	75.0
Transfer Payments	74.6
Support Services	32.0
Depreciation and Impairment Costs	23.4
Cost of Borrowing	11.2
Contingency	1.5
Corporate Provisions	24.0
Incomes	
Government Grants	106.9
Other Grants, Reimbursements and Contributions	27.3
Customer and Client Receipts	69.9
Recharges	29.4
Corporate Provisions	2.9
Asset Rentals: Depreciation & Impairment	23.4
Overall Total	676.0

- In addition the savings proposals for 2019-23 have been assessed in terms of deliverable risk. The level of deliverable risk is:

Risk Rating	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total 2020/24 £000
Low	4,435	332	77	13	4,857
Medium	6,107	3,035	210	196	9,548
High	855	520	78	0	1,453
Total	11,397	3,887	365	209	15,858

- 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	93.9	0.30	0.50	0.75
Premises Related Expenditure	8.2	1.50	2.50	3.50
Transport Related Expenditure	9.3	2.50	3.50	4.00
Supplies and Services	63.1	2.50	3.50	4.50
Third Party Payments	75.0	3.75	5.50	7.50
Transfer Payments	74.6	2.75	3.75	4.75
Incomes				
Government Grants	106.9	1.00	2.00	3.00
Other Grants, Reimbursements and Contributions	27.3	1.00	2.00	3.00
Customer and Client Receipts	69.9	1.75	3.00	4.00
Savings				
Low Deliverability Risk	4.4	1.50		
Medium Deliverability Risk	6.1		3.00	
High Deliverability Risk	0.9			7.50
DSG (estimated cumulative deficit 2019/20(P9))	13.5	10.00	50.00	100.00
Safety Net Threshold	2.7	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	93.9	0.28	0.47	0.70
Premises Related Expenditure	8.2	0.12	0.21	0.29
Transport Related Expenditure	9.3	0.23	0.33	0.37
Supplies and Services exc. DSG	63.1	1.58	2.21	2.84
Third Party Payments	75.0	2.81	4.13	5.63
Transfer Payments	74.6	2.05	2.80	3.54
Incomes				
Government Grants	106.9	1.07	2.14	3.21
Other Grants, Reimbursements and Contributions	27.3	0.27	0.55	0.82
Customer and Client Receipts	69.9	1.22	2.10	2.80
Savings				
Low Deliverability Risk	4.4	0.07		
Medium Deliverability Risk	6.1		0.18	
High Deliverability Risk	0.9			0.07
DSG (estimated cumulative deficit 2019/20(P9))	13.5	1.35	6.75	13.5
Safety Net Threshold	2.7	2.70	2.70	2.7
Total	570.2	13.75	24.52	36.42

SECTION 3: Schools Funding 2020/21

1. Introduction

- 1.1 The Government announced the Dedicated Schools Grant allocation on 19th December 2019. Merton's allocation is split over the four blocks as follows:

Description	2020/21 £000	2019/20 £000
Schools Block	129,966	122,978
Central Schools Services Block	1,016	1,041
Early Years Block	16,375	15,571
High Needs Block	36,299	33,033
Total as at Schools Forum meeting	183,656	172,623
Academy recoupment	(27,652)	(24,842)
Final allocation for the year	156,004	147,781

- 1.2 This Section provides details of how the four blocks of the DSG are budgeted to be used in 2020/21.

2. Schools Block

- 2.1 The Schools Block allocation of £129.966m is split into the following expenditure types:

Description	2020/21 £000	2019/20 £000
Growth Fund	600	600
Transfers to the High Needs Block	640	600
De-delegated items	1,859	1,985
Central duties to maintained schools (ESG)	635	635
Individual School Budgets	126,232	119,263
One-off funding allocated from Merton's General Fund included in ISB above	-	(105)
Total Schools Block	129,966	122,978

- 2.2 The growth fund is £600k for 2020/21 (£600k in 2019/20). The growth funding was calculated using a new formulaic method based on lagged growth data.
- 2.3 There is budget provision for three Primary schools that are continuing to provide extra classes flowing through the school with a funding allocation of £60k each (£180k 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 £100k for diseconomy of scale costs for new schools as these should be paid for by the growth fund.

- 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. The maximum transfer allowed without applying for disapplication is 0.5%.

Schools Forum approval is required for the Growth Fund provision each year.

- 2.7 For 2020/21 Merton will transfer £640k from the Schools Block to the High Needs Block (£600k in 2019/20). 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).

Following the consultation with schools, Schools Forum agreed the transfer from the schools block to the high needs block at their meeting on the 30th October 2019.

- 2.8 The total de-delegated budget for 2020/21 is £1.905m (£1.985m in 2019/20). The table below details the total allocation to de-delegated services as well as the unit cost for each of these services.

Both Primary and Secondary schools de-delegated budgets have been set based on the agreement by the relevant phase representatives at Schools Forum on the 30th October 2019.

Service	Total £000	2020/21 Unit Cost	2019/20 Unit Cost	Measure
Copyright Licensing Agency (CLA)	119	£5.79	£5.63	NOR
Schools catering equipment insurance	40	£2.63	£1.29	NOR
Support & Challenge Programme	400	£19.45	£19.23	NOR
Attain	100	£4.86	£4.81	NOR
Parenting cover and public duties	755	£36.71	£42.41	NOR
Ethnic minorities & bilingual learners	70	£17.39	£23.54	EAL
Tree insurance / maintenance	65	£3.16	£3.13	NOR
Behaviour Support	207	£37.99	£32.54	Low Att
School Improvement	149	£7.25	£7.02	NOR
Total budget	1,905			

(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 Age Weighted Pupil Unit (AWPU) factor (top-up NOR for special schools). The cost to primary, secondary and special schools will be £31.61 per pupil on roll to provide an overall de-delegated budget of £650k (the same as in 2019/20).

Schools Forum approval is required for contribution to responsibilities that local authorities hold for maintained schools.

