Merton Council

Cabinet

22 September 2022

Supplementary Agenda

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CABINET
18 JULY 2022

(7.24 pm - 8.06 pm)

PRESENT	Councillors Councillor Ross Garrod (in the Chair), Councillor Eleanor Stringer, Councillor Natasha Irons, Councillor Brenda Fraser, Councillor Stephen Alambritis, Councillor Billy Christie, Councillor Caroline Cooper-Marbiah, Councillor Andrew Judge, Councillor Sally Kenny and Councillor Peter McCabe
ALSO PRESENT	Hannah Doody (Chief Executive), Caroline Holland (Director Corporate Services), Adrian Ash (Interim Director Environment and Regeneration), John Morgan (Interim Director Community and Housing), Louise Round (Managing Director South London Legal Partnership), Tom Procter (Head of Contracts and School Organisation), Francis McParland (Leisure Support Services Manager) and Amy Dumitrescu (Democracy Services Manager)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

At the start of the meeting, the Leader of the Council announced that agenda items 5 and 6 would be taken after item 8 on the published agenda.

No apologies were received.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of interest.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

RESOLVED: That the minutes of the meeting held on 27 June 2022 are agreed as an accurate record.

4 MERTON AS A SPORTING BOROUGH (Agenda Item 4)

The Cabinet Member for Sport and Heritage presented the report, thanking officers for their work on the report. The Cabinet Member outlined the aims and ambitions within the report and of the new administration in this area as well as an overview of some of the statistics contained within the report.

The Interim Director Environment and Regeneration spoke to the report, noting the report outlined Merton's Sporting Heritage, its' current offer and future achievable aspirations. It was noted that there remained a large number of inactive adults and children within the Borough and the objective would be to encourage these to increase their participation in physical activities.

Each Cabinet Member spoke to the report in turn and asked questions of the Cabinet Member for Heritage and Sport who responded

- Current facilities were being reviewed to assess whether they were fully used and how best to utilise these.
- The Cabinet Member for Heritage and Sport had met with a number of Cabinet members to explore how they could work together.
- Parks and open spaces would be highly used and needed to be within communities, so users did not have to travel far to access sporting opportunities.
- It was outlined within the report the funding which had been used for different activities including the Ward allocation scheme and Neighbourhood fund.
- The Council would be looking at families and their individual needs and requirements and encouraging them to be involved together in activities for example in Parkruns.

The Leader of the Council thanked the Cabinet Member and officers for the report.

RESOLVED:

Members endorsed the progress towards delivering the council's priority to invest in Merton as the 'Borough of Sport'.

5 MAY FINANCIAL MONITORING REPORT (Agenda Item 5)

The Cabinet Member for Finance and Corporate Services presented the report and thanked officers for their work. It was noted that an adverse variance of £4.9 million was currently projected and that the cost of covid and the inflationary pressures continued to be a challenge for forecasting. Pressures on the Dedicated Schools Grant were being closely monitored. The Cabinet Member gave an overview of the departmental forecasts and outlined the recommendations.

The Director of Corporate Services spoke noting the position was expected to change as the report was early in the financial year with a further report due to Cabinet in September 2022.

RESOLVED:

A. That Cabinet noted the financial reporting data for month 2, May 2022, relating to revenue budgetary control, showing a forecast net adverse variance at 31 May on net expenditure of £4,951m when corporate and funding items are included.
B. That Cabinet noted the contents of Section 5 and Appendix 5b of the report and approve the adjustments to the Capital Programme in the Table below:

	Budget 2022-23	**Budget 2023-24**	**Narrative**
	£	**£**	

Environment and Regeneration			
Highways & Footways - Highways bridges & structures	(365,950)	365,950	Reprofiled in line with projected spend
Highways & Footways - Culverts	(208,370)	208,370	Reprofiled in line with projected spend
Wimbledon Area Regeneration - Wimb Public Realm Implement	(805,110)	475,110	Reprofiled in line with projected spend
Wimbledon Area Regeneration - Wimb Vill Herit Led Pblc Realm	(750,000)	750,000	Reprofiled in line with projected spend
Wimbledon Area Regeneration - Wimbledon Hill Rd	330,000		Sub Project of Wimb. Public Realm
Total	**(1,799,430)**	**1,799,430**	

C. That Cabinet ask CMT to investigate and report back on measures to reduce the adverse variance, recognising that CSF have set some actions out already in Section 4.
D. That approval be given to: i. the virement of £70,000 from the Unallocated Capital Maintenance Budget to the Melrose Capital Maintenance Budget ii. the increase of the Melrose Expansion Budget by £422,000, the funding of this additional expenditure will initially be met from the high needs grant. (As this funding is reworked through the whole SEN approved programme it will result in an additional drawdown of SCIL Funding in 2025-26) These adjustments will be detailed in the June 2022 Monitoring Report to September 2022 Cabinet
E: That cabinet recognises that the Period 2 outturn report assumes the use of a £2m inflation protection reserve to part cover the potential pay award and a further £1.412m from a PFI equalisation reserve to cover the excess inflation on the scheme. That Cabinet further note that the use of reserves to cover these costs is a one off solution and that permanent funding will be required within the MTFS. The potential use of these reserves will be kept under review during the financial year as the financial position is reported.

6 TREASURY MANAGEMENT ANNUAL REVIEW REPORT (Agenda Item 6)

The Cabinet Member for Finance and Corporate Services presented the report noting the Council had continued to manage its' invested funds for the 2021/22 financial year and had received a larger income return than had been anticipated with the budgeted. No new loans had been taken out since 2007. The Cabinet Member thanked the Director and her team for their work.

The Cabinet Member for Transport spoke to this achievement and thanked the Director and the Cabinet Member.

RESOLVED:

A. This is an update on the Merton Treasury management activity during 2021-22 and details any activities in accordance with the Treasury management strategy approved in March 2021.
B. That Cabinet noted the report together with compliance with the CIPFA code

7 PROVISION OF THE INTEGRATED SEXUAL HEALTH (ISH) SERVICE (Agenda Item 7)

The Cabinet Member for Health and Social Care presented the report which set out the proposal to extend the current contract. The Cabinet Member noted that the service was highly regarded by service users and gave an overview of the recommendations.

RESOLVED:

A. That Cabinet approved the extension of the contract with Central London Community Healthcare NHS Trust (CLCH) for the provision of the Integrated Sexual Health (ISH) Service within the boroughs of Merton, Richmond upon Thames and Wandsworth for a period of 18 months, from 01 October 2022 until 31 March 2024.

B. That Cabinet approved the variation of the existing contract to enact the following:
1. To move from an activity based to a block payment mechanism constituted of the elements outlined in Table 1at 6.1.5 below.
2. Addition of a service development fund with the aim of beginning to shape future service delivery post 31st March 2024. Payment will only be made if actions in the agreed action plan are achieved.
3. To re-allocate resources so that patients are seen at Wideway Medical Practice which allows better access to routine contraception and aligns with the future direction of sexual health services.
4. To maintain four day per week provision at Patrick Doody clinic in Wimbledon by providing a small additional payment.
5. Amendment to the age range for bespoke young people's clinics from 21 and under to 19 and under based on patient feedback regarding access for the most vulnerable.
6. To note the removal of the 'aligned' community based services from the contract. Approval was given by Procurement Board in December 2021 to commission these under a wider South West London contract for those at highest risk of poor sexual health. The same resources have been allocated.

C. That Cabinet approved the financial contribution from Merton Local Authority which is in part 2 of this report.

8 PUBLIC HEALTH COMMUNITY SERVICES CONTRACTS FOR CHILDREN AND YOUNG PEOPLE – DIRECT AWARD OF CONTRACT FROM 1 APRIL 2023 TO 31ST MARCH 2024 (Agenda Item 8)

The Cabinet Member for Health and Social Care presented the report and gave an overview of the recommendations.

RESOLVED:

A. That Cabinet agreed an exemption from Contract Standing Order 19 to directly award Central London Community Health Trust (CLCH) a contract which extends their existing contract for the delivery of Health Visiting, School Nursing and Young Parents Service in the London Borough of Merton for the period 1st April 2023 to 31st March 2024.
B. The extension will ensure continuity of these essential public health services for children whilst a robust review is undertaken, and a commissioning and procurement plan is developed and implemented.
C. The value of the Exemption is provided in Appendix B (Exempt)

9 EXCLUSION OF THE PUBLIC (Agenda Item 9)

The meeting proceeded entirely in public and therefore this item was not required.

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Committee: Cabinet

Date: 22 September 2022

Wards: All

Subject: Award of Contract for Aboriculture Services

Lead officer: John Bosley, Assistant Director, Public Space

Lead member: Cllr Natasha Irons, Cabinet Member for Local Environment, Green Spaces and Climate Change

Contact officer: Claire Secord, Neighbourhood Client Officer

Exempt or confidential report

The following paragraph of Part 4b Section 10 of the constitution applies in respect of information within this appendix and it is therefore exempt from publication:

Information relating to the financial or business affairs of any particular person (including the Authority holding that information).

Members and officers are advised not to disclose the contents of the appendix.

Recommendations:

A. To award a new contract for the provision of arboriculture services across the Council's administrative area to Barkland Tree Specialists for a period of three (3) years (from 01 November 2022) with potential extensions of up to 36 months (three years). The contract value is set out in Appendix A.

B. To delegate the decision to award an extension of the awarded contract to the Director of Environment and Regeneration in consultation with the Cabinet Member, for any period up to 3 years in accordance with CSO 27.

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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. The purpose of this report is to explain the procurement process for a new contract for the provision of arboricultural services across the Council's administrative area and to recommend that Cabinet approves the award of the contracts to the successful bidder (Barkland Tree Specialists) contained within Appendix B.

1.2. The proposed award of contract will work towards meeting the Council's strategic service priorities for clean streets and environment. This will be achieved through close work with the Contractor to maintain and manage the Council's tree assets and continue to bolster new tree numbers and to deliver improved canopy cover across the borough which will be further underpinned by the developing tree strategy.

1.3. The tender process involved contractors bidding to provide the arboriculture services following a pre-qualification exercise, fully in line with CSOs and the Public Contract Regulations 2015.

1.4. One (1) service provider is recommended to be appointed. Due to the commercial sensitivity the details of assessment results have been circulated as a confidential appendix to this report.

1.5. The recommended service provider offered the best overall value for money in the procurement process.

2 DETAILS

2.1. This report outlines the key features and benefits of this recommendation and the impact that this will have on overall impacts on service quality, cost control and value for money.

2.2. The contract is for the provision of arboriculture services across the Council's administrative area (including highways, parks, schools, cemeteries and open spaces). Principally the front-line maintenance and field-based aspects of specialist tree work, covering the borough's highways, parks, open spaces, cemeteries and schools tree stock.

2.3. The contract includes for the programmed tree maintenance, ad hoc (variable/non-guaranteed volume) and emergency tree works of the Council's tree stock to ensure that the Council meets its statutory obligations, to ensure the health of tree stock for future generations and to support the conservation of wildlife, biodiversity and nature.

2.4. Works will be completed against an agreed priced activity list, with ad hoc and emergency works being invoiced as per an agreed schedule of rates.

2.5. The total annual value of the contract, and estimated total value over the full contract term can be found within Appendix A.

2.6. There is no guaranteed minimum level of spend or volume of work under the contract and the council has the ability to procure services outside of this contract should it wish to do so. The estimated total contract value of the services has been based on all activities occurring within the cyclical cycle of tree maintenance (e.g. coppicing & epicormic growth), target achieving street tree planting, and tree planting establishment through watering.

3 PROCUREMENT PROCESS

3.1. The procurement was undertaken via a two-stage restricted tender. The OJEU/Find a Tender (FTS) notice and Selection Questionnaire (SQ) was published on 10th September 2021.

3.2. The procurement process was managed via Merton Council's electronic tendering system 'The London Tenders Portal', in line with the Council's Contract Standing Orders (CSO's), and in collaboration with the Commercial Services team.

3.3. Five (5) bidders submitted a response during this stage, and all were successfully shortlisted and invited to tender as per stage 2 of the process.

3.4. Following the pre-qualification exercise, the Invitation to Tender (ITT) was published on 15th November 2021, with a submission deadline of 12 noon on 21st December 2021.

3.5. A total of three (3) submissions were received and the evaluation of the bids was carried out in line with the evaluation methodology set out in the ITT.

3.6. Tenderers were required to answer a set of method statement questions to assess the quality of their bid, along with a completed price list.

3.7. The tender evaluation comprised of three stages: the first of which was a tender compliance check, on a pass/fail basis; the second was a quality and technical evaluation in line with the methodology prescribed in the tender and the third was the assessment of price in line with the methodology prescribed in the tender.

3.8. The quality and technical evaluation was carried out by a panel of officers from the Public Space Division. Each compliant tender was evaluated individually by members of the evaluation panel.

3.9. The bid prices received were not in keeping with the published contract notice or ITT and failed to offer value for money.

3.10. A second tender period was observed, with a revised pricing schedule, and published on the 4th April 2022, with a submission deadline of 3rd May 2022.

3.11. The panel, along with an officer from Commercial Services, met on 12th May 2022 to discuss individual scores and comments for each question in order to arrive at an agreed, moderated score.

3.12. The names of the bidders and their respective scores are included within Appendix B.

3.13. Due to the specialist nature of the services the basis of tender evaluations was based on a 50:50 ratio of quality/price. A quality threshold was contained within the evaluation methodology. Bidders who failed to meet this threshold would be disqualified from the process and would not progress to stage three – price assessment. All of the bidders met the quality threshold, and therefore progressed to the price evaluation.

3.14. The bids were evaluated against the following nine (9) method statement questions to assess the quality of each bidder:

No.	Method statement	Weighting
Q1	Tenderers are required to describe their approach and methodology of pre-commencement activities identifying how they comply with contract requirements and ensure they are ready to commence as of the contract start date, without compromising on quality of service.	5%
Q2	Tenderers are to provide a proposal of how they ensure that planning is applied where traffic (footfall and vehicle) management is required for the effective delivery of service.	5%

Q3	Tenderers are required to detail the human resources dedicated to this contract which demonstrate ability to perform the requirements and maintain the contract standard. Including a summary of the numbers, qualifications, experience and training of the personnel which shall be made available to perform the requirements. Your response should include as a minimum: Staff structure and details of key persons dedicated to this Contract Number of staff within the designated team Experience of staff within dedicated team Approach to staff training and development. If you intend to sub-contract any area of the contract, please clearly outline what areas are to be sub-contracted.	7%
Q4	Tenderers are required to describe their approach for managing Health and Safety on site. Your response should include as a minimum: Health and safety planning Compliance with relevant statutory regulation.	7%
Q5	Tenderers are required to outline their approach to professional training in order to ensure that staff maintain their professional competence and to ensure they can work safely in this complex environment.	6%
Q6	Tenderers are required to submit their proposals of effective contract management. Your response should include: Approach to quality assurance and quality control for this contract Managing sub-contractors (where applicable), and how they are sourced Recording progress against KPI's Liaison with LBM Contract Manager Post Covid – 19 – Business continuity.	7%
Q7	Tenderers are required to describe their approach for ensuring effective communication throughout the life of the contract. Tenderers should: Identify specific stakeholders that they may need to communicate with Explain how they would communicate with stakeholders identified Explain how they would manage complaints.	4%
Q8	Tenderers are required to provide a breakdown of the machinery and equipment to be made directly available for the delivery of the contract, as per the specification and programme provided.	4%

Q9	Please refer to (and complete) the 'LBM Social Value Charter' doc (Appendix A). Please outline any social value contribution that you would propose as part of any resultant contract. Any contributions must clearly identify a proposed output/deliverable, and a number of instances/beneficiaries or a financial figure.	5%

3.15. The bidders provided a completed Price List as part of their tender returns. The Price List consisted of a series of rates against a comprehensive asset and works and indicative work volumes (list based on current assets, historical work volumes and target operating models).

3.16. Following the process, one provider was successful for recommendation for contract award (as shown in Appendix B).

3.17. Contract management is a critical requisite to ensure the success of a contract of this size and importance. A Partnering Governance Schedule has been developed outlining the strategic and operational governance arrangements and structures that will be in place to ensure rigorous contract management and standards of the service. This includes the regularity and expected content of contractual meetings and reports to a suite of KPIs to monitor performance that will be reported on monthly.

3.18. Structure of contract management: The Service Provider will attend regular meetings and provide regular reports, the structure, frequency and expected content of which are outlines in the Partnering Governance Schedule. The Schedule also outlines the performance management framework that will be adopted to ensure that standards are maintained over the life of the contract and that robust structures are in place to address any areas of concern.

3.19. The Performance management framework, as outlined in the Partnering Governance Schedule includes a suite of eight KPIs that cover a range of objectives including timescales for the delivery of works, timely reporting, responses to complaints and/or FOIs to emergency works and invoicing.

3.20. The KPIs are reported over a rolling 3-month period, ensuring that the two previous month's performance is taken into account. Each KPI is measures in two ways, a simple pass or fail for that month with a performance adjusted value applied if an omission or failure is not rectified within a specified rectification period and also the direction of travel from the previous two months. This allows the contractor to take account of improved or declining performance.

3.21. The framework also allows for trigger levels for the Authority to implement a corrective action plan if standards are not improved within the agreed timescales. This places the financial onus on the contractor to invest and make necessary provisions to address poor performance.

3.22. A worked example of the KPIs and how they will be reported is shown in Appendix D.

4 ALTERNATIVE OPTIONS

4.1. An alternative option is to do nothing, do not enter into a contract and withdraw the Service.

4.2. The disadvantages to this would be significant. Safety duty of care implications, adverse effects upon the landscape quality and environment. Liability risk would be increased. There would also be significant reputational impacts for the Local Authority. The Local Authority would be unable to deliver its duty of care.

4.3. A further alternative option is to undertake another tender period. This exercise has highlighted a limited market capable of meeting the capacity requirements for this contract size, and so a further tender period is unlikely to warrant any further benefit.

5 CONSULTATION UNDERTAKEN OR PROPOSED

5.1. The approach followed for this procurement was initially conveyed at the Operational Procurement Group (OPG) on 4th February 2020.

5.2. The Procurement Board which is representative of the council departments considered the options presented in a business case report to them in February 2020.

5.3. Due to Covid-19, this procurement was put on hold and an interim contract was awarded using regulation 32(2)(c) of the Public Contracts Regulations 2015.

5.4. With the interim award coming to an end, the process of tendering for the full contract was resumed.

5.5. A full Gateway 2 report was presented at OPG on 2nd August 2022. Two small amendments for the report were suggested and the report was updated for Procurement Board.

5.6. The Gateway 2 report, taking into account recommendations from OPG was presented to and approved by Procurement Board on 16th August 2022.

6 TIMETABLE

Event	Date
Evaluation of tenders	03 May 22 – 13 May 22
Operational Procurement Group	02 August 22
Procurement Board	16 August 22
Leaders Strategy Group	6 September 22
Cabinet	22 September 22
Call-in period	26 September to 29 September 22
Notification of contract award decision	29 September 22
"Standstill" period	29 September to 10 October 22

Confirm award of contract	10 October 22
Contract commencement date	01 November 22

6.1. Bidders provided a mobilisation plan at tender stage, and this will be finalised and implemented during the mobilisation period, immediately after the contract is awarded so that systems and procedures are in place for 01 November 22.

6.2. It is anticipated that a rapid mobilisation of the contract can be implemented as there are no TUPE requirements and/or requirements to procure significant fleet or organise depot requirements. All bidders have submitted a mobilisation plan, there are no IT integration or connectivity issues. The Service Provider will be supplying their own plant and machinery and there are no depot requirements.

6.3. The methodology set out in the Partnering Governance Schedule along with a set of pre-determined KPIs will be used to monitor the performance of the contractor during the contract period.

7 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

7.1. Credit checks were carried out for the recommended supplier and relevant financial advice provided. Full details provided in Appendix C.

7.2. The current budget for Arboriculture is as follows:

Street Trees Budget (22-23): £168,920.00

Parks Trees Budget (22-23): £381,880.00

Total Budget (22-23): £550,800.00

7.3. The Tendered Sum from the successful bidder for the Value of the Contract (over six years) is: **£2,982,878.48.**

7.4. This makes the average annual contract value of the new services to be estimated at: £497,146.41.

7.5. It should be noted that while this is slightly under the current budget held for arboriculture work the average contract value as noted in 7.4 does not take into account emergency and ad hoc works.

7.6. Annual contract expenditure, while controlled through programmed works, does vary depending on seasonal variants, e.g. impacts of severe storms and/or unseasonably dry periods.

8 LEGAL AND STATUTORY IMPLICATIONS

8.1. The Council as an occupier of premises under the Occupiers Liability Act 1957 and 1984 respectively, has a duty to take reasonable care to ensure that visitors on premises owned by it or over which it exercises control are reasonably safe and in relation to persons others than visitors, a duty in respect of any risk of their suffering injury on the premises by reason of any danger due to the state of the premises or to things done or omitted to be done on them .The regular inspection and maintenance of trees on public land are key to the discharge of this duty.

8.2. Officers are recommending the award of a contract to the preferred bidder following the completion of a Restricted Procedure tender exercise and approval to delegate to the Director of Environment and Regeneration in consultation with the Cabinet Member the authority to award an extension of the awarded contract up to 36 months beyond its initial expiry.

8.3. The details of the conduct of the procurement exercise set out in the body of this report evidence full compliance with the requirements of the Public Contracts Regulations 2015, particularly Regulation 28 and the Council's CSOs (Contract Standing Orders) 19 and 20. Accordingly, it would be lawful to approve the recommended contract award.