- 2.10 For 2020/21 this means that £635k is contributed from the schools block while £15k comes from the high needs block for special schools (the same as in 2019/20). 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 2020/21 as part of the Individual Schools Budget (ISB) is £126.232m (£119.263m in 2019/20). The £125.618m ISB minus £5k held as contingency provides the overall £126.232m allocation, details of which can be found at Annex 1.

3. School Funding Formula Factors

- 3.1 Following consultation with schools and the agreement of the Schools Forum at their meeting on the 30th October 2019, Merton is using the National Funding Formula (NFF) to apportion funding to schools and academies in 2020/21 (Option A per the consultation). A summary of the factors used and the total budgets allocated against each factor is set out in the funding pro-forma which can be found at Annex 2.
- 3.2 The AWPU rates for Primary and Secondary KS3 and KS4 are the NFF rates plus an Area Cost Adjustment of 1.41614. These are shown below with a comparison against 2019-20.

Description	2020/21	2019/20
Primary	£3,298	£3,305
Secondary Key Stage 3	£4,638	£4,327
Secondary Key Stage 4	£5,265	£5,230

- 3.3 The primary to secondary funding ratio has increased from 1:1.32 in 2019/20 to 1:1.35 in 2020/21.
- 3.4 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.

- 3.5 The IDACI unit values are the NFF values, which are higher than the Merton formula values used in 2019/20. Through the formula this resulted in a total budget allocation of £2.444m (£435k in 2019/20) and £2.335m (£265k in 2019/20) for Primary and Secondary schools respectively.
- 3.6 The English as an Additional Language (EAL) factor unit values are £613.18 (£390.81 for 2019/20) and £1,650.44 (£1,004.93 in 2019/20) for Primary and Secondary schools respectively. This allocates a total budget of £2.501m (£1.695m in 2019/20) for Primary schools and £697k (£481k in 2019/20) for Secondary schools.
- 3.7 The Primary Low Attainment unit value for 2020/21 is £1,220.64 (£681.46 in 2019/20), and the Secondary unit value is £1,845.29 (£1,651.11 in 2019/20). This results in budgets of £5.832m and £3.451m for Primary and Secondary schools respectively.
- 3.8 The lump sum factor is £131k (£114,400 multiplied by ACA of 1.14614). The lump sum in 2019/20 was £150k. The split site factor (which is updated annually) is £90k (£85k in 2019/20).
- 3.9 The rates factor was increased by £8k to £2.924m (£2.916m in 2019/20) reflecting Valuation Office revaluations
- 3.10 The minimum funding guarantee floor was set at 1.84% as agreed at the Schools Forum meeting on the 31st October 2019. Due to the overall changes in factors, the requirement for MFG increased from £25k in 2019/20 to £48k in 2020/21.
- 3.11 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.
- 3.12 The figures in Annex1 exclude the bulge class funding which is held centrally and will be paid to schools as part of their monthly advances.
- 3.13 Pupil Premium funding is not included in these figures and the 2019/20 allocations will be provided separately when schools are informed of their budgets for 2020/21. Schools should use the 2019/20 figures to estimate their funding for 2020/21.

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	2020/21 £'000	2019/20 £'000
Central licences negotiated by the Secretary of State	152	123
School admissions	263	287
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
One-off transfer from schools block	(30)	-
Total Schools Block	1,016	1,041

Schools Forum approval is required on a line-by-line basis for School admissions, Servicing of school forums, Prudential borrowing and Statutory and regulatory duties that LAs hold for all schools (including academies & free schools).

4.3 The statutory and regulatory duties that LAs hold for all schools, including academies and 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 DFE allocated Early Years Block allocation is split into the following areas:

Description	2020/21 £'000	2019/20 £000
3&4 YO universal funding (includes contingency and retained items)	11,852	10,777
3&4 YO working parents extended funding (includes contingency and retained items)	2,990	2,604
2 Year Old Offer (includes contingency and retained items)	1,377	1,671
Centrally retained items (5% retained element and 2YO retained element)	Contained in overall budget rows 1 – 3 . See sections 6.10 – 6.12 and 6.19	713
Contingency	Contained in overall budget rows 1 – 3 . See sections 6.8 – 6.9 and 6.18	237
Additional grant repaid in 2019/20		(564)
Pupil Premium	118	97
Disability Access Fund	38	36
Total Early Years Block	£16,375	£15,571

- 5.2 In 2020/21 the majority of LAs received an increase in their hourly rate for 2, 3 and 4 year old places. The majority of this funding , as part of the 95% high pass through rate must be allocated to providers, and on this basis Merton are allocating the growth to the base rate element within the formula, whilst the formula supplements will remain the same as previous years, providing stability to the sector through an enhanced hourly rate for every hour taken up and for every child taking a place.
- 5.3 Funding for 3 and 4 year old children for Merton maintained schools and PVI settings is planned/estimated 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. A summary of the factors used and the total indicative budget allocations against each factor and payments outside the formula for the maintained sector can be found at Annex3 for universal entitlement, Annex 4 for extended entitlement and Annex for 2 year old funding.
- 5.4 The budget for the working parents extended entitlement has been set using headcount data as the scheme is now embedded. As with basic entitlements, these are estimates and the figures will be updated every term following the actual pupil counts.

- 5.5 Based on the allocation of budget from the DfE, 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 part 6 of this Section.
- 5.6 From the amounts allocated for places for 2, 3 and 4 year olds there is an allocation for centrally retained items which 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 which is £742,127, and £11,700 of 2 year old grant, which represents 0.85% of the total 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”.
- 5.7 The contingency for 2020/21 has been set at £139,800 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 2019 count and 7/12ths of the January 2020 count, and is confirmed with any adjustments in the summer term of 2020.
- 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 £118,106.
- 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 £38,130. 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 base rate in the formula for 3 and 4 year olds (universal and extended entitlement) for all settings as per the table below.

Description	2020/21 Rate	2019/20 Rate
All settings	£5.00	£4.93

- 6.2 Criteria for EYPP will continue to be used as a measure of deprivation for 2020/21.

Description	2020/21 Rate	2019/20 Rate
Criteria for EYPP	80p	80p

- 6.3 The table below shows the optional supplementary supplement for “sparsity”

Description	2020/21 Rate	2019/20Rate
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	2020/21 Rate	2019/20 Rate
SEN Support Level 1a (local offer)	nil	nil
SEN Support Level 1b	£2.80	£2.80
SEN Support Level 1c	£10.50	£10.50
SENDIF contribution to Special schools level 1d – with EHCP	£12.70	£12.70
SENDIF contribution to Special schools level 1e – without EHCP	£14.05	£14.05

- 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 2020/21 is £776,515. Of this £701,105 is formula based, whilst the remainder 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 £139,800 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 2020/21.
- 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 £742,127 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	2020/21 Rate	2019/20 Rate
All settings	£5.75	£5.67

Outside of formula: SEN Inclusion Fund

- 6.15 The table below shows the **discretionary SEN Inclusion Fund** for 2 year olds

Description	2020/21 Rate	2019/20 Rate
SEN Support Level 1a (local offer)	nil	nil
SEN Support Level 1b	£2.55	£2.55
SEN Support Level 1c	£7.80	£7.80

- 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 £31,122. Of this £26,676 is formula based, whilst the remainder relates to lump sum "notional" SEN funding for EHCPs.

Outside of formula: Contingency

- There is a contingency of £5,811 for 2 year olds in 2020/21 to support any in-year growth for SEN support and late starters (not on headcount).

Outside of formula: Retained Items

- 6.18 There are no specific parameters for retained elements within the 2 year old formula. This year £11,700 has been allocated for retained items

7 High Needs Block

High Needs Block funding

- 7.1 Due to the cost pressure on the High Needs Block, Merton's DSG will be going in to a larger deficit in 2020/21. The continued increase in numbers of EHCPs means that this pressure is expected to continue and grow in 2020/21 while the growth received on the HNB grant is not sufficient to cover these cost pressures.
- 7.2 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.
- 7.3 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.
- 7.4 The table below shows how Merton's High Needs Block funding is allocated.

Description	2020/21 £'000	2019/20 £'000
Mainstream settings (Individual SEN statements)	4,159	4,139
Special Schools	9,501	9,061
Additional Resource Provision bases	2,369	2,369
Pupil Referral Unit (PRU)	1,768	1,813
Centrally retained High Needs funding for commissioned services	13,888	13,588
Post 16 FE and ISP funding	2,346	2,060
HN Contingency – additional funding	2,811	-
Centrally retained High Needs funding for special schools	52	48
Central duties to maintained schools (ESG)	15	15
Transfers from other blocks	(610)	(600)
Total Funding	36,299	33,033

Mainstream settings

- 7.5 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	2020/21
Age Weighted Pupil Allowance (AWPU)	2.5%
Deprivation (Free School Meals & IDACI)	10%
Low cost, high incidence SEN (Low Attainment)	100%

- 7.6 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.
- 7.7 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.
- 7.8 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.
- 7.9 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 2020/21 £329k is budgeted to be allocated to schools through this mechanism.

- 7.10 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.
- 7.11 Merton's basic statement funding will be kept the same as in 2019/20 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	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
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

- 7.12 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

- 7.13 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 1.84% for 2020/21.
- 7.14 Due to the budgeted increase in pupil numbers at special schools (additional 24), the special school budget will be increased to cover the cost pressure of supporting these additional children.
- 7.15 The total for specialist SEN and LDD settings includes the school budgets for Cricket Green, Perseid, and Melrose special schools.

Additional Resource Provision bases

- 7.16 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.
- 7.17 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.
- 7.18 ARP allocations for 2020/21 will remain similar to the 2019/20 allocations.

Pupil Referral Unit (SMART Centre)

- 7.19 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 1.84% this year in line with special schools.
- 7.20 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.
- 7.21 Alternative education and medical service provision are also delivered through the SMART Centre.
- 7.22 The exclusion process currently involves a deduction of AWPU 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 2020/21.

Centrally retained funding for commissioned services

- 7.23 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 following table details these services:

Description	2020/21 £'000	2019/20 £'000
Independent providers	8,952	8,669
Cost of Merton pupils in other LA maintained schools	1,909	2,170
Cost to other LAs for their children in Merton maintained schools	(1,159)	(1,159)
Merton academies (Individual SEN statements)	680	680
Virtual school	398	396
Sensory team	402	391
Schools standards quality core offer	333	359
* Language and learning therapy	649	354
Other non-maintained school related costs	325	342
Education psychology	266	266
Behaviour support	254	235
Education welfare	174	168
SEN referral & early help 0-25 team	151	165
Vulnerable children's education	123	123
Social inclusion	107	105
Merton Autism Outreach Service (MAOS)	100	100
SEN support	81	81
Therapy in special schools	56	56
Independent hospital provision	50	50
Portage	37	37
Total Cost	13,888	13,588

* See 7.27

- 7.24 Of the centrally retained services funding, Merton has tried to limit cost pressures as far as possible. The increase in number of EHCPs has however resulted in major cost pressure on independent and out of borough provision.
- 7.25 The growth received on the HNB is not sufficient to cover the cost pressures. For 2020/21 the increase will be allocated against various budgets with known pressures to address the expected overspends.
- 7.26 Spend on the internal provision identified above will be reviewed during the 2020/21 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.
- 7.27 We have seen a 66% growth in EHCPs with speech and language from 2016 – 2019 in mainstream schools. This is at least a 131% growth in assessments and 66% growth in children's packages. It was identified in the schools forum consultation paper in 2018 the requirement for 2 FTE Therapy posts to meet demands of mainstream schools. The cost of running this service has increased in 2019/20 by £122k and forecast 2020/21 by £133k. Additional funding of £255k is to be used to fund growing demand in 2020/21.

Post 16 Further Education (FE) College and Independent Specialist Provider (ISP) funding

- 7.28 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

- 7.29 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 following table.