8.4. Part 1 Section 9EA of the Local Government Act 2000 permits the delegation requested. Accordingly, it would be lawful to approve the recommended delegation.

8.5. In accordance with CSOs 20.1.1 and 20.1.2, a Contract Award Notice is required to be published, and information about the award of the Contract must also be published on Contracts Finder. There is also a requirement for the Council to prepare and retain a written report (a "Regulation 84 Report") covering specified information about the procurement process.

8.6. The details of the completed contract, and any extensions taken must be recorded on the Council's Corporate Contracts Register.

9 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

9.1. Within the tender, bidders were required to propose social value offers via the Councils Social Value charter, under 4 specific theme areas: Economy; Social; Environmental, and Innovation. The social value offers submitted via the successful bidder will potentially generate social value to the London Borough of Merton. The value of which can be found within Appendix C, along with the social criteria breakdown.

9.2. The social value offers committed within the successful bid include: provision of work placements and apprenticeships, recruitment programme for people who are not in education, employment or training (NEETs), volunteering time to support local voluntary and community groups for outdoor based projects; volunteering opportunities; supporting environmental programmes with local groups and/or schools, and measures to reduce carbon emissions.

9.3. These items will form part of the contract.

10 CRIME AND DISORDER IMPLICATIONS

10.1. N/A

11 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

11.1. Tree owners have a common law duty to "take reasonable care to avoid acts or omissions which they could reasonably foresee would be likely to injure" a person.

11.2. The Local Authority therefore has a responsibility to regularly inspect and maintain its trees.

11.3. From a risk perspective, the chances of making a claim, would depend on whether the owner had been negligent; for example, if the tree was obviously unsafe through damage or disease, and they failed to act to prevent the incident occurring. Therefore, a comprehensive Arboriculture Service is a critical service, not only to prevent damage, but also to prevent liability claims.

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

- Appendix A: Contractors Pricing Submissions
- Appendix B: Results of Tender
- Appendix C: Finance Check and Advice
- Appendix D: Social Value
- Appendix E: KPI Performance Monitoring Framework

13 BACKGROUND PAPERS

13.1. N/A

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CABINET

Date: 22 September

Subject: Financial Report 2022/23 – Period 3 June 2022

Lead officer: Roger Kershaw

Lead member: Councillor Billy Christie

Recommendations:

A. That Cabinet note the financial reporting data for month 3, June 2022, relating to revenue budgetary control, showing a forecast net adverse variance at 30 June on service expenditure of£5.444m when corporate and funding items are included and £3.412m of reserves assumed to be used as agreed at last month's Cabinet

B. That Cabinet note the contents of Section 5 and Appendix 5b of the report and approve the adjustments to the Capital Programme in the Table below:

	Budget 2022-23	Budget 2023-24	Narrative
-	£	£	
Children, Schools and Families			
Raynes Park - Capital Maintenance	14,500		Vired from the Unallocated Budget
Unallocated Capital Maintenance	(58,250)		Allocation to Lonesome, Melbury and Raynes Park
Lonesome - Capital Maintenance	28,720		Vired from the Unallocated Budget
Merton Abbey - Capital Maintenance	(8,610)		Vired to the Unallocated Budget
Melbury - Capital Maintenance	23,640		Vired from the Unallocated Budget
Medical PRU	(60,000)	60,000	Reprofiled in line with projected spend
Total	**(60,000)**	**60,000**	

C. That Cabinet ask CMT to investigate and report back on measures to reduce the adverse variance, recognising that CSF have set some actions out already in Section 4.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the Period 3 monitoring report for 2022/23 presented in line with the financial reporting timetable.

This financial monitoring report provides -

1.1.1 A full year forecast projection as at period 3.
1.1.2 An update on the financial impact of Covid-19
1.1.3 An update on the capital programme and detailed monitoring information;
1.1.4 An update on Corporate Items in the budget 2022/23;
1.1.5 Progress on the delivery of the 2022/23 revenue savings

2. THE FINANCIAL REPORTING PROCESS

2.1 The Council's services are still under pressure due to the need to support businesses and residents, particularly vulnerable groups in need of social care and there has been a major reduction in the Council's income which is expected to continue for some time. The detrimental impact of Covid-19 continues to be monitored closely given its impact on service delivery. Inflationary pressure in the supply of goods and services to the Council, energy costs, cost of borrowing and potential wage increases against budget add to the Council's financial challenges in 2022/23 and future years.

2.2 There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored. The cumulative deficit at the end of 2021/22 was £26.930m and the deficit is forecast to continue to increase to £34.130m by the end of 2022/23 after the second tranche of Safety Valve funding. The Safety Valve programme is starting to have a positive impact, but progress is currently behind the agreed target.

2.3 Chief Officers, together with budget managers with support from Service Financial Advisers are responsible for keeping budgets under scrutiny and ensuring that expenditure within areas which are above budget is being actively and vigorously controlled and where budgets have favourable variances, these are retained until year end. Any final overall adverse variance on the General Fund will result in a call on balances.

3. 2022/23 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 3 (to 30 June 2022), the year-end forecast is a net adverse variance of £9.183m on Net Service Expenditure; a favourable variance of £3.372m on Corporate Provisions; and a small adverse variance of £0.062m relating to Covid-19. A summary is provided on the following details and more detailed analysis by Department is set out in Section 4 of the report.

Summary Position as at 30th June 2022

	Current Budget 2022/23 £000s	Year to Date Budget (June) £000s	Year to Date Actual (June) £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s
Department					
Corporate Services	29,670	7,327	8,126	31,286	1,616
Children, Schools and Families	60,986	13,172	13,539	61,936	949
Community and Housing	66,539	20,016	18,964	67,543	1,004
Public Health	(162)	(200)	(2,719)	(162)	0
Environment & Regeneration	11,926	847	(7,091)	17,274	5,347
Overheads	(267)			0	267
NET SERVICE EXPENDITURE	**168,693**	**41,162**	**30,818**	**177,877**	**9,183**
			6		
Corporate Items					
Impact of Capital on revenue budget	11,066	2,767	694	11,066	0
Other Central budgets	(13,281)	3,078	203	(16,653)	(3,372)
Levies	988	247	338	988	0
TOTAL CORPORATE PROVISIONS	**(1,227)**	**6,092**	**1,236**	**(4,599)**	**(3,372)**
Covid-19	**0**	**0**	**62**	**62**	62
TOTAL GENERAL FUND	**167,466**	**47,254**	**32,054**	**173,340**	**5,873**
FUNDING					
Revenue Support Grant	(5,350)	(1,338)	(1,445)	(5,350)	0
Business Rates	(32,380)	0	(2,574)	(32,380)	0
Other Grants	(25,602)	(6,400)	(7,002)	(26,031)	(429)
Council Tax and Collection Fund	(103,973)	0	0	(103,973)	0
COVID-19 emergency funding	0	0	(2,553)	0	0
Income compensation for SFC	0	0	0	0	0
FUNDING	**(167,305)**	**(7,738)**	**(13,573)**	**(167,734)**	**(429)**
NET	**161**	**39,516**	**18,481**	**5,606**	**5,444**

The current level of GF balances is £14.0m and the minimum level reported to Council for this is £14.0m.

Covid-19 Financial Impact

The ongoing situation continues to make forecasting difficult as it is unclear if or when some service areas will see activity return to pre-Covid levels.

Covid Expenditure

Covid expenditure which is incremental is reported centrally on Corporate Items – Covid Costs. These are the incremental costs not covered by specific Covid grants.

Income shortfall

Income budgets are included within departments so the impact of Covid-19 on lost income is reflected in departmental forecasts.

Savings unachieved

Departmental budgets are adjusted for the agreed savings targets for 2022/23 as part of the budget setting process. The savings which are now under pressure due to inflation and other factors are included in the forecast of the departments. This is inclusive of 2021/22 savings which are still under pressure where they have not been adjusted for. Further details are set out in Appendices 6.

Cashflow

The Covid-19 outbreak created pressure on the council's cash-flow, but the position has stabilised since the middle of 2021. Through prudent treasury cash flow management, the Council continues to meet any additional expenditure from its cash in balances in the bank and primarily from liquid cash balances held in Money Market Funds (MMFs).

From Summer 2021, with the stability and the confidence seen in the UK economy the fixed deposit rates started to go up and as a result the Council started to return to medium term fixed deposit to earn interest income from any short-term excess cash balances.

Since December 2021, the Bank of England has steadily increased the base rate from 0.10% to 1.25% in June 2022. Further increases are expected given the current forecasts for inflation and the Bank's overarching brief to bring inflation down to 2.0% over the medium-term. As a result of this policy the Council can expect to receive additional interest income on deposits, although much of this additional income has already been expected in the 2022/23 budget.

The Council still has a strong position on its liquidity and where the opportunity arises places excess cash in short-term deposits to generate income.

Cash flow is monitored daily, and the current forecast shows the Council has sufficient funds to meet its payment needs going forward over the medium term, but there still is a concern over the longer term in the context of the DSG deficit, subject to the use of Safety Valve funding. However, if a cash shortfall occurs, the Council has the option to borrow from the market to meet its needs.

4. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	Current Budget £000	Full year Forecast (June) £000	Full Year Forecast Variance (June) £000	Full Year Forecast Variance (May) £000	Outturn Variance 2021/22 £000
Customers, Policy & Improvement	5,530	5,969	440	(681)	(191)
Infrastructure & Technology	12,937	13,314	377	470	80
Corporate Governance	2,237	2,265	28	29	141
Resources	6,019	6,407	388	440	13
Human Resources	2,183	2,350	167	195	214
Corporate Other	764	980	216	85	388
Total (Controllable)	**29,670**	**31,286**	**1,616**	**538**	**645**

Overview

The department is currently forecasting an adverse variance of £1,616k at year end. This has moved by £1,078k since period 2.

Customers, Policy and Improvement - £440k adverse variance

The variance has moved by £1,121k since period 2. The movements are primarily due to Customer Contact which was previously forecast to underspend now being forecast spend to budget by year end. Spend for CPS Azure Environment (IT licences) and Microsoft Partner is projected to be £938k by year end. In addition to that, the projected spend on telephone charges is £95k and IT support is £100k within Customer Contact.

Other adverse movements within CPI include additional staffing costs for the comms and engagement team (£423k) of which funding sources are still being finalised.

The Registrars has also moved adversely by £91k. The Home Office has been sending fewer citizenship certificates, leading to few ceremonies. In addition, the Home Office is tightening up on suspicious marriages leading to fewer ceremonies.

Adverse variances within the division include £421k within the Marketing and Communications team due to staffing, £30k within Press and Publications owing to use of agency staffing and unachievable income targets. There is also a net adverse variance of £33k in the Translations services due to under-achievement against the income budget as external demand remains low and £39k within Customer Contact.

These adverse variances are partly offset by favourable variances within the AD and Programme

Office budgets of (£129k) and (£23k) respectively due to vacancies. The Voluntary Sector Coordination budget also has a favourable variance of (£44k) on grants expenditure.

Additional favourable variances include (£26k) due to an over-achievement against the cash collection saving, (£15k) in the Community Engagement team and (£14k) in the Complaints team due to staffing underspends and various running costs less than budget.

Infrastructure & Technology - £377k adverse variance

The adverse variance has moved favourable by £93k since period 2.

Many of the adverse variances within the division are due to reduced recharges as a result of the change in working arrangements surrounding the covid-19 pandemic. These adverse variances include £203k on the Corporate Print Strategy and £107k on the PDC (Chaucer Centre). These are reviewed throughout the year and adjusted depending on the level of staff returning to the office.

The FM External account is also forecasting a £120k adverse variance due to the lack of commissions since the pandemic began, though the forecast is significantly improved on the outturn position for 2021/22. There is a variance on Corporate Contracts (£36k adverse) due to 2020/21 savings for reducing cleaning in corporate buildings remaining unachievable within the current circumstances. Additional COVID cleaning (non-budgeted) until July 2022 has contributed to the adverse variance. A further £54k adverse variance is within the Client Financial Affairs team, mainly relating to the unachieved saving (reference 2019-20 CS23) relating to the introduction of a charging scheme and agency cover for maternity leave.

Additional adverse variances include £95k - Commercial Services were part funded by MIB and funds will run out in October. Forecast relates to current staffing level to end of year. Awaiting the implementation of the recommendations of the recent review. IT Service Delivery is also forecasting an adverse variance of £17k owing to the use of agency staff and £25k on security services.

There are also multiple favourable variances within the division, such as on the Microsoft EA (Enterprise Agreement) which is forecast less than budgeted by £128k, £28k in Safety Services due to recruitment lag as well as contingency not expected to be required in year. A lag in recruitment has also resulted in a £25k favourable variance within Facilities.

Postal Services £88k forecast underspend relates to income forecast from postal recharges. This offsets the forecast overspends on Printing and Photocopying where income targets are not expected to be achieved.

Corporate Governance – £28k adverse variance

The adverse variance has moved favourable by £1k since period 2.

SLLP (South London Legal Partnership)SLLP is currently forecasting £283k deficit overall, £49k is forecast to be LBM's Share. The variance in SLLP is largely due to a reduction in income projection from chargeable hours. In the last three months, the service has done less chargeable work for the boroughs and has been prudent in their forecast. This will be reviewed and updated to reflect any changes in chargeable work.

Additional adverse variances include £17k in LBM Legal Services due to income under recovery and £14k in Local elections.

The above adverse variances are partly offset by underspend in the Information Team (£16k) due to a lag in the recruitment, (£9k) underspend in Democracy Services due to a 2 month lag in the recruitment of Democratic Services officer post and (£18k) underspend in members allowances.

Resources - £388k adverse variance

Within Resources there are multiple budgets forecasting adverse variances due to Covid-19. Resulting from Covid is an adverse variance forecast in the Bailiffs service of £201k (inclusive of the shared service element) as a result of unachieved income which will be monitored as the circumstances around the pandemic improve and the service is able to operate more fully. The Local Taxation Service has a £201k adverse variance due to anticipated under recovery on the court fees.

A further adverse variance of £131k within AD resources due to consultancy costs for e5 upgrade and £104k within the budget management team due to a principal accountant for C&H finance team and 50% for senior maternity cover.

Adverse variance of £55k is forecast on insurance premiums and £56k on pensions. Even though six schools moved out of the council cover, the insurance premium did not change significantly. The service is currently working on the open claims and are planning to reduce the annual insurance provision to the insurance fund to mitigate the overspend on the insurance premium. They are also doing detailed work on the properties and there is a possibility that a few of the properties can be removed from the insurance cover for next year and this will help to reduce the insurance premium from 2022/23.

The Financial Systems Team is forecasting a £16k adverse variance owing to salary budget pressure as well as revenue costs for upgrading the financial system planned for later this year.

Within the Benefits Administration services is a £172k favourable variance is largely due to grant receipts from DWP.

Favourable variances within Resources include £88k in Corporate Accountancy due to staffing vacancies, a further £24k on the Chief Executive budget due to consultants and subscription budgets not required in year. The Support team within Revenues and Benefits has £19k favourable variances mainly against staffing costs and £27k on business rates.

Human Resources – £167k adverse variance

This adverse variance is primarily due to agency cover in place against the AD budget (£114k variance), HR Business partnerships (£17k) and staff side budget resulting from maternity leave (£8k).

Additionally, there is an adverse variance of (£30k) relating to the HR Transactions budget for the shared payroll system and iTrent client team charges from Kingston.

Corporate Items - £216k adverse variance

The adverse variance is primarily due to Housing Benefits Rent allowance subsidies of £743 and £76k spend on consultants. The is partly offset by £366k underspend on redundancy pay and £161k on Corporately funded items.

Environment & Regeneration

Division	Current Budget £000	Full year Forecast (June) £000	Full Year Forecast Variance (June) £000	Full Year Forecast Variance (May) £000	Outturn Variance 2021/22 £'00
Public Protection	(15,500)	(11,677)	3,822	3,551	4,142
Public Space	17,612	18,583	975	348	157
Senior Management	1,068	1,089	22	10	(192)
Sustainable Communities	8,750	9,279	529	603	(675)
Total (Controllable)	**11,930**	**17,274**	**5,348**	**4,512**	**3,431**

Description	2022/23 Current Budget £000	Forecast Variance at year end (June) £000	Forecast Variance at year end (May) £000	2021/22 Variance at year end £000
Regulatory Services	631	231	258	38
Parking Services	(17,424)	3,597	3,278	4,181
Safer Merton & CCTV	1,294	(6)	15	(77)
Total for Public Protection	**(15,500)**	**3,822**	**3,551**	**4,142**
Waste Services	15,280	212	(108)	390
Leisure & Culture	580	533	272	(210)
Greenspaces	2,402	139	113	(93)
Transport Services	(654)	90	71	70
Total for Public Space	**17,608**	**975**	**348**	**157**
Senior Management & Support	1,068	22	10	(192)
Total for Senior Management	**1,068**	**22**	**10**	**(192)**
Property Management	(2,718)	(149)	(118)	(708)
Building & Development Control	42	287	321	335
Future Merton	11,425	391	400	(303)
Total for Sustainable Communities	**8,750**	**529**	**603**	**(675)**
Total Excluding Overheads	**11,926**	**5,348**	**4,512**	**3,431**

Overview

The department is currently forecasting an adverse variance of £5,348k at year end. The main areas of variance are Regulatory Services, Parking Services, Leisure & Culture, Greenspaces, Property Management, Development & Building Control and Future Merton.

Public Protection

Regulatory Services adverse variance of £231k

The section has cumulative income savings of £135k relating to potential commercial opportunities. Since the pandemic, the focus has been redirected from income generation to Covid-19 service delivery and service improvement including a major IT project. The IT transition Project is scheduled for completion in the second quarter of 22/23 which will then allow some resources to refocus on income generation.

Although the service has seen an increasing in licensing income from alcohol licencing, temporary notices and massage/special treatment licences, the service is still forecasting an income shortfall of £111k. Current forecasts estimate an adverse variance against the trading standards income budget of £95k, environmental health-pollution £56k and health & safety £43k.

The service is also anticipating a £14k overspend on electricity due to increase in charges.

The above adverse variances are partly offset by a £80k anticipated underspend within the partnership (RSP)

Parking Services adverse variance of £3,597k

Changes in travel patterns following Covid-19 continues to affect parking revenue across the board including PCN issuance, as well as on- and off-street income. Analysis to better understand the short and longer-term impact of this is ongoing, but the end of June forecasts shows adverse variances on PCN, P&D, and permit income of £1.5m, £681k, and £1.1m, respectively. This is primarily due to a reduction in expected income from across the various categories. PCN issuance by CEOs have been ahead of expectation this year, and yield rates have improved following the introduction of Band A penalties. These impacts should lead to an improvement in the PCN income position by the end of July.

Other adverse variances within the service include staffing £161k, owing to the recruitment of additional CEOs and the use of agency staff, skip licences £102k, supplies and services £156k; and premises £87k. These adverse variances are being partially offset by a favourable variance on parking admin fee of £265k. The cost of additional CEOs will be more than offset by the additional revenue for parking PCNs.

The Peel House car park remains closed. Works are being procured with the aim of re-opening the ground floor parking before September. The costs of these will be mitigated by the income generated from reopening the car park this financial year but will cover them over a four year period.

It should be noted that the section has a £3,800k budget expectation relating to a review of parking charges, which were implemented on the 14th of January 2020. The new charges were designed to influence motorists' behaviour and reduce the use of private vehicles. The extent to which behaviour has been affected has been masked by the impact of Covid-19, but work continues to try and better understand this. A recent review of the budget expectation has indicated there may be a shortfall of £1,800k p.a. Additionally, there is a 2020/21 and 2021/22 saving (ENV1920-01) of £680k relating to the application to change Merton's parking PCN charge band from band B to band A; this change was secured prior to April 2022 and an assessment of the impact will be made in the end of July forecast.

<u>Public Space</u>

Waste Services adverse variance of £212k

The adverse variance has moved by £320k since period 2. The adverse movement is primarily due to increase in phase C garden waste collection, however corresponding income in excess of guaranteed income is then paid to Viola resulting in a net adverse variance of £409k. A further £100k increase in external waste charges due to increase in additional ad-hoc collections.

The above is partly offset by a decrease in net enforcement cost (£34k) and a decrease in employee costs on waste management (£53k) due to unfilled vacancies pending restructuring.

An adverse variance of £153k is also being forecast in relation to the Household, Reuse, Recycling Centre (HRRC), mainly as a result of extending the current contract during 2020/21, via a contract variation, to both minimise future costs and to align the contract period with the other SLWP boroughs. The service is currently exploring alternative access for residents to neighbouring sites along with implementing improvements to the current booking system which has contributed to the management of waste volumes. To date there are no planned service changes, and we note that any significant change to the provision of this service will first be presented to Cabinet for consideration. There is an additional variance of £141k being forecast against the SLWP management fee.

These adverse variances are partly offset by favourable variance on disposal costs of (£122k). The current forecast is at par with last year's actuals and is despite changes to our residents' working arrangements, where we have seen a greater increase in the number of households now working from home post pandemic resulted in an increase in overall domestic waste across all kerbside collection services. This section will continue to be closely monitored and the service is currently supporting SLWP in the planning of the re-procurement of both Food and Garden waste processing services which currently expire this financial year.

Other favourable variances include (£106k) on the Council's Environmental Enforcement services in respect of enforcing and issuing Fix Penalty Notices for littering, (£206k) on employee related spend and (£29k) on supplies and service.

Included in this section are savings target of £104k (ENV2022-23 01) for disposal processing savings (Food Waste Recyclate). The service is projecting to deliver these savings.