Service	Total £'000	2020/21 Unit Cost	2019/20 Unit Cost	Measure
Licences and Subscriptions	3	£5.79	£5.63	NOR
School Meals Subsidy	1	£2.63	£1.29	NOR
Schools in Challenging Circumstances	10	£19.45	£19.23	NOR
Parenting and TU cover	18	£36.71	£42.41	NOR
Support to underperforming ethnic minority groups and bilingual learners	2	£3.40	£4.86	EAL
Tree work	2	£3.16	£3.13	NOR
Behaviour Support	5	£10.07	£9.76	Low Att
School Improvement	4	£7.25	£7.02	NOR
Attain	2	£4.86	£4.81	NOR
Total budget	46			

Central duties to maintained schools (ESG)

- 7.30 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 £31.61 per pupil on roll to provide an overall de-delegated budget of £650k (the same as in 2019/20).
- 7.31 For 2020/21 £635k is contributed from the schools block while £15k comes from the high needs block for special schools (£635k for schools block and £15k from high needs block in 2019/20). As detailed in the schools consultation document, schools are funding 32% of these costs while the LA funds 68%.

Transfers from other blocks

- 7.32 For 2020/21 Merton will transfer £640k from the Schools Block to the High Needs Block (£600k in 2019/20). 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

- 7.33 Due to the cost pressure on the High Needs Block, Merton's DSG will continue in a deficit position during 2019/20. The continued increase in numbers of EHCPs as detailed in the following table means that this pressure is expected to continue and grow in 2020/21 and future years. This has been addressed within the MTFS.

Type of Provision	Jan 2016 Total Statements and EHCPs		Jan 2017 Total Statements and EHCPs		Jan 2018 Total Statements and EHCPs		Jan 2019 Total Statements and EHCPs	
	No	%	No	%	No	%	No	%
Early Years (inc. Private & Voluntary Settings)	0	0%	1	0%	7	0%	7	0%
Mainstream Schools (inc. Academies)	422	39%	461	37%	526	35%	584	34%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%
State Funded Special Schools	358	33%	388	31%	416	27%	440	26%
Independent Schools	132	12%	153	12%	176	12%	228	13%
Post 16 College and traineeships	25	2%	93	7%	183	12%	212	12%
Post 16 Specialist	10	1%	25	2%	44	3%	37	2%
Alternative Education	15	1%	10	1%	22	1%	28	2%
No placement (including NEET)	3	0%	0	0%	28	2%	51	3%
Total	1075	100%	1242	100%	1518	100%	1712	100%
Change over previous year				16%		22%		13%

- 7.34 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

7.35 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 Appendices

- 8.1 Annex 1: ISB allocations
- 8.2 Annex 2: Schools Funding Pro-forma
- 8.3 Annex: 3 & 4 YO universal entitlement
- 8.4 Annex 4: 3 & 4 YO extended entitlement
- 8.5 Annex 5: 2 YO entitlement