Leisure & Culture adverse variance of £533k

Due to the unprecedented increase in energy bills, the service is currently forecasting to spend double its leisure centre utilities budget resulting in a variance of £434k. There is also a possible under recovery in leisure centre income of £97k, depending on the outcome of talks and a potential under recovery in water sports income £35k and £25k under recovery in lettings income.

These adverse variances are partly offset by the following favourable variances on employees (£178k) and supplies and services (£6k) resulting from the reduction in grants payments and social initiatives payments.

During the pandemic, Merton Council issued a loan of £575k to GLL to help it keep afloat. The loan was repaid in full in June however, GLL are now requesting a 25% reduction in guaranteed income so that they can fully recover from the pandemic. In addition, as a company they are facing hugely increased energy bills across the board.

Greenspaces adverse variance of £139k

The primary reason for the adverse variances is expected under recovery in HFL Canons income of £90k and expected under recovery in parks operations income of £58k.

Sustainable Communities

Future Merton adverse variance of £391k

The reason for the adverse variances on Highways Maintenance of £142k is mainly due to expected cost of reactive repairs but also some over-spend for 1) Bishopsford Bridge, 2) traffic signals (where TfL charges have increased), and 3) a small under achievement on JCD income (now only approx. £20k below target).

Additional adverse variances include Street Lighting £340k, due to the significant increase in energy costs, under recovery in income from Merantun £100k and £100k on Local Plan Fees.

The above adverse variances are partly offset by anticipated underspends on Temp traffic orders (£130k), CPZs (£70k) and streetworks/permitting (£61k).

Property Management favourable variance of £149k

The principal reason is a favourable variance on employees of £149k due to an underspend being forecast on salaries against a budget of £320k. There is also a favourable variance relating to exceeding the commercial rental income expectations (£262k) due to rent reviews in line with the tenancy agreements which is being offset by an adverse variance on premises related expenditure (£123k), for example, building improvements, utilities, repairs & maintenance costs and (£133k) on supplies & services related expenditure, for example, on employment of consultants to progress rent reviews due to lack of internal resource, and valuations to support asset valuations and potential disposals.

Building and Development Control adverse variance of £287k

The adverse variance is primarily due to a £158k under recovery in Building Control income and £308k adverse variance on employees. This adverse variance is partly offset by a £87k anticipated over recovery in Development Control income and £133k supplies and services underspend.

The staffing budget has been hugely underspent in past due to holding vacancies until a restructure. They are anticipating that they will spend up to the budget target as review starts in July and they will be filling all vacancies once reviewed.

The services expect that income will undoubtedly be higher than but have been prudent in calculating forecasts to avoid being overly optimistic early in the year.

Children Schools and Families

Children, Schools and Families (£000's)	2022/23 Current Budget	Full Year Forecast	Forecast Variance June	Forecast Variance May	2022/23 Covid Forecast Impact	2021-22 Year Variance
Education						
Education Budgets	£ 19,066	£ 19,920	£ 854	£ 1,544	£ -	£ 394
Depreciation	£ 9,801	£ 9,801	£ -	£ -	£ -	£ -
Other Education Budgets	£ 135	£ 135	£ -	£ -	£ -	-£ (114)
Education Services Grant	-£ (1,062)	-£ (1,062)	£ -	£ -	£ -	-£ (12)
Education Sub-total	**£ 27,940**	**£ 28,794**	**£ 854**	**£ 1,544**	**£ -**	**£ 268**
Other CSF						
Child Social Care & Youth Inclusion	£ 22,138	£ 23,687	£ 1,549	£ 1,552	£ -	£ 2,009
Cross Department	£ 875	£ 46	-£ (830)	-£ (830)	£ -	£ -
PFI Unitary Costs	£ 8,409	£ 8,409	£ -	£ -	£ -	£ 766
Pension and Redundancy Costs	£ 1,624	£ 1,000	-£ (624)	-£ (624)	£ -	-£ (617)
Other CSF Sub-total	**£ 33,046**	**£ 33,142**	**£ 95**	**£ 98**	**£ -**	**£ 2,158**
Grand Total	**£ 60,986**	**£ 61,936**	**£ 949**	**£ 1,642**	**£ -**	**£ 2,426**

Summary

The department is forecasting an overspend of £949k as at period 3 compared to £1.64m as at period 2 and £2.4m overspent at year end. The largest variation relates to the receipt of £490k additional General fund revenue in support of our Safety Valve programme.

As in period 2, the greatest impact on the forecast since is the continuing dependency on agency social workers, the high cost of social care placements, high levels of general inflation and rising fuel costs. The decision was made last month to offset the pressure of energy costs in the PFI contract by utilising the PFI Reserve.

A number of actions are being put in place to try to pull back this forecast overspend, and these are reflected in the forecast. The key actions are:

- a recruitment campaign for social workers building on the recent OFSTED judgement;
- signing up to the London Pledge to try to stem the growth in agency social worker rates;
- all new agency staff requests for Children's Social Care to be agreed at CSC management team meetings;
- working with E&R to try to maximise the use of the bus fleet rather than taxis;
- developing more in-borough special places to reduce out of borough transport;
- a focus on transport in EHCP reviews and a focus on reviewing plans that include transport.

The Dedicated Schools Grant (DSG), which sits outside of the General Fund, is showing a deficit of £10.6m compared to £10.7m in period 2 and £13.5m at year end. The Safety Valve agreement with the DfE anticipates the DSG remaining in deficit in-year until 2024/25.

Local Authority Services

Local Authority Funded Services (£000's)	Budget	June Variance	May Variance	202122 Outturn Variance
Child Social Care and Youth Inclusion				
Senior Management	£ 303	-£ (130)	£ 200	£ 429
Head of Help & Family Assessment	£ 3,070	-£ (174)	-£ (676)	-£ (676)
Head of Family Support & Safeguarding	£ 4,560	£ 1,893	£ 1,539	£ 2,019
Head of Corporate Parenting	£ 12,416	£ 542	£ 1,061	£ 809
Head of Adolescent and Safeguarding	£ 1,789	-£ (582)	-£ (572)	-£ (572)
CSC & Youth Incl Total	**22,138**	**1,549**	**1,552**	**2,009**
Education				
Contracts, Proc & School Org	£ 7,854	£ 1,445	£ 1,474	£ 409
Early Years & Children Centres	£ 4,191	-£ (146)	-£ (146)	-£ (311)
Education - School Improvement	£ 64	-£ (18)	£ 16	-£ (1)
Education Inclusion	£ 1,775	-£ (6)	-£ (10)	-£ (131)
Schools Delegated Budget	£ -	£ -	£ -	-£ (3)
SEN & Disability Integrat Serv	£ 2,151	£ 19	£ 19	£ 49
Senior Management	£ 1,985	-£ (318)	£ 172	£ 364
Policy, Planning & Performance	£ 829	-£ (65)	£ 75	£ 75
Departmental Business Support	£ 216	-£ (57)	-£ (57)	-£ (57)
Education Total	**£ 19,065**	**£ 854**	**£ 1,543**	**£ 394**
Other CSF				
Joint Commissioning & Partnrsh	£ 875	-£ (830)	-£ (830)	£ 0
PFI Unitary Charges	£ 8,409	£ -	£ -	£ 766
Depreciation	£ 9,801	£ -	£ -	-£ (0)
Other Education Budgets	£ 135	£ -	£ -	-£ (114)
Education Services Grant	-£ (1,062)	£ -	£ -	-£ (12)
Pension & Redundancy Costs	£ 1,624	-£ (624)	-£ (624)	-£ (617)
Education Total	**£ 19,782**	**-£ (1,454)**	**-£ (1,454)**	**£ 23**
LA Total	**£ 60,985**	**£ 949**	**£ 1,641**	**£ 2,426**

Child Social Care & Youth Inclusion

The main pressures in Child Social Care & Youth Inclusion budget remain the dependency on and increasing cost of agency social workers and the cost of placements for looked after children. Agency social work rates have been increasing steadily across London. By the end of last year hourly rates had increased by an average of £4ph and due to the restructuring of this division the use of agency social workers increased from 67 to 92. This situation has improved in the last month and at the end of June the number of agency staff had reduced to 64.

Merton has signed up to the London Pledge which will provide consistency and reduce risk of competitive high-cost agency staff spend. We are in the early days of the arrangements which is in place to ensure collaborative practice across boroughs in London. Future agency requirements will be agreed as CSC&YI management team meetings.

We are continually recruiting to vacant posts and trying to persuade agency social workers to convert to permanent contracts. We will launch a recruitment campaign in the post-holiday period showcasing our offer to the workforce alongside celebrating the successes of Social Care in the borough.

It is difficult to predict recruitment success in such a competitive labour market, but we have eight trainees who will be ready to start case holding in September and who will replace agency social workers. The forecast includes a prudent estimate of the impact reduced use of agency staff.

The cost of residential placements remains a concern. Work continues to review high-cost placements regularly with a view to moving to placements with better outcomes and lower costs.

Education

The Education budget is facing significant pressures in the cost of transport. The number of children with an Education Health & Care Plan (EHCP) which includes home to school transport has been increasing in recent years. The Safety Valve plan aims to reduce the number of plans and is starting to have an impact overall, but the cohort with transport tend to have more complex needs. The plans to increase new in borough places are on track and will reduce transport costs compared to out of borough placements. We have the capital agreed for the new Additionally Resources Provision (ARPs) and have agreed a timescale and process with DfE for a new special school. The refreshed transport policy is being applied to new applications and there will be a focus on transport in reviews from the start of the new term.

COVID has reduced the number of taxi firms in the market, reducing competition. The shortage of drivers and increased fuel costs is pushing up the costs of all forms of transport. This is reflected in the increased from year-end in the forecast overspend from £0.39m to £1.6m. That forecast reflects the expected spike in transport needs in September with the start of the new school year.

There have been small improvements in the forecast spend across most headings, but the main improvement was the addition of General Fund of £490k in support of our Safety Valve programme.

Dedicated Schools Budget (£000's)	Budget	June Variance	May Variance	202122 Outturn Variance
Education				
Contracts, Proc & School Org	£ 291	£ 12	£ 12	-£ (16)
Early Years & Children Centres	£ 16,353	-£ (904)	-£ (904)	-£ (3,348)
Education - School Improvement	£ 1,129	£ 6	-£ (191)	-£ (41)
Education Inclusion	£ 1,504	£ 14	-£ (6)	£ 99
SEN & Disability Integrat Serv	£ 17,476	£ 11,935	£ 11,685	£ 13,899
Sub-total	**£ 36,753**	**£ 11,063**	**£ 10,596**	**£ 10,593**
CSC & Youth Inclusion				
DSG - Child Social Care & Youth Incl	£ 44	-£ (2)	-£ (2)	-£ (7)
Sub-total	**£ 44**	**-£ (2)**	**-£ (2)**	**-£ (7)**
Schools Delegated Budget				
DSG Reserve	**£ -**	**£ -**	**£ -**	**-£ (2)**
Retained Schools Budgets	£ 2,828	-£ (242)	-£ (218)	-£ (417)
Schools Delegated Budget	-£ (39,784)	-£ (200)	£ 334	£ 3,387
Sub-total	**-£ (36,956)**	**-£ (442)**	**£ 116**	**£ 2,967**
DSG Total	**-£ (159)**	**£ 10,619**	**£ 10,710**	**£ 13,553**

Dedicated Schools Grant (DSG) and Safety Valve

In the Schools Bill and the SEND Green Paper, the government has recognised that the current SEND system is broken. The Schools Bill includes provision to try to ensure that mainstream schools are inclusive of those with SEND, and the Green Paper proposes significant changes to the SEND process. A failure in funding keeping pace with demand and costs have combined with policy changes (such as the extension in responsibility to age 25) to leave the majority of authorities in England with rising demand and increasing deficits. Merton in particular has faced a high level of EHCPs and the impact of having a significant amount of expensive independent sector provision in the area.

Merton is already on a path to refresh our SEND offer and ways of working. The Merton programme is congruent with the Green Paper and means that we will be well set to implement the changes that will emerge from it.

Merton was invited to join the second tranche of the Safety Valve programme process in July 2021. The programme is a mechanism for the DfE to provide deficit funding to local authorities in recognition of the significant pressures. The agreement with the DfE in March 2022 commits them to £28.8m deficit funding, of which £11.6m has been paid upfront. The remainder will be paid over five years subject to meeting the agreement conditions

Following submission of the first monitoring report to DfE, the DfE approved the release of the first instalment of the 2022/23 payment of £875k. As at period 3, the DSG forecast is an overspend of £10.6m compared to £10.7m in period 2 and £13.5m at year end. The agreement with DfE assumes that we will continue to have in year deficits in 2022/23 and 2023/24. The trajectory of the in-year deficit is in the right direction although not yet where the ambitious plan says it should be by year end. However, many of the actions taken in line with the plan will only start to have an impact from September, when schools return.

The number of EHCPs has stabilised and although referrals for EHCP assessments are fairly consistent, the proportion accepted for assessment has dropped from 92.6% in 2021 to 66.5% in 2022. This tells us that whilst our processes for agreeing to assess are tighter, there is more work to do with partners on appropriate referrals and alternative support, including support ordinarily available in mainstream schools.

A key part of the Merton SEND plan is the expansion of local maintained special school places. The preponderance of expensive independent special school provision is a major factor in our deficit and across southwest London and Surrey. Our capital bid to DfE for the delivery of new places was successful and the first major expansion, the Whatley Avenue annexe to Melrose School, will open in September, keeping pupils local and providing alternatives to expensive independent sector provision.

We have in principle approval from DfE for the delivery of a new special school in borough, which is a key part of the plan. We have met with the DfE and agreed a timetable. We will be submitting the full application by the end of September 2022.

Community and Housing Summary Position

Overview

Community and Housing is currently forecasting an unfavourable position as of June of £1m which is a shift of £1.2m since May. The main areas of change are in Adult Social Care £724k, Housing of £272k, no change since May for Libraries, and Merton Adult Learning which was £8k and Public Health continues to forecast a breakeven position.

Adult Social Care is currently forecasting an unfavourable variance of £724k. The current position reflects an increase in gross placements to June as reflected in the movement in the placements and an increase in hospital discharges as shown in diagrams provided later in this report. The current unfavourable variance to June is after the deduction of £1.5m of savings, £500k earmarked under the DSG (Dedicated Schools Grant) Safety Value Agreement, and the service has also seen on average a 5.9% inflationary request from providers.

Community & Housing	2022/23 Current Budget £ 'M	2022/23 Full Year Forecast £ 'M (Jun)	2022/23 Full Year Variance £'M (Jun)	2022/23 Full Year Variance £'M (May)	2022/23 Outturn Variance £'M (Mar'22)
Adult Social Care	60,517	61,241	724	(420)	(881)
Libraries and Heritage	2,499	2,507	8	8	105
Merton Adult Learning	4	4	0	0	0
Housing General Fund	3,518	3,790	272	227	77
Public Health	(162)	(162)	0	0	0
Total Favourable/ Unfavourable	66,377	67,380	1,003	(185)	(699)

Adult Social Care

The department was expecting an increase in demand for services which is firstly due to living with the long-term effects of Covid and an increase in the older people cohort due to age with increase support needs which was alluded to in the December 2021? CMT report. At the time it was impossible to quantify such increase but based on placement activity to June 2022 it the clear that demand has increased, and it is mainly current clients requiring additional support of various varieties. However, considering the increase in demand the service is seeking to implement remedial actions to manage its budget pressures.

Placement Analysis of Gross (?) Cost April to June

Description	£'M
New Customers	2.064
Deceased Customers	(0.961)
Customer Ended Services	(0.577)
Customer Varied up Support	0.662
Net Increase in Costs	1.188

The above table shows the movements in placement to date, however comparable data for the similar period from 2018 to 2021 shows that there was a 66% increase in costs and a 38% increase in customer numbers to 2022/23.

The placement forecast is based on Mosaic expenditure data to June 2022 and income based is based on 2021/22 billing data. Income will be updated for August report, and it is also important to note that the increase in customer numbers could lead to an increase in income, but this is however dependant on the individual customers financial circumstances.

In terms of the new customers the largest increase appeared in long stay nursing which is more expensive, and this is closely followed by an increase in numbers requiring domiciliary care.

Additionally, from the placement data it seems that 51% of domiciliary care customers ended their service followed by a variety of customers all 10% of less ended services. In the case of customers varying up or increasing their support packages the largest movement is in domiciliary care to a nursing placement, followed by short-term extended/added, returning customers, domiciliary care and a second carer.

It should also be noted that the Financial Assessment Team had two vacancies but despite the scarcity of experienced Financial Assessment officers the team has made two permanent appointments expected to be in post shortly and an apprenticeship option is being explored for a third post.

Monthly Movements in Packages of Care April 2022 to June 2022

Month	New Customers	Deceased Customers	Customers No Longer Receiving a Service	Net Movement
April'22	44	-21	-23	0
May'22	53	-21	-49	-17
June'22	51	-12	-15	24
Total	**148**	**-54**	**-87**	**7**

Annual (to date) Average 2022/23	**49**	**-18**	**-29**	**2**
Annual Average 2021/22	**50**	**-17**	**-20**	**13**
Annual Average 2020/21	**37**	**-27**	**-17**	**-7**
Annual Average 2019/21	**34**	**-24**	**-24**	**-14**
Annual Average 2018/19	**36**	**-23**	**-25**	**-11**

The above table to June shows that there were 148 new customers, 54 deaths and 87 customers no longer requiring a service of which the latter could be just a temporary suspension. In terms of deceased clients, the number for June is less than April and May.

The sustained growth in out of hospital demand continues and has not returned to the pre-COVID levels as reflected in the forecasted placements expenditure to June 2022. In addition to this growth in demand, the service is facing significant provider inflation costs driven by a 5.9% increase in the minimum wage and high inflation in other costs areas such as food and fuel.

This service has recently undertaken a recruitment drive to increase capacity for the Reablement team and implement a new reablement process as a recent analysis of this function showed that only 65% of customers were triaged through Reablement instead of the predicted 75%. Based on the latest information from the team it is expected that 6 new members of staff will be in post early August and the rest are awaiting clearance.

Discharge activity is expected to remain under severe pressure into 2022/23 as general hospital activity is at record levels, compounded by additional recent Covid admissions, together with an ever-growing backlog of elective procedures.

There is a requirement to maintain the Discharge to Assess model into 2022/23 but the funding for this is not yet announced. It is expected to come through the Better Care Fund, but it is not certain that it will be additional funding rather than a demand on existing funds.

The service is also experiencing an increase in the demand for equipment of which 11% of total spend to date is covid related. There is also a reduction in collected items which is reflected for the first time since May.

Description of Pathways: -

Pathway 0- 50 % of Clients

- People discharged requring minimal support,or interventions from health and social care services.

Pathway 1- 45% of clients

- People who are discharged and able to return home with a new, additional or a restarted package of care.

Pathway 2- 4% of clients

- People who discharged with a short term intensive support package at a 24 hour bed based setting before returning home.

Pathway 3-1% of clients

- People who require 24 hours bed based care

Comparison of Discharge Activities 2021/22 to June 2022

Discharge Activities April to June 2021/22

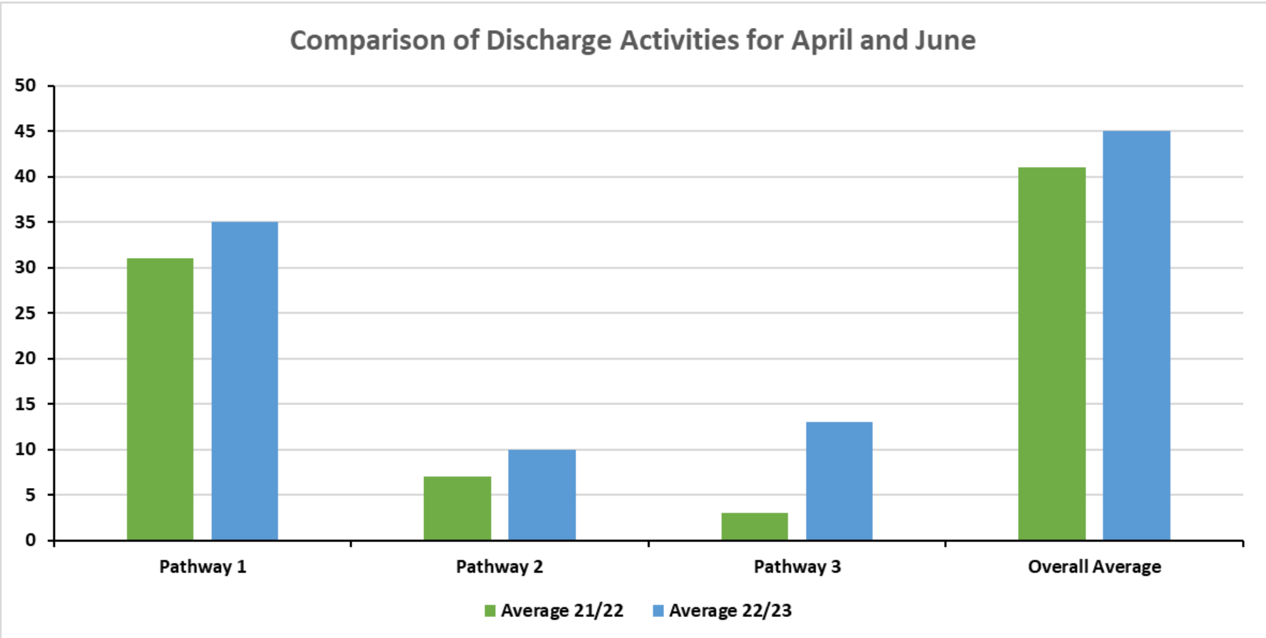
Week Commencing	Pathway 1	Pathway 2	Pathway 3	Grand Total
05/04	24	6	3	33
12/04	32	9	2	43
19/04	34	11	2	47
26/04	35	7	6	48
03/05	25	5	1	31
10/05	32	11	2	45
17/05	30	5	3	38
24/05	40	6	0	46
31/05	27	6	5	38
07/06	32	9	-	41
14/06	29	10	2	41
21/06	40	11	3	54
28/06	39	8	2	49
Grand Total	419	104	31	554
Average	**32**	**8**	**3**	**43**

Discharge Activities April to June 2022/23

Week Commencing	Pathway 1	Pathway 2	Pathway 3	Grand Total
04/04	34	15	2	51
11/04	34	10	1	45
18/04	30	13	2	45
25/04	25	6	1	32
02/05	36	7	1	44
09/05	33	11	3	47
16/05	45	9	2	56
23/05	27	14	1	42
30/05*	54	9	2	65
06/06	28	-	4	32
13/06	26	-	1	27
20/06	36	-	4	40
27/06	45	7	2	54
Grand Total	453	101	26	580
Average	**35**	**10**	**2**	**45**

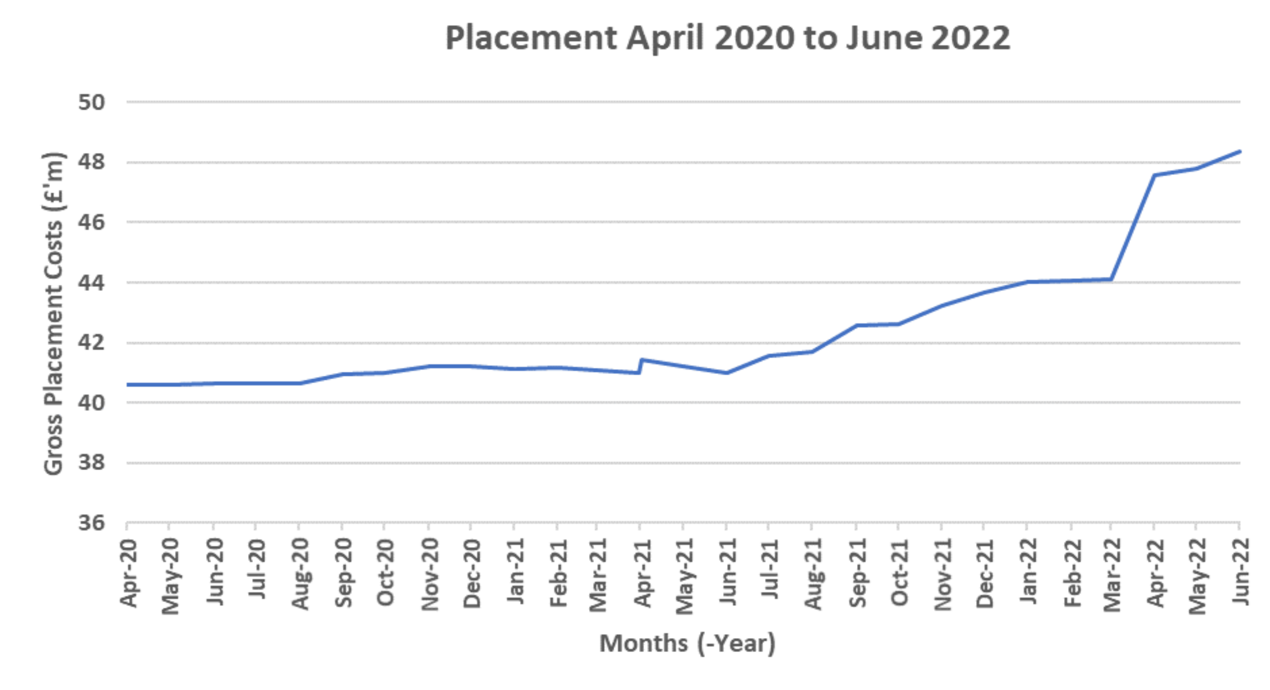
* Amended

Bar Chart depicting comparison of the average discharge activities between April to June 2021/22 and 2022/23



The above shows an increase in all the Pathways and an upward trend as compared to 2021/22.

Graph of Placement Forecast from April 2020 to June 2022



The above representation shows a marked increase between March 2022 to April and continues to increase as per the graph above.

Adult Social Care Internal Provision –favourable Variance - 105k

Direct Provision is forecasting an underspend on staffing due to vacancies in day services and residential care which the service is reluctant to fill at this stage since it is not operating at full capacity. This will be kept under review as there might be a need to recruit if numbers increase at the centres. There is also currently a shortage of available bank staff to cover some residential shifts which has led to staff working overtime to ensure safe staffing levels. An additional amount of £11k has been added to the forecast to cover anticipated utilities due to that cost-of-living pressures without which the favourable variance will be £116k.

Library & Heritage Service- Unfavourable Variance - £8k

This service is forecasting an unfavourable variance of £8k in June' 2022 and this remains unchanged. This is due to the expected inflationary pressures in 2022/23 for which the service is forecasting £27k above budget for utilities due to the cost of living increases and £16k for security costs.
Some of these costs are being offset by an improved income outlook and a one-off staffing underspend.

Library & Heritage Services are now back to pre-pandemic levels of usage and a significant amount of work is being undertaken to increase income generation from the use of hireable spaces. Examples include recent long-term arrangements with Barclays and Catch 22.

Adult Learning- Breakeven position

Adult Learning continues to forecast a breakeven position. Merton Adult Learning is fully funded by external grants from the GLA (Greater London Authority) and ESFA (Education and Skills Funding Agency).

New funding streams are being allocated to enhance curriculum provision around mathematics (Multiply government initiative) and green skills. The service is in the process of awarding new provider contracts to support with some of this.

Housing General Fund- unfavourable variance - £272k

This service is currently forecasting an unfavourable variance which has increased to £272k to June. Current unfavourable variance is made up of an underspend on housing related support and overspend on Temporary Accommodation (TA) due to the gradual increase in families in temporary accommodation in the borough.

Additionally, the numbers in TA have increased to 259 which is a 11% (net 26) increase since April 2022.

The demand for accommodation continues to exceed supply, which creates difficulties in the re-housing of households with acute housing need including those living in expensive temporary accommodation. Thus, the service is finding it extremely difficult to source properties in the Private Sector Housing market.

Housing	Total Budget 2022/23 £000	Forecast Expenditure (June'22) £'000	Forecast Variances (June'22) £'000	Forecast Variances (May'22) £'000	Outturn Variances (March'22) £000
Temporary Accommodation-Expenditure	2,544	4,026	1,482	1,482	1,346
Temporary Accommodation-Client Contribution	(140)	(330)	(190)	(190)	(177)
Temporary Accommodation-Housing Benefit Income	(2,087)	(3,380)	(1,293)	(1,187)	(465)
Temporary Accommodation-Subsidy Shortfall	322	1,650	1,328	1,255	838
Temporary Accommodation-Grant	0	(981)	(981)	(981)	(1,514)
Subtotal Temporary Accommodation	**639**	**985**	**346**	**379**	**28**
Housing Other Budgets	2,880	2,806	(74)	(152)	49
Total Controllable (Favourable)/Unfavourable Variance	**3,518**	**3,790**	**272**	**227**	**77**

However, despite the challenges of predicting demand upon the TA (Temporary Accommodation) budget there is also the need to be mindful of the effects to TA subsidy, HB (Housing Benefit) contributions and client contributions, which are all factors, which shape the service's predictions.

Analysis of Housing and Temporary Accommodation Expenditure to June 2022

Number of Households in Temporary Accommodation in Previous years

Previous Financial Years (Month' Year)	Annual Numbers at Financial Year End
Mar'17	186
Mar'18	**165**
Mar'19	174
Mar'20	**199**
Mar'21	197
Mar'22	**230**

Total numbers in temporary accommodation (TA) in March 2022 was 230 which is an overall increase of 17% on March 2021. The numbers in (TA) continues to increase since March as demonstrated below.

Current Financial Years (Month' Year)	Numbers In	Numbers Out	Net Movement
Apr'22	18	15	233
May'22	28	7	254
June'22	21	16	259

The table above shows the total numbers in temporary accommodation (TA) to June 2022. This shows that net numbers in (TA) is increasing and as of June 2022 it is at the highest it has ever been but is significantly lower than neighbouring boroughs.

This is due to a combination of factors: -

1. Increase in demand, primarily from the end of assured short tenancies (AST) and domestic abuse cases
2. Fewer private sector rentals
3. Increase in numbers of customers going into TA but fewer are leaving those accommodation.

Feedback from other boroughs is that this situation is London wide and since January in some cases there has been a doubling of homelessness applications. There was an improvement in available properties from Capital Letters during June in and there was additional work with Registered Providers to chase the results of nominations for applicants in temporary accommodation.

Lastly, the service is working with colleagues in the housing benefit team to chase cases that have not yet received assessments. Thus, reason for additional in employee forecast as another of staff is required to progress this work. Our modelling suggests there could be significant sums from previous years, but we are currently awaiting a response on 20 individual claims with the highest arrears. This is a priority action for the team.

Public Health –Breakeven position

The service is forecasting a breakeven position in June 2022.

Potential Cost pressures

The service continues to seek a resolution with NHS provider CLCH for both the children's contract (health visitors and school nurses) and for sexual health. Current conversations are regarding inflationary increases for 2022/23 as the service is seeking to extend contract to 2023/24.

Covid-19 Related Programmes

The team will continue Covid-19 resilience programme and the refreshed Local Outbreak Management Plan (LOMP) which will be funded by the Contain Outbreak Management Fund (COMF) funding in 2022/23.

CORPORATE ITEMS

The details comparing actual expenditure up to 30 June 2022 against budget are contained in Appendix 1. COVID-19 corporate expenditure is again shown on a separate line but it is intended that in future all covid related expenditure will be charged to the appropriate service:-

Corporate Items	Current Budget 2022/23 £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2021/22 £000s
Impact of Capital on revenue budget	**11,066**	**11,066**	**0**	**0**	**(235)**
Investment Income	(396)	(938)	(542)	0	(143)
Pension Fund	503	503	0	0	0
Pay and Price Inflation	6,076	6,046	(30)	970	(1,945)
Contingencies and provisions	20,444	17,644	(2,800)	(2,550)	(17,212)
Income Items	(4,223)	(4,223)	0	0	10
Appropriations/Transfers	(10,091)	(10,091)	0	0	1,972
Central Items	**12,312**	**8,940**	**(3,372)**	**(1,580)**	**(17,318)**
Levies	988	988	0	0	0
Depreciation and Impairment	(25,593)	(25,593)	0	0	20
TOTAL CORPORATE PROVISIONS	**(1,227)**	**(4,599)**	**(3,372)**	**(1,580)**	**(17,533)**
COVID-19 Emergency expenditure	0	62	62	22	235
TOTAL CORPORATE EXPENDITURE inc. COVID-19	**(1,227)**	**(4,537)**	**(3,310)**	**(1,558)**	**(17,298)**

Based on expenditure to 30 June 2022, a favourable variance of £3.310m including Covid (£3.372m excluding covid) is forecast for corporate expenditure items. This is an improvement of £1.752m on the May forecast and the reasons for this are:-

1. The forecast of investment income has been revised based on the first quarter and a favourable variance of £0.542m is currently expected. This is mainly due to improved interest rates resulting from the Bank of England's increase in the Bank Base rate as a measure to bring inflation down towards the 2% target. Since December 2021 the Base Rate has increased from 0.25% to the current level of 1.25% with further increases anticipated later in the year.

2. To improve budget management the corporate election expenses budget has been transferred to Corporate Services to consolidate all of the election budget in one area. This means that the adverse variance of £50k previously reported in corporate items is included in the Corporate Services part of this report.

3. It is anticipated that £1m of the provision for the National Minimum Wage will not be required.

4. £0.2m of the provision for loss of income from P3/P4 will not be required.

5. An additional £40k of corporate COVID-19 expenditure has been incurred in June 2022.

5 Capital Programme 2021-25

5.1 The Table below shows the movement in the 2021/25 corporate capital programme since the last monitoring report:

Depts	Current Budget 22/23	Variance	Revised Budget 22/23	Current Budget 2023-24	Variance	Revised Budget 23/24	Current Budget 2024-25	Variance	Revised Budget 24/25	Current Budget 2025-26	Variance	Revised Budget 25/26
Corporate Services	8,145		**8,145**	19,463		**19,463**	4,755		**4,755**	12,427		**12,427**
Community & Housing	995		**995**	2,495		**2,495**	1,177		**1,177**	1,237		**1,237**
Children Schools & Families	8,772	362	**9,134**	6,928	60	**6,988**	8,737		**8,737**	3,479		**3,479**
Environment and Regeneration	15,578	10	**15,588**	9,983		**9,983**	6,349		**6,349**	22,923		**22,923**
Total	**33,489**	**372**	**33,862**	**38,869**	**60**	**38,929**	**21,018**	**0**	**21,018**	**40,066**	**0**	**40,066**

5.2 The table below summarises the position in respect of the 2022/23 Capital Programme as at June 2022. The detail is shown in Appendix 5a.

Capital Budget Monitoring - June 2022

Department	Actuals	Year to Date Budget	Variance	Final Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Corporate Services	738,396	564,719	173,677	8,145,170	8,145,170	0
Community and Housing	142,633	87,280	55,353	994,530	994,530	0
Children Schools & Families	244,418	117,915	126,503	9,133,520	9,133,520	0
Environment and Regeneration	855,386	1,328,678	(473,292)	15,588,320	15,588,320	0
Total	**1,980,834**	**2,098,592**	**(117,758)**	**33,861,540**	**33,861,540**	**0**

1 Corporate Services – budget managers are projecting full spend on all budgets.
2 Community and Housing – budget managers are projecting full spend on all budgets.
3 Children, Schools and Families – After the adjustments in the Table below budget managers are projecting full spend on all budgets.

		Budget 2022-23	Budget 2023-24	Narrative
-	-	£	£	
Children, Schools and Families				
Raynes Park - Capital Maintenance	(1)	14,500		Vired from the Unallocated Budget
Unallocated Capital Maintenance	(1)	(58,250)		Allocation to Lonesome, Melbury and Raynes Park
Lonesome - Capital Maintenance	(1)	28,720		Vired from the Unallocated Budget
Merton Abbey - Capital Maintenance	(1)	(8,610)		Vired to the Unallocated Budget
Melbury - Capital Maintenance	(1)	23,640		Vired from the Unallocated Budget
Medcial PRU	(1)	(60,000)	60,000	Reprofiled in line with projected spend
Total		**(60,000)**	**60,000**	

(1) Requires Cabinet approval

The Melrose School expansion is a major scheme which completed at the end of February 2022, some three months later than programmed. The contract is subject to a series of cost claims by the contractor which are being considered line by line by the council's appointed project manager, quantity surveyor and the design consultant. The previously increased budget for the scheme is fully committed, any further costs will require further budget

approval.
The Authority is also awaiting the final account for one element of the Harris Academy Wimbledon.

4 Environment and Regeneration – After the adjustments in the Table below budget managers are forecasting full spend on their budgets.

		Budget 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Narrative
		£	£		£	
Environment and Regeneration						
Highways and Footways - Accessibility Programme		5,380				TfL Funding
Highways and Footways - Casualty Reduction & Schools		5,000				TfL Funding
Total		**10,380**	**0**	**0**	**0**	

(1) Requires Cabinet approval

Officers are currently reviewing the options in respect of Peel House Car Park and it is envisaged that the outcome of this review may be added to the July 2022 Monitoring Report. Final accounts are still outstanding with some contractors on both Canons Parks for the people and Bishopsford (Mitcham) Bridge.

5.3 Appendix 5c shows the revised funding of the proposed budget for 2022/26

5.4 The table below summarises the movement in the Capital Programme for 2022/23 since its approval in March 2022 (£000s):

Depts.	Original Budget 22/23	Net Slippage 2021/22	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 22/23
Corporate Services	8,522	5,454			161	(5,992)	**8,145**
Community & Housing	2,530	87			50	(1,673)	**995**
Children Schools & Families	6,441	888	422	2,287		(905)	**9,134**
Environment and Regeneration	15,118	3,489		798	273	(4,089)	**15,588**
Total	**32,611**	**9,919**	**422**	**3,085**	**484**	**(12,659)**	**33,862**

5.5 The table below compares capital expenditure (£000s) to June 2022 to that in previous years':

Depts.	Spend To June 2019	Spend To June 2020	Spend to June 2021	Spend to June 2022	Variance 2019 to 2022	Variance 2020 to 2022	Variance 2021 to 2022
CS	275	349	123	738	463	389	615
C&H	146	66	184	143	(3)	77	(42)
CSF	1,550	46	849	244	(1,305)	199	(604)
E&R	300	759	2,220	855	556	96	(1,365)
Total Capital	**2,270**	**1,220**	**3,376**	**1,981**	**(289)**	**761**	**(1,396)**

Outturn £000s	23,161	16,930	21,776	
Budget £000s				33,862
Projected Spend June 2022 £000s				33,862
Percentage Spend to Budget				5.85%
% Spend to Outturn/Projection	9.80%	7.20%	15.51%	5.85%

Monthly Spend to Achieve Projected Outturn £000s 3,353

5.6 June is one quarter of the way through the financial year and departments have spent just under 6.0% of the budget. Spend to date is higher than two of the last three previous financial years

Department	Spend To April 2022 £000s	Spend To May 2022 £000s	Increase £000s
CS	146,015	738,396	592,381
C&H	52,486	142,633	90,147
CSF	172,060	244,418	72,358
E&R	630,682	855,386	224,704
Total Capital	**1,001,244**	**1,980,834**	**979,590**

5.7 During June 2022 officers spent just under £1 million, to achieve year end spend officers would need to spend approximately £3.4 million each month to year end. Finance officers will continue to review in detail the projected outturn with budget managers.

6.0 DELIVERY OF SAVINGS

Department	Target Savings 2022/23	Projected Savings 2022/23	2023/24 Expected Shortfall
	£000	£000	£000
Corporate Services	550	395	155
Children Schools and Families	1,888	1,338	550
Community and Housing	1,659	305	1,354
Environment and Regeneration	1,148	833	315
Total	**5,245**	**2,871**	**2,374**

Appendix 6 provides details on savings to be delivered in 2022/23.

1) CONSULTATION UNDERTAKEN OR PROPOSED

All relevant bodies have been consulted.

2) TIMETABLE

- Following current financial reporting timetables.

3) FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- All relevant implications have been addressed in the report.

4) LEGAL AND STATUTORY IMPLICATIONS

- All relevant implications have been addressed in the report.

5) HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- Not applicable

6) CRIME AND DISORDER IMPLICATIONS

- Not applicable

7) RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- The risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

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

Appendix 1- Detailed Corporate Items table
Appendix 2 – Pay and Price Inflation
Appendix 3 – Treasury Management: Outlook
Appendix 4 - Debt Report
Appendix 5a – Current Capital Programme
Appendix 5b - Detail of Virements
Appendix 5c - Summary of Capital Programme Funding
Appendix 6- Progress on Savings 2021/22 (revised and simplified format)

8) BACKGROUND PAPERS

- Budgetary Control files held in the Corporate Services department.

9) REPORT AUTHOR

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APPENDIX 1

3E.Corporate Items	Council 2022/23 £000s	Current Budget 2022/23 £000s	Year to Date Budget (June) £000s	Year to Date Actual (June) £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2021/22 £000s
Cost of Borrowing	11,066	11,066	2,767	694	11,066	0	0	(235)
Impact of Capital on revenue budget	**11,066**	**11,066**	**2,767**	**694**	**11,066**	**0**	**0**	**(235)**
Investment Income	**(396)**	**(396)**	**(99)**	**(191)**	**(938)**	**(542)**	**0**	**(143)**
Pension Fund	**503**	**503**	**126**	**0**	**503**	**0**	**0**	**0**
Corporate Provision for Pay Award	3,468	2,076	519	0	3,046	970	970	(195)
Corporate Provision for National Minimum Wage	1,500	1,500	375	0	500	(1,000)	0	(1,500)
Provision for excess inflation	2,500	2,500	625	0	2,500	0	0	(250)
Pay and Price Inflation	**7,468**	**6,076**	**1,519**	**0**	**6,046**	**(30)**	**970**	**(1,945)**
Contingency	1,500	1,500	375	0	1,500	0	0	(488)
Bad Debt Provision	1,500	1,500	375	0	1,500	0	0	(2,397)
Loss of income arising from P3/P4	400	400	100	0	200	(200)	0	(200)
Loss of HB Admin grant	23	23	6	0	23	0	0	(23)
Apprenticeship Levy	450	450	113	109	450	0	0	(69)
Revenuisation and miscellaneous	6,028	6,028	1,507	286	6,028	0	50	(3,153)
Growth - Provision against DSG	10,543	10,543	2,636	0	7,943	(2,600)	(2,600)	(10,882)
Contingencies and provisions	**20,444**	**20,444**	**5,111**	**394**	**17,644**	**(2,800)**	**(2,550)**	**(17,212)**
Other income	0	0	0	(0)	0	0	0	10
CHAS IP/Dividend	(2,223)	(4,223)	(1,056)	(2,000)	(4,223)	0	0	0
Income items	**(2,223)**	**(4,223)**	**(1,056)**	**(2,000)**	**(4,223)**	**0**	**0**	**10**
Appropriations: CS Reserves	(2,167)	(2,167)	(542)	0	(2,167)	0	0	0
Appropriations: E&R Reserves	(1,314)	(1,314)	(328)	0	(1,314)	0	0	0
Appropriations: CSF Reserves	(300)	(300)	(75)	0	(300)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(26)	0	(104)	0	0	0
Appropriations:Public Health Reserves	(93)	(93)	(23)	0	(93)	0	0	0
Appropriations:Corporate Reserves	(8,112)	(6,112)	(1,528)	2,000	(6,112)	0	0	1,972
Appropriations/Transfers	**(12,091)**	**(10,091)**	**(2,523)**	**2,000**	**(10,091)**	**0**	**0**	**1,972**
Depreciation and Impairment	**(25,593)**	**(25,593)**	**0**	**0**	**(25,593)**	**0**	**0**	**20**
Central Items	**(822)**	**(2,215)**	**5,845**	**898**	**(5,587)**	**(3,372)**	**(1,580)**	**(17,533)**
Levies	**988**	**988**	**247**	**338**	**988**	**0**	**0**	**0**
TOTAL CORPORATE PROVISIONS	**166**	**(1,227)**	**6,092**	**1,236**	**(4,599)**	**(3,372)**	**(1,580)**	**(17,533)**
COVID-19 Emergency expenditure	0	0	0	62	62	**62**	22	235
TOTAL CORPORATE EXPENDITURE inc. COVID-19	**166**	**(1,227)**	**6,092**	**1,298**	**(4,537)**	**(3,310)**	**(1,558)**	**(17,298)**

APPENDIX 2

Pay and Price Inflation as at June 2022 Monitoring

In 2022/23, the budget includes 2% for increases in pay and 2.5% for increases in general prices, with an additional amount of £2.5m which will be held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 9.1% and RPI at 11.7% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:

For 2022/23 the final pay award has not been agreed but provision of 2% was included in the MTFS.