School Name	Basic Entitlement	Free School Meals	IDACI	EAL	Low Attainment	Mobility	Lump Sum	Split Sites	Rates	Total Allocation	20-21 MF6 Adjustment	De-delegation	Education functions for maintained schools	2020-21 Post De-delegation and Education functions budget	2019-20 Post De-delegation and Education functions budget	In Post De-delegation functions and Education functions budget
	£94,572,564	£6,803,634	£4,779,372	£3,197,963	£9,282,732	£79,083	£6,949,276	£90,023	£2,923,957	£128,678,604	£47,629	-£1,858,900	-£634,385	£126,232,947	£119,257,920	£6,975,027
Bond Primary School	1,296,049	130,944	118,946	89,466	153,066	3,430	131,118	0	52,136	1,975,156	0	-38,681	-12,422	1,924,052	1,818,727	105,325
Dundonald Primary School	1,177,327	25,467	1,299	60,439	84,451	0	131,118	0	38,304	1,518,406	0	-32,848	-11,284	1,474,273	1,341,872	132,401
Garfield Primary School	1,108,072	102,965	59,571	59,602	119,488	2,848	131,118	0	77,140	1,660,804	0	-32,238	-10,621	1,617,946	1,669,908	-51,962
Hatfield Primary School	1,355,410	69,577	15,582	27,923	175,663	0	131,118	0	85,652	1,860,925	0	-39,077	-12,991	1,808,857	1,812,764	-3,907
Hollymount School	1,332,325	40,452	3,169	46,089	77,201	0	131,118	0	65,968	1,696,322	9,316	-35,969	-12,770	1,656,900	1,712,757	-55,858
Joseph Hood Primary School	1,167,433	69,261	24,665	44,433	144,631	10,882	131,118	0	52,296	1,644,720	0	-34,028	-11,189	1,599,502	1,387,853	211,650
Links Primary School	1,183,923	80,408	37,341	84,275	165,546	11,493	131,118	0	49,742	1,743,847	0	-36,208	-11,348	1,696,292	1,578,484	117,807
Lonesome Primary School	1,147,646	140,431	113,783	36,519	153,047	1,123	131,118	0	64,372	1,788,040	0	-33,586	-11,000	1,743,454	1,671,399	72,055
Merton Abbey Primary School	712,332	77,082	58,161	34,552	109,731	0	131,118	0	61,180	1,184,155	0	-21,642	-6,827	1,155,685	1,238,453	-82,768
Merton Park Primary School	672,758	11,186	3,702	16,535	55,679	0	131,118	0	24,202	915,181	13,258	-18,491	-6,448	903,499	895,358	8,142
Morden Primary School	656,269	75,385	32,281	29,603	70,275	0	131,118	0	31,744	1,026,676	0	-18,917	-6,290	1,001,469	1,019,642	-18,173
Pelham Primary School	1,279,560	51,814	20,413	68,699	136,746	1,725	131,118	0	84,056	1,774,131	0	-37,185	-12,264	1,724,681	1,706,145	18,537
Haslemere Primary School	1,269,666	164,549	126,654	58,842	167,943	0	131,118	0	65,968	1,994,741	0	-37,637	-12,169	1,924,934	1,833,359	101,575
Poplar Primary School	1,906,148	106,055	68,132	109,667	200,912	0	131,118	0	106,400	2,628,434	0	-55,515	-18,270	2,554,649	2,442,957	111,692
St Mark's Primary School	682,652	81,120	76,551	53,784	83,698	0	131,118	0	31,744	1,140,667	0	-20,659	-6,543	1,113,465	1,027,047	86,418
The Sherwood School	1,193,816	85,139	82,052	47,766	166,249	0	131,118	0	62,244	1,768,385	0	-35,434	-11,442	1,721,508	1,664,072	57,436
Singlegate Primary School	1,925,935	87,615	62,745	66,100	197,500	2,969	131,118	0	62,943	2,556,925	0	-54,653	-18,459	2,463,813	2,222,426	241,386
Wimbledon Park Primary School	2,061,147	39,505	12,098	60,172	125,202	2,507	131,118	0	86,184	2,517,993	11,122	-55,509	-19,755	2,453,791	2,327,643	126,148
Abbotsbury Primary School	1,213,603	114,220	70,797	75,455	179,678	0	131,118	0	77,140	1,862,011	0	-37,116	-11,632	1,813,263	1,750,683	62,580
West Wimbledon Primary School	1,352,112	118,546	29,141	53,624	170,436	401	131,118	0	63,308	1,918,686	0	-39,563	-12,960	1,866,164	1,919,091	-52,928
Cranmer Primary School	1,823,703	150,876	148,293	98,539	221,022	0	131,118	0	85,652	2,659,204	0	-53,830	-17,480	2,587,895	2,493,987	93,908
Gorringe Park Primary School	1,477,430	111,392	82,327	84,795	196,805	0	131,118	0	62,244	2,146,111	0	-44,302	-14,161	2,087,648	2,112,086	-24,438
Hillcross Primary School	1,596,152	54,028	34,831	43,993	173,590	0	131,118	0	88,312	2,122,026	0	-45,297	-15,299	2,061,430	2,126,714	-65,284
Liberty Primary	1,256,475	117,925	115,944	71,664	118,576	0	131,118	0	62,776	1,874,477	0	-36,445	-12,043	1,806,289	1,833,701	-7,412
William Morris Primary School	1,091,583	125,963	106,912	70,719	153,917	11,172	131,118	0	59,052	1,750,437	0	-33,226	-10,462	1,706,748	1,617,592	89,156
Wimbledon Chase Primary School	2,097,423	39,769	10,585	137,138	189,662	0	131,118	0	97,356	2,703,050	0	-60,575	-20,103	2,622,372	2,491,447	130,924
Malmesbury Primary School	1,322,432	184,036	99,542	52,793	207,379	9,969	131,118	0	63,308	2,070,578	0	-39,971	-12,675	2,017,992	1,892,508	125,423
All Saints' CofE Primary School	966,266	108,942	68,516	46,011	118,151	0	131,118	90,023	11,505	1,540,533	0	-28,378	-9,261	1,502,894	1,394,835	108,059
St Matthew's CofE Primary School	633,184	15,845	4,986	13,081	65,622	0	131,118	0	5,734	869,570	9,458	-17,744	-6,069	855,215	830,158	25,057
Holy Trinity CofE Primary School	1,325,730	34,064	16,940	38,921	106,605	0	131,118	0	14,470	1,667,848	0	-36,521	-12,707	1,618,621	1,631,392	-12,771
Bishop Gilpin CofE Primary School	1,345,517	23,615	13,954	51,761	95,331	0	131,118	0	12,130	1,673,426	0	-37,013	-12,896	1,623,517	1,571,656	51,860
St Peter and Paul Catholic Primary School	1,220,199	87,503	100,849	74,186	126,641	0	131,118	0	9,363	1,749,859	0	-35,589	-11,695	1,702,575	1,600,346	102,229
Sacred Heart Catholic Primary School	956,372	39,915	12,476	28,996	73,747	0	131,118	0	12,874	1,255,399	15,058	-26,571	-9,167	1,235,019	1,242,190	-7,171
St Teresa's Catholic Primary School	1,378,495	49,572	95,777	71,595	122,859	0	131,118	0	9,629	1,859,046	0	-39,231	-13,212	1,806,603	1,701,993	104,610
St Mary's Catholic Primary School	1,375,197	28,330	32,848	84,516	101,801	0	131,118	0	9,629	1,763,441	0	-38,562	-13,181	1,711,398	1,650,438	60,960
St John Fisher RC Primary School	1,348,814	37,729	7,610	37,654	79,821	0	131,118	0	12,874	1,655,622	27,230	-36,210	-12,928	1,633,714	1,605,614	28,099
The Priory CofE School	1,098,179	59,621	38,396	44,877	120,620	0	131,118	0	9,044	1,501,855	0	-31,616	-10,526	1,459,713	1,425,473	34,240
St Thomas of Canterbury Catholic Primary School	1,582,961	137,078	142,947	98,805	175,030	0	131,118	0	17,450	2,285,389	0	-46,577	-15,172	2,223,641	2,261,985	-38,344
Ricards Lodge High School	5,757,747	403,553	264,684	87,473	375,687	0	131,118	0	245,486	7,265,749	0	-99,701	-37,267	7,128,781	6,750,117	378,664
Raynes Park High School	4,572,177	510,647	234,489	120,482	566,957	0	131,118	0	216,460	6,352,330	0	-85,531	-29,712	6,237,087	5,480,252	756,835
Rutlish School	5,722,148	292,836	219,417	97,376	467,072	0	131,118	0	244,720	7,174,687	0	-101,147	-37,045	7,036,495	6,702,032	334,464
Wimbledon College	4,831,404	217,647	244,540	21,556	330,992	0	131,118	0	55,445	5,832,599	0	-83,414	-31,261	5,717,925	5,263,393	454,532
Ursuline High School Wimbledon	5,158,444	231,119	217,222	39,611	234,593	0	131,118	0	57,648	6,069,755	0	-86,794	-33,379	5,949,582	5,547,778	401,805
Benedict Primary School	735,417	130,172	77,536	37,550	95,803	0	131,118	0	9,204	1,216,801	0	0	0	1,216,801	1,325,493	-108,691
Park Community School	514,737	18,911	19,814	23,129	43,300	6,801	131,118	0	4,007	761,818	11,778	0	0	773,596	618,337	155,259
Harris Primary Academy Merton	1,431,260	167,444	104,701	52,083	155,984	0	131,118	0	12,981	2,055,572	0	0	0	2,055,572	1,956,721	98,850
Beecholine Primary School	580,419	50,723	19,582	46,355	69,983	0	131,118	0	7,927	906,107	0	0	0	906,107	882,441	23,667
Stanford Primary School	613,397	51,514	42,442	28,684	92,608	0	131,118	0	11,917	971,680	0	0	0	971,680	1,022,308	-50,628
Aragon Primary School	1,741,257	115,376	29,341	39,748	190,104	0	131,118	0	17,769	2,264,713	0	0	0	2,264,713	2,351,569	-86,856
Harris Academy Morden	4,228,340	495,274	340,356	103,041	468,900	0	131,118	0	33,347	5,800,377	0	0	0	5,800,377	5,053,987	746,389
Harris Academy Wimbledon	1,483,782	139,927	108,799	30,858	119,763	0	131,118	0	9,470	2,023,717	-49,590	0	0	1,974,127	1,424,130	549,996
Harris Academy Merton	5,142,273	523,149	417,149	13,204	412,440	0	131,118	0	68,628	6,707,961	0	0	0	6,707,961	5,941,142	766,818
St Mark's Church of England Academy	3,469,465	377,418	288,483	183,422	474,227	13,764	131,118	0	42,826	4,980,725	0	0	0	4,980,725	4,413,466	567,258