As reported to Cabinet in the period 2 (May) monitoring report, on 6 June 2022, the three local government unions, UNISON, GMB and Unite, representing 1.4 million council and school employees, submitted a pay claim for staff in England, Wales and Northern Ireland.

The 2022 claim, which would apply from the start of April 2022, would see council employees receive either a £2,000 rise at all pay grades or the current rate of RPI (presently 11.7%), whichever is higher for each individual.

As previously reported, given the current pressure that pay negotiations are under, and the continuing upward forecast for inflation in the coming months, it seems inevitable that the current 2% provision will not be sufficient and an award of 5% is more realistic and an unfavourable variance of c. £2.970m (3%) is currently forecast. If this level of pay award is agreed, it is currently proposed to mitigate this by a one-off contribution from reserves of £2m in 2022/23.

Prices:

The Consumer Prices Index (CPI) rose by 9.4% in the 12 months to June 2022, up from 9.1% in May. On a monthly basis, CPI rose by 0.8% in June 2022, compared with a rise of 0.5% in June 2021. Rising prices for motor fuels and food resulted in the largest upward contribution to the change in both the CPIH and CPI 12-month inflation rates between May and June 2022. The largest, partially offsetting downward contributions to change in the rates were from second-hand cars and audio-visual equipment (principally recording media).

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 8.2% in the 12 months to June 2022, up from 7.9% in May. The RPI rate for June 2022 was 11.8%, which is up from 11.7% in May.

Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment.

At its meeting ending on 15 June 2022, the MPC voted by a majority of 6-3 to increase Bank Rate by 0.25 percentage points, to 1.25%. Those members in the minority preferred to increase Bank Rate by 0.5 percentage points, to 1.5%.

The next Bank of England MPC base rate decision is on 4 August 2022.

In the minutes to the June meeting, the MPC stated that "CPI inflation is expected to be over 9%

during the next few months and to rise to slightly above 11% in October. The increase in October reflects higher projected household energy prices following a prospective additional large increase in the Ofgem price cap. In the MPC's latest forecasts in May, upward pressure on CPI inflation was expected to dissipate over time. In the main, this reflected the stabilisation of the prices of commodities, albeit at elevated levels, and other tradable goods. …. The MPC will take the actions necessary to return inflation to the 2% target sustainably in the medium term, in line with its remit. The scale, pace and timing of any further increases in Bank Rate will reflect the Committee's assessment of the economic outlook and inflationary pressures. The Committee will be particularly alert to indications of more persistent inflationary pressures, and will if necessary act forcefully in response."

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: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (July 2022)			
2022 (Quarter 4)	Lowest %	Highest %	Average %
CPI	5.8	11.1	9.0
RPI	3.1	14.4	10.7
LFS Unemployment Rate	3.3	5.0	4.0
2023 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.1	12.6	3.6
RPI	1.9	9.6	4.2
LFS Unemployment Rate	3.2	4.8	4.1

Note the wide range between highest and lowest forecasts which reflects the volatility and uncertainty arising from volatile fuel and utility costs impacting on the cost of living and the difficulty of forecasting how the situation will evolve. 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 2022 to 2026 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (May 2022)					
	2022	2023	2024	2025	2026
	%	%	%	%	%
CPI	7.5	4.2	2.5	2.6	2.5
RPI	9.1	5.9	3.6	3.9	4.1
LFS Unemployment Rate	4.0	4.0	3.9	3.8	3.8

APPENDIX 3

Treasury Management: Outlook

The Bank's Monetary Policy Committee (MPC) sets monetary policy to keep inflation low and stable, which supports growth and jobs. Subject to maintaining price stability, the MPC is also required to support the Government's economic policy. The Government has set the MPC a target for the 12-month increase in the Consumer Prices Index of 2%.

The MPC currently uses two main monetary policy tools.

1. setting the interest rate that banks and building societies earn on deposits, or 'reserves', placed with the Bank of England — this is Bank Rate.
2. buying government and corporate bonds, financed by the issuance of central bank reserves — this is asset purchases or quantitative easing.

At its meeting ending on 15 June 2022, the MPC voted by a majority of 6-3 to increase Bank Rate by 0.25 percentage points, to 1.25%.

The next Bank of England MPC base rate decision is on 4 August 2022.

The MPC outlined the background behind the June decision as "the market implied path for Bank Rate had risen materially since the MPC's previous meeting, reaching around 2.9% by end-2022 and peaking at 3.3% in 2023. This path continued to be higher than the expectations for Bank Rate of respondents to the Bank's latest Bank of England Market Participants Survey, perhaps in part reflecting upside risks to the inflation outlook domestically and internationally. The sterling effective exchange rate had depreciated by around 2½% since the previous MPC meeting and by almost 4% compared to the 15-day moving average on which the May Monetary Policy Report projections had been conditioned. Sterling had been particularly weak against the US dollar "

As previously reported, the Chancellor of the Exchequer announced a £15 billion Cost of Living Support package on 26 May. This includes a direct one-off payment of £650 for households on means-tested benefits; a payment of £300 to pensioners; and a £150 Bank of England payment to people on disability benefits. There was a doubling of the universal rebate through the Energy Bills Support Scheme, providing an additional £200 to households. The Chancellor also announced that the original £200 rebate would no longer have to be repaid in subsequent years. The announced measures take effect over the second half of this year, with additional payments for households receiving means-tested benefits starting as soon as July. The payments to benefit recipients were skewed towards people on lower incomes. Taken together, and using standard fiscal multipliers, initial Bank staff analysis suggested that these measures were likely to boost GDP by around 0.3% and raise CPI inflation by 0.1 percentage points in the first year, with some upside risks around these estimates given the targeted and front-loaded nature of some of the measures.

The MPC will take the actions necessary to return inflation to the 2% target sustainably in the medium term, in line with its remit. The scale, pace and timing of any further increases in Bank Rate will reflect the Committee's assessment of the economic outlook and inflationary pressures. The Committee state that it will be particularly alert to indications of more persistent inflationary pressures, and will if necessary act forcefully in response.

In its May Monetary Policy Report the MPC set out updated central projections for activity and inflation in the UK. The projections in the report are conditioned on a market-implied path for Bank Rate that rises to around 2½% by mid-2023, before falling to 2% at the end of the forecast period.

Fiscal policy is assumed to evolve in line with announced Government policies. Wholesale energy prices are assumed to follow their respective futures curves for the first six months of the projections and remain constant beyond that, in contrast to futures curves, which are downward sloping over coming years. There are material risks around this assumption.

In the May 2022 Monetary Policy report the MPC has used the following projections implied by current data trends:-

	Projections (May 2022)			
	2022 Q.2	2023 Q.2	2024 Q.2	2025 Q.2
GDP	3.2	0.0	0.2	0.7
CPI Inflation	9.1	6.6	2.1	1.3
LFS Unemployment Rate	3.6	3.9	4.6	5.5
Excess Supply/Excess Demand	0.5	-1.25	-1.75	-2.25
Bank Rate	1.0	2.5	2.4	2.0

The conclusions that the MPC reach in the May 2022 Monetary Policy Report are supported by the following Key Judgements:-

<u>Key judgement 1:</u> persistently higher global commodity prices and tradable goods prices from supply chain constraints, both accentuated by the invasion of Ukraine, lead to a sharp slowdown in world activity and push global consumer price inflation up further before their effects eventually dissipate.

<u>Key judgement 2:</u> the labour market tightens further in the near term before the slowdown in demand leads to a rise in unemployment and excess supply over the rest of the projection.

<u>Key judgement 3</u>: demand growth in the UK slows sharply over the first half of the projection, predominantly reflecting the adverse impact of higher global commodity and tradable goods prices.

<u>Key judgement 4</u>: the vast majority of the increase and subsequent fall in CPI inflation reflects the impact of external factors. Domestic price pressures rise further this year, as wage growth strengthens and companies rebuild their margins. The increase in excess supply moderates these forces such that inflation is close to the 2% target in two years' time and well below it in three years.

APPENDIX 4 DEBT REPORT

Subject: Miscellaneous Debt Update June 2022

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

1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 June 2022, is shown in column F of the table below.

<u>Sundry Debtors aged balance – 30 June 2022 – not including debt that is less than 30 days old</u>

Department a	30 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	June 22 arrears f	Mar 22 arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	£2,571,290	£636,134	£763,602	£734,758	£4,705,785	£3,536,776	↑
Corporate Services	£270,245	£54,563	£206,995	£144,893	£676,696	£657,045	↑
Housing Benefits	£242,063	£484,097	£387,096	£3,525,985	£4,639,241	£4,621,733	↑
Children, Schools & Families	£403,246	£35,798	£212,178	£352,025	£1,003,248	£973,481	↑
Community & Housing	£1,716,795	£592,793	£777,484	£1,201,577	£4,288,649	£3,431,396	↑
Total	£5,203,640	£1,803,384	£2,347,355	£5,959,239	£15,313,618	£13,220,431	↑

1.3 Since the position was last reported on 31 March 2022, the net level of arrears, i.e. invoices over 30 days old, has increased by £2,093,187.

1.4 Since last reported at the end of March 22 there has been an increase in all departments debts.

1.5 The debt recovery team continue to proactively pursue all outstanding sundry debt, working with service departments to improve collection.

2 IMPACT OF COVID19

2.1 Towards the end of March 20, all recovery action for council tax, business rates, sundry debt, parking PCN's and enforcement work ceased.

2.2 Gradually over the next year recovery action was re-commenced for all debt types.

2.3 **Council Tax**

2.4 At the end of June 22 the in-year collection rate is 29.04 - 0.84% down on 2021. The net collectable debt for 2022/23 is £139.3 million, 0.84% equates to £1.167 million shortfall in council tax income. Merton's share of this shortfall is £921,000.

2.5 It has not been possible to undertake the normal recovery action this year due to the way the council tax energy rebate scheme has been implemented. In effect every property in bands A to D had a credit of £150 allocated to the council tax account. This credit is identified as a payment until the resident applies for the refund. Currently we have paid over 80% of eligible households in bands A to D. As at the end of June there were over 10,000 accounts where the credit had not been refunded.

2.6 Issuing reminder notices on these accounts would have given incorrect balance figures and complicated any further recovery. Reminders were issued for properties in bands E to H.

2.7 It is hoped that normal recovery action will commence in August 22 when the scheme for band A to D properties will be complete.

2.8 In 2021/22 Merton were ranked sixth best in London for Council Tax collection.

2.9 **Business Rates**

2.10 At the end of June 2022 the in-year collection rate is 30.46% - 12.87% up on 2021. The nett collectable debt for 2022/23 is £87.3 million.

2.11 In the early part of 2021/22 the collection rate was low due to the ongoing impact of the pandemic and uncertainly regarding the expanded retail relief. The collection rate improved considerably throughout the year.

2.12 In 2021/22 Merton were ranked third best in London for business rates collection.

2.13 The government provided funding of £4.7 million to reduce business rates bills for businesses that had not received the extended retail relief or nursery relief. Businesses that applied were awarded 100% reduction on their rates bill for 2021/22.

2.14 Recovery action has taken place although where businesses are contacting us for help we are continuing to defer their payments for both this year and last year. Reminders and summonses have been issued and we have obtained Liability Orders for non-payment against some businesses. Selected cases have been passed to the enforcement team for collection

2.15. **Sundry Debt**

2.16 As detailed in the table above in 1.2, debt older than 30 days for all departments has increased by £2,093,187.

2.17 Adult Social Care debt has increased from £3.104 million at the end of March 22 to £3.903 million at the end of June 22. An increase of just under £800,000.

2.18 For the period April 22 to June 22 £2.2 million of invoices were raise, compared to £1.5 million for January 22 to March 22. An increase in invoices of £0.7 million.

2.19 Between January and March Financial Assessments undertook 549 assessments and this figure increased to 897 between April and June.

2.20 Community Infrastructure Levy debt has increased by £860,000 since last reported at the end of March 22. In total there is £3.1 million outstanding, however of this debt £1.4 million relate to invoices where the payment due date has not been reached.

2.21 The overall trend is that Adult Social Care debt has reduced over the past two years. In June 20 the debt was £4.648 million. The current debt level is the lowest it has been. The improvements to working processes, targeted collection, increased legal action and ongoing monitoring has contributed to the improvement

2.22 **Housing Benefit Overpayments**

2.23 Housing Benefit overpayment debt has reduced from £6.735 million in March 22 to £6.619 million at the end of June 22. See table 3 below.

2.24 A large proportion of the housing benefit debts not on payment arrangements are over two years old. An exercise has commenced to target these debts to establish where recovery is possible. It is likely that some will have to be written off as uncollectable.

3. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 June 22 is detailed in the table below.

<u>Total debt outstanding as at 30 June 22 and compared with previous periods over the past 15 months</u>

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
	£	£	£	£	£	£
Miscellanous sundry debt Note 1	16,414,842	17,762,694	19,775,064	17,859,937	16,386,203	14,612,811
Housing Benefit debt	7,190,534	7,186,188	6,995,264	6,784,811	6,735,283	6,619,790
Parking Services	4,661,940	4,201,421	4,724,415	4,975,404	4,852,027	4,812,642
Council Tax Note 2	10,927,588	9,054,527	8,579,459	7,858,125	11,789,747	10,541,078
Business Rates Note 3	8,414,383	6,234,231	5,258,727	3,003,815	5,615,872	4,327,340
Total	**47,609,287**	**44,439,061**	**45,332,929**	**40,482,092**	**45,379,132**	**40,913,661**

Note 1 The amount shown against miscellaneous sundry debt above differs from the amount shown in table 1 as it shows all debt, including debt which is less than 30 days old
Note 2 Council tax debt now includes unpaid council tax for 2021/22 in March 22 figures hence the increase.
Note 3 Business rates debt now includes unpaid business rates for 2021/22 in March 22 figure hence the increase.

3.1 The overall debt outstanding has reduced by £4,465,471 since last reported at the end of March 22.

3.2 A more relevant comparison is between June 21 and June 22. The changes in outstanding debt are as follows

Overall £4,465,471 decrease
Sundry debt £3,149,883 decrease
Housing Benefit £566,398 decrease
Council Tax £1,486,551 increase
Parking £611,221 increase
Business Rates £1,906,891 decrease

3.3 The increase in previous years debts for council tax is due to the lower collection rates in 2021/22 compared to pre pandemic levels.

3.4 There has been a large reduction of business rates debt between June 21 and June 22. Part of this was due to an exercise to write off of old debts where the businesses had gone into liquidation. This resulted in £1.4 million of debt written off.

3.5 Detailed breakdowns of the Council Car Parking figures as at 30 June 2022 are shown in the table below:

Age of Debt			
Age of Debt	**Outstanding** **£**	**Number of PCNs**	**Average Value** **£**

0-3 months	£1,259,872	12,494	£100
3-6 months	£864,522	4,924	£175
6-9 months	£774,968	4,200	£184
9-12 months	£559,310	3,071	£182
12-15 months	£502,970	2,796	£180
Older than 15 months	£851,000	4,646	£183
Total	£4,812,642	32,131	£150

Total March 2022	**£4,852,027**	**31,524**
Increase/-decrease	**£39,385-**	**607+**

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Appendix 5a

Capital Budget Monitoring – June 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Capital	**1,980,834**	**2,098,592**	**(117,758)**	**33,861,540**	**33,861,190**	**(350)**
Corporate Services	**738,396**	**564,719**	**173,677**	**8,145,170**	**8,144,820**	**(350)**
Customer Contact Programme	0	0	0	468,000	476,190	8,190
Works to other buildings	74,857	102,868	(28,011)	1,189,720	1,160,880	(28,840)
Civic Centre	19,152	30,000	(10,848)	360,000	388,840	28,840
Invest to Save schemes	25,285	92,369	(67,084)	717,560	717,560	0
Business Systems	0	171,500	(171,500)	2,473,940	2,463,940	(10,000)
Social Care IT System	0	0	0	281,000	281,000	0
Disaster recovery site	9,792	45,000	(35,208)	94,080	95,540	1,460
Planned Replacement Programme	65,950	122,982	(57,032)	1,229,820	1,229,820	0
Acquisitions Budget*	543,360	0	543,360	469,050	469,050	0
Westminster Coroners Court	0	0	0	862,000	862,000	0
Community and Housing	**142,633**	**87,280**	**55,353**	**994,530**	**994,530**	**0**
Telehealth	0	0	0	30,400	30,400	0
Disabled Facilities Grant	142,633	87,280	55,353	885,130	885,130	0
Major Projects - Social Care H	0	0	0	50,000	50,000	0
Major Library Projects	0	0	0	5,000	5,000	0
Libraries IT	0	0	0	24,000	24,000	0

* Current spend includes VAT, C&E have confirmed VAT is not due and VAT element is to be repaid

Appendix 5a

Capital Budget Monitoring – June 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Children Schools & Families	**244,418**	**117,915**	**126,503**	**9,133,520**	**9,133,520**	**0**
Primary Schools	**71,852**	**0**	**71,852**	**3,053,720**	**3,053,720**	**0**
Hollymount	0	0	0	4,200	4,200	0
West Wimbledon	(7,388)	0	(7,388)	158,610	158,610	0
Hatfeild	67,746	0	67,746	85,290	85,290	0
Hillcross	1,000	0	1,000	220,110	220,110	0
Joseph Hood	0	0	0	81,120	81,120	0
Dundonald	2,500	0	2,500	36,080	36,080	0
Merton Park	(809)	0	(809)	14,500	14,500	0
Pelham	(879)	0	(879)	126,000	126,000	0
Poplar	0	0	0	40,000	40,000	0
Wimbledon Chase	(2,371)	0	(2,371)	185,390	185,390	0
Wimbledon Park	19,030	0	19,030	164,130	164,130	0
Abbotsbury	210	0	210	137,000	137,000	0
Malmesbury	0	0	0	47,000	47,000	0
Morden	(2,219)	0	(2,219)	75,000	75,000	0
Bond	0	0	0	52,000	52,000	0
Cranmer	5,061	0	5,061	250,830	250,830	0
Gorringe Park	0	0	0	60,000	60,000	0
Haslemere	0	0	0	251,740	251,740	0
Liberty	(487)	0	(487)	80,490	80,490	0
Links	(1,852)	0	(1,852)	114,850	114,850	0
Singlegate	0	0	0	145,000	145,000	0
St Marks	(2,739)	0	(2,739)	68,760	68,760	0
Lonesome	(1,665)	0	(1,665)	190,000	190,000	0
Sherwood	(1,885)	0	(1,885)	150,150	150,150	0
Stanford	1,768	0	1,768	0	0	0
William Morris	(3,170)	0	(3,170)	18,420	18,420	0
Unlocated Primary School Proj	0	0	0	297,050	297,050	0

Appendix 5a

Capital Budget Monitoring – June 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Secondary	**50,360**	**0**	**50,360**	**319,300**	**319,300**	**0**
Harris Academy Morden	0	0	0	135,000	135,000	0
Harris Academy Merton	0	0	0	34,170	34,170	0
Raynes Park	35,236	0	35,236	90,500	90,500	0
Ricards Lodge	0	0	0	21,610	21,610	0
Rutlish	13,964	0	13,964	23,080	23,080	0
Harris Academy Wimbledon	1,160	0	1,160	14,940	14,940	0
SEN	**33,776**	**0**	**33,776**	**4,962,160**	**4,962,160**	**0**
Perseid	(41,126)	0	(41,126)	399,490	399,490	0
Cricket Green	(15,000)	0	(15,000)	46,120	46,120	0
Melrose	(31,606)	0	(31,606)	589,000	589,000	0
Melrose Whatley Ave SEN	65,982	0	65,982	0	0	0
Unlocated SEN	13,036	0	13,036	2,972,940	2,972,940	0
Melbury College - Smart Centre	0	0	0	155,000	155,000	0
Medical PRU	42,489	0	42,489	401,700	401,700	0
Mainstream SEN (ARP)	0	0	0	397,910	397,910	0
Other	**88,431**	**117,915**	**(29,484)**	**798,340**	**798,340**	**0**
CSF Safeguarding	0	0	0	152,000	152,000	0
Devolved Formula Capital	88,431	117,915	(29,484)	353,740	353,740	0
Children's Centres	0	0	0	55,000	55,000	0
Youth Provision	0	0	0	237,600	237,600	0