NOR 2019-20	NOR 2020-21	NOR difference
24,836	24,727	-109
400	393	-7
330	357	27
367	336	-31
422	411	-11
420	404	-16
318	354	36
353	359	6
357	348	-9
246	216	-30
206	204	-2
210	199	-11
403	388	-15
400	385	-15
580	578	-2
204	207	3
372	362	-10
546	584	38
602	625	23
382	368	-14
445	410	-35
587	553	-34
487	448	-39
508	484	-24
408	381	-27
340	331	-9
626	636	10
400	401	1
291	293	2
190	192	2
413	402	-11
406	408	2
378	370	-8
298	290	-8
419	418	-1
416	417	1
410	409	-1
338	333	-5
534	480	-54
1,185	1,179	-6
887	940	53
1,182	1,172	-10
987	989	2
1,050	1,056	6
261	223	-38
121	156	35
436	434	-2
175	176	1
213	186	-27
564	528	-36
823	866	43
246	320	74
1,013	1,059	46
681	709	28

Local Authority Funding Reform Proforma

LA Name:

Merton

LA Number:

315

Primary minimum per pupil funding level

£3,750

Secondary (KS3 only) minimum per pupil funding level

£4,800.00

Secondary (KS4 only) minimum per pupil funding level

£5,300.00

Secondary minimum per pupil funding level

£5,000.00

Disapplication number where alternative MPPF values are used

Pupil Led Factors

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	No	Pupil Units		0.00						
	Description	Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)		
	Primary (Years R-6)	£3,297.83		16,437.08		£54,206,784	£94,572,564	42.13%	2.50%		
	Key Stage 3 (Years 7-9)	£4,637.98		5,230.92		£24,260,894		18.85%	2.50%		
	Key Stage 4 (Years 10-11)	£5,264.76		3,059.00		£16,104,887		12.52%	2.50%		
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
2) Deprivation	FSM	£515.76	£515.76	2,691.69	1,563.67	£2,194,757	£11,583,005	9.00%	10.00%	10.00%	
	FSM6	£641.84	£934.10	3,464.72	2,553.34	£4,608,876			10.00%	10.00%	
	IDACI Band F	£240.69	£343.84	1,763.50	1,085.84	£797,812			10.00%	10.00%	
	IDACI Band E	£286.54	£464.19	2,396.67	1,316.49	£1,297,827			10.00%	10.00%	
	IDACI Band D	£429.80	£613.18	1,354.60	804.03	£1,075,233			10.00%	10.00%	
	IDACI Band C	£464.19	£664.76	940.64	673.41	£884,291			10.00%	10.00%	
	IDACI Band B	£498.57	£716.34	403.71	408.36	£493,802			10.00%	10.00%	
	IDACI Band A	£687.68	£962.76	164.21	122.03	£230,405			10.00%	10.00%	
	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
3) Looked After Children (LAC)	LAC X March 19			63.44		£0	£3,277,047	0.00%	0.00%		
4) English as an Additional Language (EAL)	EAL 3 Primary	£613.18		4,078.77		£2,501,041		2.49%	0.00%		
	EAL 3 Secondary		£1,650.44		422.26	£696,922				0.00%	
5) Mobility	Pupils starting school outside of normal entry dates	£1,002.87	£1,432.68	65.13	9.61	£79,083		0.06%	0.00%	0.00%	
	Description	Weighting	Amount per pupil (primary or secondary respectively)	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)	
6) Prior attainment	Primary Low Attainment		£1,220.64	29.07%	4,777.91	£5,832,102	£9,282,732	7.21%	100.00%		
	Secondary low attainment (year 7)	64.53%	£1,845.29	22.93%	1,869.97	£3,450,630					100.00%
	Secondary low attainment (year 8)	63.59%		22.59%							
	Secondary low attainment (year 9)	58.05%		22.30%							
	Secondary low attainment (year 10)	48.02%		23.22%							
	Secondary low attainment (year 11)			21.67%							