Appendix 5a

Capital Budget Monitoring – June 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Environment and Regeneration	**855,386**	**1,328,678**	**(473,292)**	**15,588,320**	**15,588,320**	**0**
On Street Parking - P&D	61,078	68,678	(7,600)	672,780	672,780	0
Off Street Parking - P&D	61,980	53,451	8,529	534,510	534,510	0
CCTV Investment	0	97,027	(97,027)	1,015,840	1,015,840	0
Public Protection and Developm	0	0	0	50,000	50,000	0
Fleet Vehicles	0	55,100	(55,100)	748,470	748,470	0
Alley Gating Scheme	150	0	150	46,000	46,000	0
Waste SLWP	(119,173)	34,000	(153,173)	433,430	433,430	0
Street Trees	0	0	0	103,990	103,990	0
Raynes Park Area Roads	0	0	0	43,500	43,500	0
Highways & Footways	633,486	470,873	162,613	5,825,320	5,825,320	0
Cycle Route Improvements	4,554	36,369	(31,815)	368,640	368,640	0
Mitcham Area Regeneration	33,323	116,395	(83,072)	1,183,950	1,183,950	0
Wimbledon Area Regeneration	16,065	119,963	(103,898)	1,265,870	1,265,870	0
Morden Area Regeneration	0	20,000	(20,000)	350,000	350,000	0
Borough Regeneration	13,647	61,614	(47,967)	807,140	807,140	0
Property Management Enhancemen	0	0	0	35,000	35,000	0
Wimbledon Park Lake and Waters	229,474	52,021	177,453	520,210	520,210	0
Sports Facilities	(31,785)	31,522	(63,307)	315,220	315,220	0
Parks	(47,413)	111,665	(159,078)	1,268,450	1,268,450	0

Appendix 5b

Virement, Re-profiling and New Funding - June 2022

		2022/23 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2022/23 Budget	2023/24 Budget	Movement	Revised 2023/24 Budget	Narrative
-	-	£	£		£	£	£		£	
Children, Schools and Families - May 2022 Monitoring Appendix 5D Melrose Expansion										
Melrose Expansion	(1)	**0**		422,000		**422,000**	**0**		**0**	Interim Valuation certified by Quaniity Surveyor
Melrose - Capital Maintenance	(1)	**97,000**	70,000			**167,000**	**0**		**0**	Vired from the Unallocated Budget
Unallocated Capital Maintenance	(1)	**425,300**	(70,000)			**355,300**	**2,500,000**		**2,500,000**	Allocation to Melrose
Children, Schools and Families										
Raynes Park - Capital Maintenance	(1)	**76,000**	14,500			**90,500**	**0**		**0**	Vired from the Unallocated Budget
Unallocated Capital Maintenance	(1)	**425,300**	(58,250)			**367,050**	**2,500,000**		**2,500,000**	Allocation to Lonesome, Melbury and Raynes Park
Lonesome - Capital Maintenance	(1)	**161,280**	28,720			**190,000**	**0**		**0**	Vired from the Unallocated Budget
Merton Abbey - Capital Maintenance	(1)	**8,610**	(8,610)			**0**				Vired to the Unallocated Budget
Melbury - Capital Maintenance	(1)	**131,360**	23,640			**155,000**	**0**		**0**	Vired from the Unallocated Budget
Medcial PRU	(1)	**461,700**			(60,000)	**401,700**	**0**	60,000	**60,000**	Reprofiled in line with projected spend
Environment and Regeneration	-	-	-	-	-	-	-	-	-	-
Highways and Footways - Accessibility Programme	-	**16,000**		5,380		**21,380**				Additional TfL Funding
Highways and Footways - Casualty Reduction & Schools	-	**12,000**		5,000		**17,000**				Additional TfL Funding
Total		**1,814,550**	**0**	**432,380**	**(60,000)**	**2,186,930**	**5,000,000**	**60,000**	**5,060,000**	

(1) Requires Cabinet approval

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 2-3-22	25,850	6,761	32,611
Outturn Adjustments	(3,211)	4,089	878
Approved Outturn	22,639	10,850	33,489
Childrens, Schools and Families - May 2022 Monitoring Appendix 5D Melrose Expansion			
Melrose Expansion	0	422	422
Childrens, Schools and Families			
Medical PRU	0	(60)	(60)
Environment and Regeneration			
Highways and Footways - Accessibility Programme	0	5	5
Highways and Footways - Casualty Reduction & Schools	0	5	5
June 22 Monitoring	22,639	11,223	33,862

Capital Programme Funding Summary 2023/24

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 2-3-22	13,823	4,227	18,050
Outturn Adjustments	3,357	17,461	20,818
Approved Outturn	17,181	21,688	38,869
Childrens, Schools and Families			
Medical PRU	0	60	60
June 22 Monitoring	17,181	21,748	38,929

Appendix 5c

Capital Programme Funding Summary 2024/25

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 2-3-22	**11,129**	**4,820**	**15,949**
Outturn Adjustments	**325**	**4,744**	**5,069**
Approved Outturn	**11,454**	**9,564**	**21,018**
Funding Adjustment - May 2022 Monitoring - Appendix 5D Melrose Expansion	**172**	**(172)**	**0**
June 22 Monitoring	**11,626**	**9,392**	**21,018**

Capital Programme Funding Summary 2025/26

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 2-3-22	**34,469**	**3,400**	**37,869**
Outturn Adjustments	**2,020**	**177**	**2,197**
Approved Outturn	**36,489**	**3,577**	**40,066**
Funding Adjustment - May 2022 Monitoring - Appendix 5D Melrose Expansion	**250**	**(250)**	**0**
June 22 Monitoring	**36,739**	**3,327**	**40,066**

Appendix 6 Progress on Savings expected in 2022/23

PROGRESS ON 2022/23 SAVINGS
DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2022/23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Forecast £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
Savings due in 22/23								
2019-20 CS04	Reduce strategic partner grant by 10%	78	78	0	G	John Dimmer		
2019-20 CS28	Cash collection reduction	13	13	0	G	Sean Cunniffe		
2020-21 CS7	Staff reductions	75	75	0	G	Sean Cunniffe		
2022-23 CS5	Customer, Policy & Improvement – Registrars Service	32	32	0	G	Sean Cunniffe		
2022-23 CS6	Customer, Policy & Improvement – Cash Collection	20	20	0	G	Sean Cunniffe		
2022-23 CS8	Customer, Policy & Improvement – Customer Contact	15	15	0	G	Sean Cunniffe		
2020-21 CS11	Commercial Services - restructure	50	0	50	R	Tina Dullaway	Will not be achieved - awaiting approval from CMT to implement the findings of the Commercial Services review. Due to go to CMT 07.07.22. 08.08.22 - Caroline has agreed to delete the £50k saving in Commercial Services in lieu of the service review recommendations being agreed.	
2018-19 CS08	Increase in income from Enforcement Service	20	0	20	R	David Keppler	Not achievable in year due to covid	
2022-23 CS1	Resources - AD budget	10	10	0	G	Roger Kershaw		
2022-23 CS2	Resources - AD budget	15	15	0	G	Roger Kershaw		
2022-23 CS3	Resources - Insurance	25	25	0	G	Nemashe Sivayogan		
2022-23 CS4	HR - Payroll	15	15	0	G	Liz Hammond		
2022-23 CS9	Corporate Governance - AD Budget	3	3	0	G	Louise Round		
2022-23 CS10	Corporate Governance - Electoral Services and Democratic services	15	15	0	G	Andrew Robertson	Currently forecasting around 25K savings across both codes but this is not including election overspend for 2022, which is forecasted at 22K. It's also unclear at the moment whether all of the cost of the Interim appointment in the Leaders Office will be charged to the Democracy Services budget. If Democracy Services bears all the cost then the forecasted savings will not be acheived.	
2022-23 CS12	Corporate Governance - Information Team	29	29	0	G	Paul Phelan		
2022-23 CS13	Corporate items	50	50	0	G	Martin Hone		
Prior Year savings not delivered in 2021/22								
2018-19 CS08	Increase in income from Enforcement Service	15	0	15	R	David Keppler	Not achievable in year due to covid	Y
2021-22 CS11	Review of shared Bailiff service with Sutton	40	0	40	R	David Keppler	Not achievable in year due to covid	Y
2019-20 CS23	Implement a means assessed charging scheme for appointeeships undertaken by the CFA team.	30	0	30	R	Tina Dullaway	Charging scheme yet to be agreed and implemented	Y
	Total CS Savings for 2022/23	**550**	**395**	**155**				

PROGRESS ON 2022/23 SAVINGS
CHILDREN, SCHOOLS AND FAMILIES SAVINGS PROGRESS: 2022-23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Achieved/ Expected £000	Shortfall	RAG	Responsible Officer	Comments
Savings due in 22/23							
CSF2019-12	Review of public health commissioned services	N/A	N/A	N/A	N/A	Dheeraj Chibber	This saving has been cancelled
CSF2019-16	National Minimum rate for Fostering/Guardianship/Adoption	20	20	0	G	Dheeraj Chibber	
CSF2019-17	Increased use of in-house foster care	40	40	0	G	Dheeraj Chibber	
CSF2019-18	Review and reshape shortbreaks provision	200	0	200	A	Elizabeth Fitzpatrick	Review delayed
CSF2019-19	SEND travel assistance	150	0	150	R	Elizabeth Fitzpatrick	There seems little prospect of transport costs reducing for the foreseeable future
2021-22 CSF01	Education & Early Help -Reduction made in provision for PFI Unitary Charges	450	450	0	G	Elizabeth Fitzpatrick	There may be an impact in 2029/30 when the PFI reserve may not be adequate
2021-22 CSF03	CSF - Ongoing underspend	200	200	0	G	Dheera Chibber/Elizabeth Fitzpatrick	
CSF1-22/23	School Meals PFI	100	100	0	G	Elizabeth Fitzpatrick	as above
CSF2-22/23	Education - Office Efficiencies	50	50	0	G	Elizabeth Fitzpatrick	
CSF3-22/23	Education Inclusion - Streamlined Activities	28	28	0	G	Elizabeth Fitzpatrick	
CSF4-22/23	CSC Placements - Demand Management and Commissioning			0		Dheerah Chibber	High inflation will drive up unit costs
Prior Year savings not delivered in 2021/22							
CSF2019-18	Review and reshape shortbreaks provision	200	0	200	A	Elizabeth Fitzpatrick	
2021-22 CSF01	Education & Early Help -Reduction made in provision for PFI Unitary Charges	450	450	0	G	Elizabeth Fitzpatrick	
	Total Children, Schools and Families Savings 2022/23	1,888	1,338	550			

DEPARTMENT: Community & Housing Savings Progress 2022/23

Ref	Description of Saving	Division	2022/23 Savings Required £000	2022/23 Savings Forecasted £000	Shortfall	RAG	Responsible Officer	Comments
(Nov'20)CH 100	Review of in-house day care provision	Adult Social Care	700		700	R	To be up dated	
(Nov'20)CH 101	Review of in-house LD Residential provision	Adult Social Care	544		544	A	To be up dated	
(Nov'20)CH 102	Dementia hub re-commissioning	Adult Social Care	55	55	0	G	Keith Burns	To be reviewed for period beyond 2022/23 in light of new administration priorities.
(Oct'21) CH105	Commissioning and Market Development – Increasing take up of Direct Payments	Adult Social Care	100	100	0	G	Keith Burns	Closer collaboration with operational teams to promote uptake. Work planned to streamline paperwork to make a more attractive option.
(Oct'21) CH106	Community & Housing - Housekeeping – review of ancillary budget lines	Adult Social Care	50	50	0	A	Various	
(Oct'21)CH109	Adult Social Care - Placements	Adult Social Care	100		100	G	Phil Howell	
Oct'21) CH110	Commissioning and Market Development – Commissioning efficiencies arising from re-procuring a high cost service	Adult Social Care	50	40	10	G	Keith Burns	Negotiation with provider in progress, but complex as aresult of TUPE position. May be recoverable but part year impact now reflected in forecast.
	Subtotal Adult Social Care		1,599	245	1,354			
(Jan'20) CH97	Increase income and better use of technology	Libraries	60	60	0	G	Anthony Hopkins	On track
	Subtotal Libraries		60	60	0			
	Total C & H Savings for 2022/23		1,659	305	1,354			

PROGRESS ON 2022/23 SAVINGS

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2022-23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Achieved £000	Shortfall	RAG	Responsible Officer
Savings due in 22/23						
ENV2021-07	Property Management - Increase residential (former Service tenancies) rent (increased income)	100	100	0	G	James McGinlay
ENV2021-10	Development Control/Building Control - Savings as a result of the 'Assure' M3 upgrade	15	0	15	R	James McGinlay
ENV2022-23 05	Highways; Increased income from street permitting through enforcement of utility works.	40	40	0	G	James McGinlay
ENV2022-23 07	Future Merton, Policy team: Additional income from planning performance agreements (PPA)	50	50	0	G	James McGinlay
ENV1819-04	Parking: Reduction in the number of pay & display machines required.	14	14	0	G	Calvin McLean
ENV2021-08	Parking - Activity to improve On Street parking compliance.	100	100	0	G	Calvin McLean
E1	Regulatory Services: Investigate potential commercial opportunities	65		65	R	Calvin McLean
ENV2022-23 01	Public Space - Waste services: Disposal processing savings (Food Waste Recyclate)	104	104	0	G	John Bosley
ENV2022-23 02	Public Space – Greenspaces: Raynes Park Sports Ground - new lease arrangement	35	35	0	G	John Bosley
Prior Year savings not delivered in 2021/22						
ENV1920-06	Future Merton: Highways advertising income through re-procurement of the advertising contract for the public highway.	70	0	70	R	James McGinlay
ENV2021-02	D&BC: Increase PPA's income (increased income) through a dedicated Majors team	80	0	80	R	James McGinlay
ENV1920-01	Parking: Application to change Merton's PCN charge band from band B to band A. To effect this a full business case will need to be presented to Full Council. Following this, an application will be made to the London Councils Transport, and Environment Committee. Depending on the outcome at the Committee, the Mayor will also be required to ratify the application and the Secretary of State has final sign off. This 'saving' reflects the impact on estimated revenue until motorist compliance takes full effect .The objective is to reduce non-compliance but if the band change is implemented it is likely that there will be a short term increase in revenue. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	340	340	0	R	Calvin McLean
ENV2021-08	Parking: Activity to improve On Street parking compliance.	100	50	50	R	Calvin McLean
ENV2021-06	Service restructure across Safer Merton and CCTV	35	0	35	R	Calvin McLean
	Total Environment and Regeneration Savings 2021/22	**1,898**	**833**	**1,065**		

CABINET

Date: 22 September 2022

Subject: Financial Report 2022/23 – Period 4 July 2022

Lead officer: Roger Kershaw

Lead member: Councillor Billy Christie

Recommendations:

A. That Cabinet note the financial reporting data for month 4, July 2022, relating to revenue budgetary control, showing a forecast net adverse variance at 31 July on service expenditure of £5.448m when corporate and funding items are included and £3.412m of reserves assumed to be used as agreed at the Cabinet meeting on the 18 July.

B. That CMT note the contents of Section 5 and approve the adjustments to the Capital Programme contained in Appendix 5b
That Cabinet note the contents of Section 5 and Appendix 5b of the report and approve the adjustments to the Capital Programme in the Table below:

		Budget 2022-23	Budget 2023-24	Budget 2024-25	Narrative
		£	£	£	
Corporate Services					
Customer Contact - Fix My Streets	(1)	50,000			Priority project from IT Implementation List
Business Systems - Parking System	(1)		95,110		Funded by the OCPB Reserve
Children, Schools and Families					
Joseph Hood - Schools Capital Maintenance	**(1)**	(66,120)	66,120		Reprofiled in line with projected spend
Dundonald - Schools Capital Maintenance	**(1)**	(12,000)			Reprofiled in line with projected spend
Raynes Park - Schools Capital Maintenance	**(1)**	12,000			Reprofiled in line with projected spend
Perseid Lower School - School Expansion	**(1)**	100,000	1,500,000	2,516,860	Splitting Perseid Lower Expansion from Perseid Upper
Perseid School - School Expansion	**(1)**	(100,000)	(1,500,000)	(2,516,860)	Splitting Perseid Lower Expansion from Perseid Upper
Mainstream SEN (ARP) - West Wimbledon ARP	**(1)**	40,000	(40,000)		Reprofiled in line with projected spend
Environment and Regeneration					
On Street Parking - P&D - Pay and Display Machines	**(1)**	(200,000)			As Emissions based Charging is not being progressed unspent budget being vired back to Car Park Upgrades
Off Street Parking - P&D - Car Park Upgrades	**(1)**	260,000			Virement of projected unspent budget back to Car P ark Upgrades from Pay and Display Machine Upgrade
Off Street Parking - P&D - Peel House Car Park*	**(2)**	700,000			Funding Required to undertake structural works
Off Street Parking - P&D - Pay and Display Machines	**(1)**			**(60,000)**	Reprofiled in line with projected spend pattern and vired to Car Park Upgrades
Highways and Footways - Bishopsford Bridge	**(1)**	35,000			Virement from Cycleway schme to fund projected outturn on the scheme
Highways and Footways - Cycle Lane Roadway Bishopsford Bridge	**(1)**	(47,000)			Virement to main Bishopsford Bridge Scheme and relinquish projected underspend
Mitcham Area Regeneration - Pollards Hill Bus Shelter	(1)	(100,000)	100,000		Reprofiled in line with projected spend
Morden Area Regeneration - Morden Town centre Imp	(1)	(200,000)	200,000		Reprofiled in line with projected spend
Parks - New water play feature wimb pk	(1)	(226,000)	226,000		Reprofiled in line with projected spend
Parks - Multi Use Sports Areas	(1)	175,000		**(175,000)**	Reprofiled in line with projected spend
Parks - Figges Marsh Ward Allocation - Figges Marsh	(1)	10,020			Table Tennis Table funded by NCIL
Parks - Graveney Ward Allocation - Edenvale Rec	(1)	10,020			Table Tennis Table funded by NCIL
Parks - Lavender Fields Ward Alloc - Lavender Park	(1)	10,020			Table Tennis Table funded by NCIL
Parks - Longthornton Ward Alloc - Long Bolstead Rec	(1)	10,020			Table Tennis Table funded by NCIL
Parks - Colliers Wood Rec Playground	(1)	2,190			Additional NCIL Funding
Total		**463,150**	**647,230**	**(235,000)**	

* Requires Council Approval

C. That Cabinet ask CMT to investigate and report back on measures to reduce the adverse variance.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the Period 3 monitoring report for 2022/23 presented in line with the financial reporting timetable.

This financial monitoring report provides -

1.1.1 A full year forecast projection as at period 3.
1.1.2 An update on the financial impact of Covid-19
1.1.3 An update on the capital programme and detailed monitoring information;
1.1.4 An update on Corporate Items in the budget 2022/23;
1.1.5 Progress on the delivery of the 2022/23 revenue savings

2. THE FINANCIAL REPORTING PROCESS

2.1 The Council's services are still under pressure due to the need to support businesses and residents, particularly vulnerable groups in need of social care and there has been a major reduction in the Council's income which is expected to continue for some time. The detrimental impact of Covid-19 continues to be monitored closely given its impact on service delivery. Inflationary pressure in the supply of goods and services to the Council, energy costs, cost of borrowing and potential wage increases against budget add to the Council's financial challenges in 2022/23 and future years.

2.2 There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored. The cumulative deficit at the end of 2021/22 was £26.930m and the deficit is forecast to continue to increase to £34.39m by the end of 2022/23 after the second tranche of Safety Valve funding. The Safety Valve programme is starting to have a positive impact, but progress is currently behind the agreed target.

2.3 Chief Officers, together with budget managers with support from Service Financial Advisers are responsible for keeping budgets under scrutiny and ensuring that expenditure within areas which are above budget is being actively and vigorously controlled and where budgets have favourable variances, these are retained until year end. Any final overall adverse variance on the General Fund will result in a call on balances.

3. 2022/23 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 4 (to 31 July 2022), the year-end forecast is a net adverse variance of £8.253m on Net Service Expenditure; a favourable variance of £2.428m on Corporate Provisions; and a small adverse variance of £0.052m relating to Covid-19. A summary is provided on the following details and more detailed analysis by Department is set out in Section 4 of the report.

Summary Position as at 31st July 2022

	Current Budget 2022/23 £000s	Year to Date Budget (July) £000s	Year to Date Actual (July) £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn Variance 2021/22 £000s
Department							
Corporate Services	30,090	10,020	11,709	31,234	1,144	1,616	645
Children, Schools and Families	60,995	17,699	20,902	61,995	1,202	949	2,426
Community and Housing	66,539	26,479	22,972	67,387	848	1,004	(699)
Public Health	(162)	651	(5,019)	(162)	0	0	
Environment & Regeneration	11,931	366	(7,814)	16,723	4,792	5,347	3,431
Overheads	(267)			0	267	267	
NET SERVICE EXPENDITURE	**169,126**	**55,215**	**42,750**	**177,177**	**8,253**	**9,183**	**5,803**
			6				
Corporate Items							
Impact of Capital on revenue budget	11,066	3,689	1,308	11,066	0	0	(235)
Other Central budgets	(13,741)	3,951	(297)	(16,170)	(2,428)	(3,372)	(17,298)
Levies	988	329	338	988	0	0	0
TOTAL CORPORATE PROVISIONS	**(1,687)**	**7,969**	**1,349**	**(4,115)**	**(2,428)**	**(3,372)**	**(17,533)**
Covid-19	**0**	**0**	**52**	**52**	52	62	176
TOTAL GENERAL FUND	**167,439**	**63,184**	**44,099**	**173,114**	**5,877**	**5,873**	**(11,554)**
FUNDING							
Revenue Support Grant	(5,350)	(1,783)	(1,926)	(5,350)	0	0	
Business Rates	(32,380)	0	(3,432)	(32,380)	0	0	
Other Grants	(25,602)	(8,534)	(8,894)	(26,031)	(429)	(429)	
Council Tax and Collection Fund	(103,973)	0	0	(103,973)	0	0	
COVID-19 emergency funding	0	0	(151)	0	0	0	710
Income compensation for SFC	0	0	0	0	0	0	
FUNDING	**(167,305)**	**(10,317)**	**(14,403)**	**(167,734)**	**(429)**	**(429)**	**710**
NET	**134**	**52,867**	**29,696**	**5,380**	**5,448**	**5,444**	**(10,844)**

The current level of GF balances is £14.0m and the minimum level reported to Council for this is £14.0m.