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
7) Lump Sum	£131,118.42	£131,118.42			£6,949,276	5.40%	0.00%	0.00%
8) Sparsity factor					£0	0.00%	0.00%	0.00%
10) Split Sites					£90,023	0.07%		
11) Rates					£2,923,957	2.27%		
Total Funding for Schools Block Formula (excluding minimum per pupil funding level and MFG Funding Total)					£128,678,604	100.00%		
14) Additional funding to meet minimum per pupil funding level					£0	0.00%		
Total Funding for Schools Block Formula (excluding MFG Funding Total)					£128,678,604	100.00%		
15) Minimum Funding Guarantee				1.84%	#VALUE!			
Where a value less than 0.5% or greater than 1.84% has been entered please provide the disapplication reference number authorising the value								
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)								
Capping Factor (%)	10.00%	Scaling Factor (%)	100.00%					
Total deduction if capping and scaling factors are applied								
					#VALUE!			
					Total (£)	Proportion of Total funding(%)	Notional SEN (%)	
MFG Net Total Funding (MFG + deduction from capping and scaling)					£47,629	0.04%		
Total Funding for Schools Block Formula					£128,726,233		£12,805,347	
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)								
Additional funding from the high needs budget								
Growth fund (if applicable)								
Falling rolls fund (if applicable)								
Other Adjustment to 19-20 Budget Shares					£0			
Total Funding For Schools Block Formula (including growth and								

Universal Entitlement 2020-21, 3 and 4 year olds

Annex 3

DfE No.	Provider	Base Rate	Deprivation based on EYPP	SEN	Total 3&4YO Grant
Primary Nurseries					
2000	Benedict Primary School	£131,850	£8,160	£7,560	£147,570
2002	Harris Primary Academy (Garden)	£183,900	£3,792	£3,885	£191,577
2052	Bond Primary School	£178,350	£2,424	£9,051	£189,825
2055	Dundonald Primary School	£130,500	£0	£504	£131,004
2056	Garfield Primary School	£157,800	£4,248	£3,780	£165,828
2003	Beechholme Primary School	£89,850	£2,664	£588	£93,102
2059	Hatfeild Primary School	£181,950	£3,096	£588	£185,634
2061	Hollymount Primary School	£130,500	£576	£2,205	£133,281
2062	Joseph Hood Primary School	£115,050	£1,224	£0	£116,274
2063	Links Primary School	£162,300	£4,104	£0	£166,404
2064	Lonesome Primary School	£143,550	£5,640	£11,865	£161,055
2066	Merton Abbey Primary School	£102,150	£2,400	£6,678	£111,228
2067	Merton Park Primary School	£118,200	£576	£0	£118,776
2068	Morden Primary School	£95,850	£3,696	£0	£99,546
2070	Pelham Primary School	£113,040	£1,488	£0	£114,528
2071	Haslemere Primary School	£191,850	£5,544	£5,103	£202,497
2072	Poplar Primary School	£248,400	£1,200	£10,584	£260,184
2073	St Mark's Primary School	£128,250	£4,464	£0	£132,714
2074	The Sherwood School	£169,050	£1,944	£1,008	£172,002
2075	Singlegate Primary School	£127,650	£888	£0	£128,538
2076	Wimbledon Park Primary School	£261,900	£1,800	£6,678	£270,378
2077	Abbotsbury Primary School	£164,850	£4,008	£2,016	£170,874
2081	West Wimbledon Primary School	£202,950	£3,744	£504	£207,198
2082	Cranmer Primary School	£215,600	£2,132	£4,095	£221,827
2083	Gorringe Park Primary School	£190,950	£2,616	£0	£193,566
2084	Hillcross Primary School	£184,650	£1,536	£0	£186,186
2085	Liberty Primary School	£182,700	£5,640	£588	£188,928
2089	Stanford School	£59,400	£288	£6,300	£65,988
2090	William Morris Primary School	£124,050	£2,592	£4,095	£130,737
2091	Wimbledon Chase Primary School	£241,050	£1,656	£8,883	£251,589
2092	Malmesbury Primary School	£155,400	£4,320	£0	£159,720
2094	Aragon Primary School	£189,900	£3,024	£0	£192,924
3300	All Saints' C of E Primary School	£94,500	£1,152	£1,890	£97,542
3302	St Matthew's Primary School	£108,150	£1,368	£0	£109,518
3303	Holy Trinity CE Primary School	£129,000	£576	£504	£130,080
3304	Bishop Gilpin C of E Primary School	£230,250	£1,488	£0	£231,738
3500	SS Peter & Paul RC Primary School	£137,550	£2,448	£11,277	£151,275
3501	Sacred Heart RC Primary School	£86,100	£1,608	£0	£87,708
3502	St Teresa's RC Primary School	£145,800	£1,032	£0	£146,832
3503	St Mary's RC Primary School	£133,950	£456	£0	£134,406
3505	St John Fisher RC Primary	£135,600	£720	£0	£136,320
3506	The Priory CE Primary School	£119,550	£2,952	£4,284	£126,786
3507	St Thomas of Canterbury RC School	£209,400	£4,032	£13,230	£226,662
Schools Total		£6,603,290	£109,316	£127,743	£6,840,349

PVIs	£3,423,960	£8,970	£100,101	£3,533,031
Childminders (base rate includes sparsity factor)	£125,090	£0	£13,403	£138,493
PVIs and Childminders Total	£3,549,050	£8,970	£113,504	£3,671,524

Grand Total	£10,152,340	£118,286	£241,247	£10,511,873
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Extended Entitlement 2020-21, 3 and 4 year olds

Annex 4

DfE No.	Provider	Base Rate	Deprivation based on EYPP	SEN	Total 3&4YO Grant
Primary Nurseries					
2000	Benedict Primary School	£11,400	£456	£0	£11,856
2002	Harris Primary Academy (Garden)	£0	£0	£0	£0
2052	Bond Primary School	£17,100	£0	£0	£17,100
2055	Dundonald Primary School	£0	£0	£0	£0
2056	Garfield Primary School	£0	£0	£0	£0
2003	Beecholme Primary School	£6,270	£0	£0	£6,270
2059	Hatfeild Primary School	£14,250	£456	£0	£14,706
2061	Hollymount Primary School	£0	£0	£0	£0
2062	Joseph Hood Primary School	£0	£0	£0	£0
2063	Links Primary School	£51,300	£912	£0	£52,212
2064	Lonesome Primary School	£0	£0	£0	£0
2066	Merton Abbey Primary School	£5,700	£0	£0	£5,700
2067	Merton Park Primary School	£0	£0	£0	£0
2068	Morden Primary School	£5,700	£0	£0	£5,700
2070	Pelham Primary School	£0	£0	£0	£0
2071	Haslemere Primary School	£22,800	£456	£0	£23,256
2072	Poplar Primary School	£0	£0	£0	£0
2073	St Mark's Primary School	£0	£0	£0	£0
2074	The Sherwood School	£0	£0	£0	£0
2075	Singlegate Primary School	£0	£0	£0	£0
2076	Wimbledon Park Primary School	£0	£0	£0	£0
2077	Abbotsbury Primary School	£0	£0	£0	£0
2081	West Wimbledon Primary School	£0	£0	£0	£0
2082	Cranmer Primary School	£0	£0	£0	£0
2083	Gorringe Park Primary School	£14,250	£456	£0	£14,706
2084	Hillcross Primary School	£34,200	£456	£0	£34,656
2085	Liberty Primary School	£28,500	£0	£0	£28,500
2089	Stanford School	£14,250	£0	£5,985	£20,235
2090	William Morris Primary School	£0	£0	£0	£0
2091	Wimbledon Chase Primary School	£0	£0	£0	£0
2092	Malmesbury Primary School	£19,950	£456	£0	£20,406
2094	Aragon Primary School	£0	£0	£0	£0
3300	All Saints' C of E Primary School	£0	£0	£0	£0
3302	St Matthew's Primary School	£0	£0	£0	£0
3303	Holy Trinity CE Primary School	£0	£0	£0	£0
3304	Bishop Gilpin C of E Primary School	£29,640	£0	£0	£29,640
3500	SS Peter & Paul RC Primary School	£0	£0	£0	£0
3501	Sacred Heart RC Primary School	£11,400	£0	£0	£11,400
3502	St Teresa's RC Primary School	£51,300	£0	£0	£51,300
3503	St Mary's RC Primary School	£0	£0	£0	£0
3505	St John Fisher RC Primary	£0	£0	£0	£0
3506	The Priory CE Primary School	£0	£0	£0	£0
3507	St Thomas of Canterbury RC School	£34,200	£0	£0	£34,200
Schools Total		£372,210	£3,648	£5,985	£381,843

PVIs	£998,462	£0	£8,324	£1,006,787
Childminders (base rate includes sparsity factor)	£133,435	£0	£0	£133,435
PVIs and Childminders Total	£1,131,898	£0	£8,324	£1,140,222

Grand Total	£1,504,108	£3,648	£14,309	£1,522,065
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2 year old funding

Annex 5

DfE No.	Provider	Base Rate	SEN	Total 2YO Grant
Primary Nurseries				
2000	Benedict Primary School	£0	£0	£0
2002	Harris Primary Academy (Garden)	£51,233	£3,578	£54,810
2052	Bond Primary School	£0	£0	£0
2055	Dundonald Primary School	£0	£0	£0
2056	Garfield Primary School	£0	£0	£0
2003	Beecholme Primary School	£0	£0	£0
2059	Hatfeild Primary School	£0	£0	£0
2061	Hollymount Primary School	£0	£0	£0
2062	Joseph Hood Primary School	£0	£0	£0
2063	Links Primary School	£0	£0	£0
2064	Lonesome Primary School	£0	£0	£0
2066	Merton Abbey Primary School	£0	£0	£0
2067	Merton Park Primary School	£0	£0	£0
2068	Morden Primary School	£0	£0	£0
2070	Pelham Primary School	£0	£0	£0
2071	Haslemere Primary School	£14,490	£2,174	£16,664
2072	Poplar Primary School	£0	£0	£0
2073	St Mark's Primary School	£56,408	£0	£56,408
2074	The Sherwood School	£0	£0	£0
2075	Singlegate Primary School	£0	£0	£0
2076	Wimbledon Park Primary School	£0	£0	£0
2077	Abbotsbury Primary School	£0	£0	£0
2081	West Wimbledon Primary School	£0	£0	£0
2082	Cranmer Primary School	£0	£0	£0
2083	Gorringe Park Primary School	£0	£0	£0
2084	Hillcross Primary School	£0	£0	£0
2085	Liberty Primary School	£0	£0	£0
2089	Stanford School	£0	£0	£0
2090	William Morris Primary School	£0	£0	£0
2091	Wimbledon Chase Primary School	£0	£0	£0
2092	Malmesbury Primary School	£0	£0	£0
2094	Aragon Primary School	£0	£0	£0
3300	All Saints' C of E Primary School	£0	£0	£0
3302	St Matthew's Primary School	£0	£0	£0
3303	Holy Trinity CE Primary School	£0	£0	£0
3304	Bishop Gilpin C of E Primary School	£0	£0	£0
3500	SS Peter & Paul RC Primary School	£0	£0	£0
3501	Sacred Heart RC Primary School	£0	£0	£0
3502	St Teresa's RC Primary School	£0	£0	£0
3503	St Mary's RC Primary School	£0	£0	£0
3505	St John Fisher RC Primary	£0	£0	£0
3506	The Priory CE Primary School	£0	£0	£0
3507	St Thomas of Canterbury RC School	£0	£0	£0
Schools Total		£122,130	£5,751	£127,881
PVIs		£1,147,133	£26,057	£1,173,190
Childminders (base rate includes sparsity factor)		£33,790	£0	£33,790
PVIs and Childminders Total		£1,180,924	£26,057	£1,206,981
Grand Total		£1,303,054	£31,808	£1,334,862