Covid-19 Financial Impact

The ongoing situation continues to make forecasting difficult as it is unclear if or when some service areas will see activity return to pre-Covid levels.

Covid Expenditure

Covid expenditure which is incremental is reported centrally on Corporate Items – Covid Costs. These are the incremental costs not covered by specific Covid grants.

Income shortfall

Income budgets are included within departments so the impact of Covid-19 on lost income is reflected in departmental forecasts.

Savings unachieved

Departmental budgets are adjusted for the agreed savings targets for 2022/23 as part of the budget setting process. The savings which are now under pressure due to inflation and other factors are included in the forecast of the departments. This is inclusive of 2021/22 savings which are still under pressure where they have not been adjusted for. Further details are set out in Appendix 6.

Cashflow

The Covid-19 outbreak created pressure on the council's cash-flow, but the position has stabilised since the middle of 2021. Through prudent treasury cash flow management, the Council continues to meet any additional expenditure from its cash in balances in the bank and primarily from liquid cash balances held in Money Market Funds (MMFs).

From Summer 2021, with the stability and the confidence seen in the UK economy the fixed deposit rates started to go up and as a result the Council started to return to medium term fixed deposit to earn interest income from any short-term excess cash balances.

Since December 2021, the Bank of England has steadily increased the base rate from 0.10% to 1.25% in June 2022. Further increases are expected given the current forecasts for inflation and the Bank's overarching brief to bring inflation down to 2.0% over the medium-term. As a result of this policy the Council can expect to receive additional interest income on deposits, although much of this additional income has already been expected in the 2022/23 budget.

The Council still has a strong position on its liquidity and where the opportunity arises places excess cash in short-term deposits to generate income.

Cash flow is monitored daily, and the current forecast shows the Council has sufficient funds to meet its payment needs going forward over the medium term, but there still is a concern over the longer term in the context of the DSG deficit, subject to the use of Safety Valve funding. However, if a cash shortfall occurs, the Council has the option to borrow from the market to meet its needs.

4. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	Current Budget £000	Full year Forecast (July) £000	Full Year Forecast Variance (July) £000	Full Year Forecast Variance (June) £000	Outturn Variance 2021/22 £000
Customers, Policy & Improvement	5,530	5,945	415	440	(191)
Infrastructure & Technology	12,937	13,383	326	377	80
Corporate Governance	2,657	2,651	(6)	28	141
Resources	6,019	6,503	484	388	13
Human Resources	2,183	2,341	158	167	214
Corporate Other	764	532	(232)	216	388
Total (Controllable)	**30,090**	**31,354**	**1,144**	**1,616**	**645**

Overview

The department is currently forecasting an adverse variance of £1,264k at year end. This has moved favourable by £351k since period 3.

Customers, Policy and Improvement - £415k adverse variance

The variance has moved favourable by £24k since period 3. The movements are primarily due to a £10k favourable movement on agency spend within Merton Link and £13 increase in projected income on Translation services.

Adverse variances within the division include £424k within the Marketing and Communications team due to staffing, £141k within Press and Publications owing to use of agency staffing and unachievable income targets. Policy and strategy are also reporting a £52 overspend within its staffing budget lines, this will be funded by the underspend in Programme Office. There is also a net adverse variance of £20k in the Translations services due to under-achievement against the income budget as external demand remains low and £39k within Customer Contact.

These adverse variances are partly offset by favourable variances within the AD and Programme Office budgets of (£129k) and (£77k) respectively due to vacancies. A £51k budget of a vacant post within Programme Office will be used to fund a post in Policy and Strategy. The Voluntary Sector Coordination budget also has a favourable variance of (£44k) on grants expenditure.

Additional favourable variances include (£26k) due to an over-achievement against the cash collection saving, (£15k) in the Community Engagement team and (£15k) in the Complaints team due to staffing underspends and various running costs less than budget.

Infrastructure & Technology - £326k adverse variance

The adverse variance has moved favourable by £69k since period 3. This is primarily due to use of agency staff within IT Service delivery £45k and increase in IT applications (£28k)

Many of the adverse variances within the division are due to reduced recharges as a result of the change in working arrangements surrounding the covid-19 pandemic. These adverse variances include £193k on the Corporate Print Strategy and £118k on the PDC (Chaucer Centre). These are reviewed throughout the year and adjusted depending on the level of staff returning to the office.

The FM External account is also forecasting a £120k adverse variance due to the lack of commissions since the pandemic began, though the forecast is significantly improved on the outturn position for 2021/22. There is a variance on Corporate Contracts (£41k adverse) due to 2020/21 savings for reducing cleaning in corporate buildings remaining unachievable within the current circumstances. A further £52k adverse variance is within the Client Financial Affairs team, mainly relating to the unachieved saving (reference 2019-20 CS23) relating to the introduction of a charging scheme and agency cover for maternity leave.

IT Service Delivery is also forecasting an adverse variance of £25k owing to the use of agency staff and £35k on security services.

There are also multiple favourable variances within the division, such as on the Microsoft EA (Enterprise Agreement) which is forecast less than budgeted by £127k, £28k in Safety Services due to recruitment lag as well as contingency not expected to be required in year. A lag in recruitment has also resulted in a £31k favourable variance within Facilities. Within the Transactional services is a £25k staffing underspend due to a part vacant post. Additional favourable variances include £20k within Commercial Services as Kara Chacksfield acting up to Cat Man vacant post to year end.

Postal Services £91k forecast underspend relates to income forecast from postal recharges. This offsets the forecast overspends on Printing and Photocopying where income targets are not expected to be achieved.

Corporate Governance – £6k favourable variance

The adverse variance has moved favourable by £34k since period 3.

The service is projecting underspend in the Information Team (£22k) due to a lag in the recruitment, (£10k) underspend in Democracy Services due to a 2 month lag in the recruitment of Democratic Services officer post and (£24k) underspend in members allowances.

The LBM Legal services is projecting a £15k favourable variance owing to the increase in income resulting from an increase in service provision.

SLLP (South London Legal Partnership) SLLP is currently forecasting £292k deficit overall, £54k is forecast to be LBM's Share. The variance in SLLP is largely due to a reduction in income projection from chargeable hours. In the last three months, the service has done less chargeable work for the boroughs and has been prudent in their forecast. This will be reviewed and updated to reflect any changes in chargeable work.

Resources - £484k adverse variance

Within Resources there are multiple budgets forecasting adverse variances due to Covid-19. Resulting from Covid is an adverse variance forecast in the Bailiffs service of £201k (inclusive of the shared service element) as a result of unachieved income which will be monitored as the circumstances around the pandemic improve and the service is able to operate more fully. The Local Taxation Service has a £238k adverse variance due to anticipated under recovery on the court fees and projected increase in staffing costs.

A further adverse variance of £131k within AD resources due to consultancy costs for e5 upgrade and £108k within the budget management team due to a principal accountant for C&H finance team and 50% of Head of Finance's maternity cover and use of agency cover for existing vacancies.

Adverse variance of £55k is forecast on insurance premiums and £54k on pensions. Even though six schools moved out of the council cover, the insurance premium did not change significantly. The service is currently working on the open claims and are planning to reduce the annual insurance provision to the insurance fund to mitigate the overspend on the insurance premium. They are also doing detailed work on the properties and there is a possibility that a few of the properties can be removed from the insurance cover for next year and this will help to reduce the insurance premium from 2022/23.

The Financial Systems Team is forecasting a £16k adverse variance owing to salary budget pressure as well as revenue costs for upgrading the financial system planned for later this year.

Within the Benefits Administration services is a £189k favourable variance is largely due to grant receipts from DWP.

Favourable variances within Resources include £24k on the Chief Executive budget due to consultants and subscription budgets not required in year. The Support team within Revenues and Benefits has £19k favourable variances mainly against staffing costs and further £67k on business rates.

Human Resources – £158k adverse variance

This adverse variance is primarily due to agency cover in place against the AD budget (£114k variance), HR Business partnerships (£12k) and staff side budget resulting from maternity leave (£8k).

Additionally, there is an adverse variance of (£30k) relating to the HR Transactions budget for the shared payroll system and iTrent client team charges from Kingston.

Corporate Items - £232k favourable variance

This is primarily due to (£332k) underspend in in redundancy payments. In addition to this, Coroners Courts received a (£273k) reimbursement from the Westminster Bridge Inquest resulting in a £264k projected underspend. Within this division is a £166k projected underspend on corporate funded items.

The above favourable variances are partly offset by an adverse variance in Housing Benefits Rent allowance subsidies of £535 and £76k spend on consultants.

Environment & Regeneration

Division	Current Budget £000	Full year Forecast (July) £000	Full Year Forecast Variance (July) £000	Full Year Forecast Variance (June) £000	Outturn Variance 2021/22 £'00
Public Protection	(15,500)	(12,265)	3,234	3,822	4,142
Public Space	17,612	18,663	1,050	975	157
Senior Management	1,068	1,089	22	22	(192)
Sustainable Communities	8,750	9,236	486	529	(675)
Total (Controllable)	**11,930**	**16,722**	**4,792**	**5,348**	**3,431**

Description	2022/23 Current Budget £000	Forecast Variance at year end (July) £000	Forecast Variance at year end (June) £000	2021/22 Variance at year end £000
Regulatory Services	631	199	231	38
Parking Services	(17,424)	3,002	3,597	4,181
Safer Merton & CCTV	1,294	33	(6)	(77)
Total for Public Protection	**(15,500)**	**3,234**	**3,822**	**4,142**
Waste Services	15,280	324	212	390
Leisure & Culture	584	462	533	(210)
Greenspaces	2,402	177	139	(93)
Transport Services	(654)	87	90	70
Total for Public Space	**17,612**	**1,050**	**975**	**157**
Senior Management & Support	1,068	22	22	(192)
Total for Senior Management	**1,068**	**22**	**22**	**(192)**
Future Merton	11,425	315	391	(303)
Building & Development Control	42	296	287	335
Property Management	(2,718)	(125)	(149)	(708)
Total for Sustainable Communities	**8,750**	**486**	**529**	**(675)**
Total Excluding Overheads	**11,930**	**4,792**	**5,348**	**3,431**

Overview

The department is currently forecasting an adverse variance of £4,792k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste, Leisure & Culture, Greenspaces, Property Management, Development & Building Control and Future Merton.

Public Protection

Regulatory Services adverse variance of £199k

The section has cumulative income savings of £135k relating to potential commercial opportunities. Since the pandemic, the focus has been redirected from income generation to Covid-19 service delivery and service improvement including a major IT project. The IT transition Project is scheduled for completion in the second quarter of 22/23 which will then allow some resources to refocus on income generation.

Although the service has seen an increasing in licensing income from alcohol licencing, temporary notices and massage/special treatment licences, the service is still forecasting an income shortfall of £112k. Current forecasts estimate an adverse variance against the trading standards income budget of £95k, environmental health-pollution £56k and health & safety £41k.

The service is also anticipating a £14k overspend on electricity due to increase in rates.

The above adverse variances are partly offset by a £112k anticipated underspend within the partnership (RSP)

Parking Services adverse variance of £3,002k

This adverse variance improved by £596k since June. This is primarily to an improvement in yield rates of PCNs issued by CEOs resulting from the introduction of Band A penalties. Additionally, there has been the increase in the number of PCNs issued by CEOs for parking contraventions, running at about 1,000 more PCNs per month above original expectations. This is primarily the result of the pilot project to hire additional temporary CEOs above establishment. Another contributory factor is improved line management of CEO productivity.

Changes in travel patterns following Covid-19 continues to affect parking revenue across the board including PCN issuance, as well as on- and off-street income. Analysis to better understand the short and longer-term impact of this is ongoing, but the end of July forecasts shows adverse variances on PCN, P&D, and permit income of £810m, £739k, and £1.174m, respectively. This is primarily due to a reduction in expected income from across the various categories.

Other adverse variances within the service include staffing £200k, owing to the recruitment of additional CEOs and the use of agency staff, skip licences £103k, supplies and services £141k; and premises £79k. These adverse variances are being partially offset by a favourable variance on parking admin fee of £257k.

The Peel House car park remains closed. Works are being procured with the aim of re-opening the ground floor parking before September. The costs of these will be partially mitigated by the income generated from reopening the car park this financial year but will cover them over a four year period.

It should be noted that the section has a £3,800k budget expectation relating to a review of parking charges which were implemented on the 14th of January 2020. The new charges were designed to influence motorists’ behaviour and reduce the use of private vehicles. The extent to which behaviour has been affected has been masked by the impact of Covid-19, but work continues to try and better understand this. A recent review of the budget expectation has indicated there may be a shortfall of £1,800k p.a.

Public Space

Waste Services adverse variance of £324k

The adverse variance has increased by £112k since period 3. This is owing to the continued use of agency staff in filling existing vacancies.

An adverse variance of £153k is also being forecast in relation to the Household, Reuse, Recycling Centre (HRRC), mainly as a result of extending the current contract during 2020/21, via a contract variation, to both minimise future costs and to align the contract period with the other SLWP boroughs. The service is currently exploring alternative access for residents to neighbouring sites along with implementing improvements to the current booking system which has contributed to the management of waste volumes. To date there are no planned service changes, and we note that any significant change to the provision of this service will first be presented to Cabinet for consideration. There is an additional variance of £140k being forecast against the SLWP management fee.

These adverse variances are partly offset by favourable variance on disposal costs of (£122k). The current forecast is at par with last year's actuals and is despite changes to our residents' working arrangements, where we have seen a greater increase in the number of households now working from home post pandemic resulted in an increase in overall domestic waste across all kerbside collection services. This section will continue to be closely monitored and the service is currently supporting SLWP in the planning of the re-procurement of both Food and Garden waste processing services which currently expire this financial year.

Other favourable variances include (£106k) on the Council's Environmental Enforcement services in respect of enforcing and issuing Fix Penalty Notices for littering, (£96k) on employee related spend and (£35k) on supplies and service.

Included in this section are savings target of £104k (ENV2022-23 01) for disposal processing savings (Food Waste Recyclate). The service is projecting to deliver these savings.

Leisure & Culture adverse variance of £426k

Due to the unprecedented increase in energy bills, the service is currently forecasting to spend double its leisure centre utilities budget resulting in a variance of £434k. Possible under recovery in leisure centre income of £97k, depending on the outcome of talks. Potential under recovery lettings income of £25k as we currently have one tenant in Morden Assembly Hall.

These adverse variances are partly offset by the following favourable variances on employees (£88k) and supplies and services (£10k).

During the pandemic, Merton Council issued a loan of £575k to GLL to help it keep afloat. The loan was repaid in full in June however, GLL are now requesting a 25% reduction in guaranteed income so that they can fully recover from the pandemic. This is currently under negotiation. In addition, as a company they are facing hugely increased energy bills across board.

Greenspaces adverse variance of £176k

Although the service is starting to recover post Covid, the service is projecting income under recovery of £183k; includes £144k under recovery in Canon Park income, £45k park and display income and £40k parks and recreational grounds rental income. This under recovery in income is partly offset by £110k anticipated over recovery in events income and £31k on parks operations income.

The service is currently projecting £102k overspend on gas and electricity owing to the unprecedented increase in energy prices.

Additional overspends include £54k on staffing due to the use of agency staff for the tree inspector for highways.

The above is partly offset by £157k projected underspend in tree works against a budget of £712k.

Sustainable Communities

Future Merton adverse variance of £315k

The reason for the adverse variances on Highways Maintenance of £220k is mainly due to expected cost of reactive repairs but also some over-spend for 1) Bishopsford Bridge, 2) traffic signals (where TfL charges have increased), and 3) a small under achievement on JCD income (now only approx. £13k below target).

Additional adverse variances include Street Lighting £340k, due to the significant increase in energy costs, under recovery in income from Merantun £100k and £100k on Local Plan Fees.

The above adverse variances are partly offset by anticipated underspends on CPZs (£89k) and staff (£100k); and an over-achievement in income on Temp traffic orders (£120k), , streetworks/permitting (£75k) and CIL income (£60k)

Property Management favourable variance of £125k

The principal reason is a favourable variance on employees of £149k due to an underspend being forecast on salaries against a budget of £320k. There is also a favourable variance relating to exceeding the commercial rental income expectations (£256k) due to rent reviews in line with the tenancy agreements which is being offset by an adverse variance on premises related expenditure of £85k, for example, building improvements, utilities, repairs & maintenance costs and £130k on supplies & services related expenditure, for example, on employment of consultants to progress rent reviews due to lack of internal resource, and valuations to support asset valuations and potential disposals.

Building and Development Control adverse variance of £296k

The adverse variance is primarily due to a £156k under recovery in Building control income and £357k adverse variance on employees. This adverse variance is partly offset by a £139k anticipated over recovery in Development Control income and £92k supplies and services underspend.

The services expect that income will undoubtedly be higher than currently projected but have been prudent in calculating forecasts to avoid being overly optimistic early in the year.

Children Schools and Families

Children, Schools and Families (£000's)	2022/23 Current Budget	Full Year Forecast	Forecast Variance July	Forecast Variance June	2022/23 Covid Forecast Impact	2021-22 Year Variance
Education						
Education Budgets	£ 18,828	£ 19,932	£ 1,104	£ 853	£ -	£ 394
Depreciation	£ 9,801	£ 9,801	£ -	£ -	£ -	£ -
Other Education Budgets	£ 135	£ 135	£ -	£ -	£ -	-£ (114)
Education Services Grant	-£ (1,062)	-£ (1,062)	£ -	£ -	£ -	-£ (12)
Education Sub-total	**£ 27,702**	**£ 28,806**	**£ 1,104**	**£ 853**	**£ -**	**£ 268**
Other CSF						
Child Social Care & Youth Inclusion	£ 22,183	£ 23,735	£ 1,552	£ 1,551	£ -	£ 2,009
Cross Department	£ 875	£ 45	-£ (830)	-£ (830)	£ -	£ -
PFI Unitary Costs	£ 8,409	£ 8,409	£ -	£ -	£ -	£ 766
Pension and Redundancy Costs	£ 1,624	£ 1,000	-£ (624)	-£ (625)	£ -	-£ (617)
Other CSF Sub-total	**£ 33,091**	**£ 33,189**	**£ 98**	**£ 96**	**£ -**	**£ 2,158**
Grand Total	**£ 60,793**	**£ 61,995**	**£ 1,202**	**£ 949**	**£ -**	**£ 2,426**

Summary

The department is forecasting an overspend of £1.2m, after including £490k funding from the DfE as part of the Safety Valve agreement for staff, as at period 4 compared £0.95m as at period 3 and £2.4m overspent at year end.

As in period 3, the greatest impact on the forecast since is the continuing dependency on agency social workers, the high cost of social care placements, high levels of general inflation and rising fuel costs. A number of actions are being put in place to try to pull back this forecast overspend, and these are reflected in the forecast. The key actions are:

- a recruitment campaign for social workers building on the recent OFSTED judgement;
- signing up to the London Pledge to try to stem the growth in agency social worker rates;
- all new agency staff requests for Children's Social Care to be agreed at CSC management team meetings;
- working with E&R to try to maximise the use of the bus fleet rather than taxis;
- developing more in-borough special places to reduce out of borough transport;
- a focus on transport in EHCP reviews and a focus on reviewing plans that include transport.

The Dedicated Schools Grant (DSG), which sits outside of the General Fund, is showing a deficit of £10.4m compared to £10.6m in period 3 and £13.5m at year end. The Safety Valve agreement with the DfE anticipates the DSG remaining in deficit in-year until 2024/25.

Local Authority Services

Local Authority Funded Services (£000's)	Budget	July Variance	June Variance	202122 Outturn Variance
Child Social Care and Youth Inclusion				
Senior Management	£ 303	-£ (80)	-£ (130)	£ 429
Head of Help & Family Assessment	£ 3,070	-£ (151)	-£ (174)	-£ (676)
Head of Family Support & Safeguarding	£ 4,666	£ 1,893	£ 1,893	£ 2,019
Head of Corporate Parenting	£ 12,461	£ 598	£ 542	£ 809
Head of Adolescent and Safeguarding	£ 1,684	-£ (709)	-£ (582)	-£ (572)
CSC & Youth Incl Total	**22,184**	**1,551**	**1,549**	**2,009**
Education				
Contracts, Proc & School Org	£ 7,854	£ 1,557	£ 1,445	£ 409
Early Years & Children Centres	£ 4,191	£ 8	-£ (146)	-£ (311)
Education - School Improvement	£ 64	£ 13	-£ (18)	-£ (1)
Education Inclusion	£ 1,815	£ 54	-£ (6)	-£ (131)
Schools Delegated Budget	£ -	£ -	£ -	-£ (3)
SEN & Disability Integrat Serv	£ 2,037	£ 123	£ 19	£ 49
Senior Management	£ 1,985	-£ (234)	-£ (318)	£ 364
Policy, Planning & Performance	£ 574	-£ (248)	-£ (65)	£ 75
Departmental Business Support	£ 308	-£ (168)	-£ (57)	-£ (57)
Education Total	**£ 18,828**	**£ 1,105**	**£ 854**	**£ 394**
Other CSF				
Joint Commissioning & Partnrsh	£ 875	-£ (830)	-£ (830)	£ 0
PFI Unitary Charges	£ 8,409	£ -	£ -	£ 766
Depreciation	£ 9,801	£ -	£ -	-£ (0)
Other Education Budgets	£ 135	£ -	£ -	-£ (114)
Education Services Grant	-£ (1,062)	£ -	£ -	-£ (12)
Pension & Redundancy Costs	£ 1,624	-£ (624)	-£ (624)	-£ (617)
Education Total	**£ 19,782**	**-£ (1,454)**	**-£ (1,454)**	**£ 23**
LA Total	**£ 60,794**	**£ 1,202**	**£ 949**	**£ 2,426**

Child Social Care & Youth Inclusion

The main pressures in Child Social Care & Youth Inclusion budget remain the dependency on and increasing cost of agency social workers and the cost of placements for looked alter children. Agency social work rates have been increasing steadily across London. By the end of last year hourly rates had increased by an average of £4ph and due to the restructuring of this division the use of agency social workers increased from 67 to 92. This situation continues to improve gradually and at the end of July the number of agency staff had reduced to 63, compared to 64 last month.

Merton has signed up to the London Pledge which will provide consistency and reduce risk of competitive high-cost agency staff spend. We are in the early days of the arrangements which is in place to ensure collaborative practice across boroughs in London. Future agency requirements will be agreed as CSC&YI management team meetings.

We are continually recruiting to vacant posts and trying to persuade agency social workers to convert to permanent contracts. We will launch a recruitment campaign in the post-holiday period showcasing our offer to the workforce alongside celebrating the successes of Social Care in the borough.

It is difficult to predict recruitment success in such a competitive labour market, but we have eight trainees who will be ready to start case holding in September and who will replace agency social workers. The forecast includes a prudent estimate of the impact reduced use of agency staff.

The cost of residential placements remains a concern. Work continues to review high-cost placements regularly with a view to moving to placements with better outcomes and lower costs.

Education

The Education budget is facing significant pressures in the cost of transport. The number of children with an Education Health & Care Plan (EHCP) which includes home to school transport has been increasing in recent years. The Safety Valve plan aims to reduce the number of plans and is starting to have an impact overall, but the cohort with transport tend to have more complex needs. The plans to increase new in borough places are on track and will reduce transport costs compared to out of borough placements. We have the capital agreed for the new Additionally Resources Provision (ARPs) and have agreed a timescale and process with DfE for a new special school. The refreshed transport policy is being applied to new applications and there will be a focus on transport in reviews from the start of the new term.

COVID has reduced the number of taxi firms in the market, reducing competition. The shortage of drivers and increased fuel costs is pushing up the costs of all forms of transport. This is reflected in the increased from year-end in the forecast overspend from £0.39m to £1.6m. That forecast reflects the expected spike in transport needs in September with the start of the new school year.

Dedicated Schools Budget (£000's)	Budget		July Variance		June Variance		202122 Outturn Variance	
Education								
Contracts, Proc & School Org	£	286	£	20	£	12	-£	(16)
Early Years & Children Centres	£	15,823	-£	(733)	-£	(904)	-£	(3,348)
Education - School Improvement	£	1,120	£	85	-£	(191)	-£	(41)
Education Inclusion	£	1,464	£	66	-£	(6)	£	99
SEN & Disability Integrat Serv	£	24,075	£	9,101	£	11,685	£	13,899
Sub-total	**£**	**42,768**	**£**	**8,539**	**£**	**10,596**	**£**	**10,593**
CSC & Youth Inclusion								
DSG - Child Social Care & Youth Incl	£	42	£	-	-£	(2)	-£	(7)
Sub-total	**£**	**42**	**£**	**-**	**-£**	**(2)**	**-£**	**(7)**
Schools Delegated Budget								
DSG Reserve	**£**	**-**	**-£**	**(1,200)**	**£**	**-**	**-£**	**(2)**
Retained Schools Budgets	£	2,828	-£	(1,363)	-£	(218)	-£	(417)
Schools Delegated Budget	£	122,758	£	4,485	£	334	£	3,387
Sub-total	**£**	**125,586**	**£**	**1,922**	**£**	**116**	**£**	**2,967**
DSG Total	**£**	**168,396**	**£**	**10,461**	**£**	**10,710**	**£**	**13,553**

Dedicated Schools Grant (DSG) and Safety Valve

In the Schools Bill and the SEND Green Paper, the government has recognised that the current SEND system is broken. The Schools Bill includes provision to try to ensure that mainstream schools are inclusive of those with SEND, and the Green Paper proposes significant changes to the SEND process. A failure in funding keeping pace with demand and costs have combined with policy changes (such as the extension in responsibility to age 25) to leave the majority of authorities in England with rising demand and increasing deficits. Merton in particular has faced a high level of EHCPs and the impact of having a significant amount of expensive independent sector provision in the area.

Merton is already on a path to refresh our SEND offer and ways of working. The Merton programme is congruent with the Green Paper and means that we will be well set to implement the changes that will emerge from it.

Merton was invited to join the second tranche of the Safety Valve programme process in July 2021. The programme is a mechanism for the DfE to provide deficit funding to local authorities in recognition of the significant pressures. The agreement with the DfE in March 2022 commits them to £28.8m deficit funding, of which £11.6m has been paid upfront. The remainder will be paid over five years subject to meeting the agreement conditions. Following submission of the first monitoring report to DfE, the DfE approved the release of the first instalment of the 2022/23 payment of £875k.

As at period 4, the DSG forecast is an overspend of £10.4m compared to £10.6m in period 3 and £13.5m at year end. The agreement with DfE assumes that we will continue to have in year deficits in 2022/23 and 2023/24. The trajectory of the in-year deficit is in the right direction although not yet where the ambitious plan says it should be by year end. However, many of the actions taken in line with the plan will only start to have an impact from September, when schools return, but the current forecast assumes these impacts.

The number of EHCPs has stabilised and although referrals for EHCP assessments are fairly consistent, the proportion accepted for assessment has dropped from 92% in 2021 to 70% in 2022. This tells us that whilst our processes for agreeing to assess are tighter, there is more work to do with partners on appropriate referrals and alternative support, including support ordinarily available in mainstream schools.

A key part of the Merton SEND plan is the expansion of local maintained special school places. The preponderance of expensive independent special school provision is a major factor in our deficit and across southwest London and Surrey. Our capital bid to DfE for the delivery of new places was successful and the first major expansion, the Whatley Avenue annexe to Melrose School, will open in September, keeping pupils local and providing alternatives to expensive independent sector provision.

We have in principle approval from DfE for the delivery of a new special school in borough, which is a key part of the plan. We have met with the DfE and agreed a timetable. We will be submitting the full application by the end of September 2022.

Community and Housing Summary Position

Overview

Community and Housing is currently forecasting an unfavourable position as of July of £847k which is a reduction of £156k since June. Adult Social Care unfavourable was reduced by £106k, Housing by reduced by £73k, Libraries increased by £23k and Merton Adult Learning and Public Health continues to forecast a breakeven position.

Adult Social Care is currently forecasting an unfavourable variance of £618k. The current unfavourable variance to July is after the deduction of £1.5m of savings, £500k earmarked under the DSG (Dedicated Schools Grant) Safety Value Agreement, and the service has also seen on average a 5.9% inflationary request from providers, the majority of which was built into the budget. However, due to the significant increase in demand for packages of care this budget is currently forecasting an overspend.

Community & Housing	2022/23 Current Budget £ 'm	2022/23 Full Year Forecast £ 'm (Jul)	2022/23 Full Year Variance £'m (Jul)	2022/23 Full Year Variance £'m (Jun)	2022/23 Outturn Variance £'m (Mar'22)
Adult Social Care	60,517	61,135	618	724	(881)
Libraries and Heritage	2,499	2,530	31	8	105
Merton Adult Learning	4	4	0	0	0
Housing General Fund	3,519	3,717	198	272	77
Public Health	(162)	(162)	0	0	0
Total Favourable/ Unfavourable	66,377	67,224	847	1,003	(699)

Adult Social Care

The department has been forecasting an increase in demand for services which is driven partly due to living with the long-term effects of Covid and partly by an increase in the older people cohort due to age with increase support needs which was alluded to in the December 2021 CMT report. At the time it was impossible to quantify such increase but based on placement activity to June 2022 demand has increased, and that current clients requiring additional support as a result of increased frailty that is a key cause of the financial pressure. However, in consideration of the increase in demand the service is seeking to implement remedial actions to manage its budget pressures.

Placement Analysis of Gross Cost April to July (Impact to 31March 2023)

Description	£'M
New Customers	2.974
Deceased Customers	(1.694)
Customer Ended Services	(0.870)
Customer Varied up Support	1.436
Net Increase in Costs	1.846

The placement forecast is based on Mosaic expenditure data to July 2022 and income based is based on 2021/22 billing data. Income will be updated for the August's report, however an initial piece of work on expected income shows that the service can expect an additional £283k which would reduce the department's current unfavourable variance. There are also 45 new clients yet to be assessed.

In terms of the new customers the largest increase in July as in previous months appeared in long-stay nursing home care which is understandably more expensive than other less intensive forms of care, and this is closely followed by an increase in numbers requiring domiciliary care.

It should also be noted that the Financial Assessment Team had a number of vacancies but despite the scarcity of experienced Financial Assessment officers the team has made two permanent appointments expected to be in post shortly and an apprenticeship option is being explored for a third post

Monthly Movements in Packages of Care April 2022 to July 2022

Month	New Customers	Deceased Customers	Customers No Longer Receiving a Service	Net Movement
April'22	44	-21	-23	0
May'22	53	-21	-49	-17
June'22	51	-12	-15	24
July'22	54	-33	-21	0
Total	**202**	**-87**	**-108**	**7**
Annual (to date) Average 2022/23	**51**	**-22**	**-27**	**2**
Annual Average 2021/22	**50**	**-17**	**-20**	**13**
Annual Average 2020/21	**37**	**-27**	**-17**	**-7**
Annual Average 2019/21	**34**	**-24**	**-24**	**-14**
Annual Average 2018/19	**36**	**-23**	**-25**	**-11**

The above table to July shows that there were 202 new customers, 87 deaths and 108 customers no longer requiring a service of which the latter could be just a temporary suspension.

The sustained growth in out of hospital demand continues and has not returned to the pre-COVID levels as reflected in the forecasted placements expenditure to July 2022. In addition to this growth in demand, the service is facing significant provider inflation costs driven by a 5.9% increase in the minimum wage and high inflation in other costs areas such as food and fuel.

Discharge activity is expected to remain under severe pressure into 2022/23 as general hospital activity is at record levels, compounded by additional recent Covid admissions, together with an ever-growing backlog of elective procedures.

There is a requirement to maintain the Discharge to Assess model into 2022/23 but the funding for this is not yet announced. It is expected to come through the Better Care Fund, but it is not certain that it will be additional funding rather than a demand on existing funds.

The department is also awaiting the announcement of the winter pressure for 2022/23 to meet the expected increase in demand. However, initial information suggests that boroughs are likely to receive 77% of 2021/22 allocation.

Description of Pathways: -

Pathway 0- 50 % of Clients

- People discharged requring minimal support,or interventions from health and social care services.

Pathway 1- 45% of clients

- People who are discharged and able to return home with a new, additional or a restarted package of care.

Pathway 2- 4% of clients

- People who discharged with a short term intensive support package at a 24 hour bed based setting before returning home.

Pathway 3-1% of clients

- People who require 24 hours bed based care

Comparison of Discharge Activities 2021/22 to July 2022

Discharge Activities April to July 2021/22

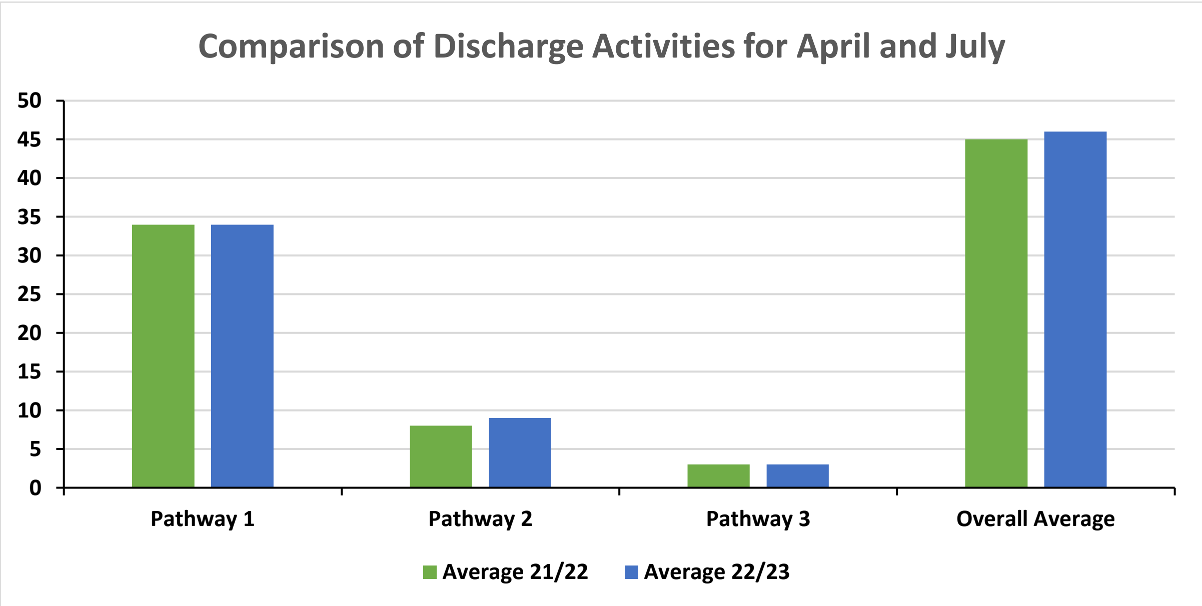
Week Commencing	Pathway 1	Pathway 2	Pathway 3	Grand Total
05/04	24	6	3	33
12/04	32	9	2	43
19/04	34	11	2	47
26/04	35	7	6	48
03/05	25	5	1	31
10/05	32	11	2	45
17/05	30	5	3	38
24/05	40	6	0	46
31/05	27	6	5	38
07/06	32	9	-	41
14/06	29	10	2	41
21/06	40	11	3	54
28/06	39	8	2	49
05/07	39	10	4	53
12/07	39	3	2	44
19/07	35	8	4	47
26/07	51	12	2	65
Grand Total	583	137	43	763
Average	**34**	**8**	**3**	**45**

Discharge Activities April to July 2022/23

Week Commencing	Pathway 1	Pathway 2	Pathway 3	Grand Total
04/04	34	15	2	51
11/04	34	10	1	45
18/04	30	13	2	45
25/04	25	6	1	32
02/05	36	7	1	44
09/05	33	11	3	47
16/05	45	9	2	56
23/05	27	14	1	42
30/05*	54	9	2	65
06/06	28	-	4	32
13/06	26	-	1	27
20/06	36	-	4	40
27/06	45	7	2	54
04/07	32	5	5	42
11/07	37	10	2	49
18/07	24	6	5	35
25/07	30	10	7	47
Grand Total	576	155	45	776
Average	**34**	**9**	**3**	**46**

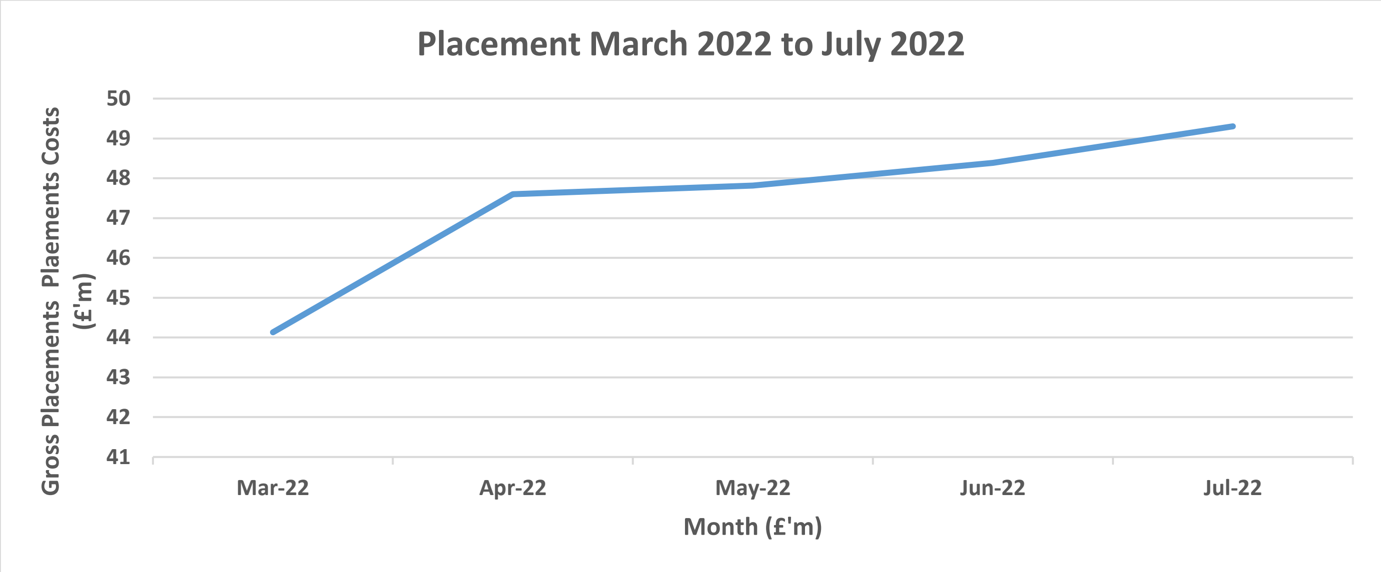
* Amended

Bar Chart depicting comparison of the average discharge activities between April to July 2021/22 and 2022/23



The above graph shows an increase in all the Pathways and an upward trend as compared to 2021/22.

Graph of Placement Forecast from April 2020 to July 2022



The above representation shows a marked increase between March 2022 to April and continues to increase as per the graph above.

Adult Social Care Internal Provision –unfavourable Variance - £10k

Direct Provision is forecasting an overspend which is based on staffing and utilities.
The service is dealing with a small number of long - term sickness cases in key areas, and there is also currently a shortage of available bank staff to cover some residential and supported living shifts which has led to staff working overtime to ensure safe staffing levels. There is additional spending in the Merton Employment Team to support the Employment Pilot, and that should be rectified in the next month's forecast. An additional amount of £11k has been added to the forecast to cover anticipated utilities due to that cost-of-living pressures.

Library & Heritage Service- Unfavourable Variance - £31k

This service is forecasting an unfavourable variance of £31k in July 2022, which is an increase of £23k. This is due to an increase in forecast for security costs of £10k to reflect inflation and living wage price increases. Staffing costs have also increased to incorporate increased out of hours care taking for commercial bookings.

Some of these costs are being offset by an improved income outlook and some one-off staffing underspend where some posts were vacant in the short term.

Library & Heritage Services are now back to pre-pandemic levels of usage and a significant amount of work is being undertaken to increase income generation from the use of hireable spaces.

Adult Learning- Breakeven position

Adult Learning continues to forecast a breakeven position. Merton Adult Learning is fully funded by external grants from the GLA (Greater London Authority) and ESFA (Education and Skills Funding Agency).

New funding streams are being allocated to enhance curriculum provision around mathematics (Multiply government initiative) and green skills. The service is in the process of awarding new provider contracts to support with some of this.

Housing General Fund- unfavourable variance - £198k

This service is currently forecasting an unfavourable variance which has reduced to £198k in July. Current unfavourable variance is made up of an underspend on housing related support budget, and an increase in expected Housing Benefit income.

Additionally, the numbers in TA have increased again and is now at 270 increased from 259 which is a 16% (net) increase since April 2022.

The demand for accommodation continues to exceed supply, which creates difficulties in the re-housing of households with acute housing need including those living in expensive temporary accommodation. Thus, the service is finding it extremely difficult to source properties in the Private Sector Housing market.

Housing	Total Budget 2022/23 £000	Forecast Expenditure (Jul'22) £'000	Forecast Variances (Jul'22) £'000	Forecast Variances (Jun'22) £'000	Outturn Variances (March'22) £000
Temporary Accommodation-Expenditure	2,544	4,026	1,482	1,482	1,346
Temporary Accommodation-Client Contribution	(140)	(300)	(160)	(190)	(177)
Temporary Accommodation-Housing Benefit Income	(2,087)	(3,555)	(1,468)	(1,293)	(465)
Temporary Accommodation-Subsidy Shortfall	322	1,758	1,436	1,328	838
Temporary Accommodation-Grant	0	(981)	(981)	(981)	(1,514)
Subtotal Temporary Accommodation	639	948	309	346	28
Housing Other Budgets	2,880	2,769	(111)	(74)	49
Total Controllable (Favourable)/Unfavourable Variance	3,519	3,717	198	272	77

Analysis of Housing and Temporary Accommodation Expenditure to July 2022

Number of Households in Temporary Accommodation in Previous years

Previous Financial Years (Month' Year)	Annual Numbers at Financial Year End
Mar'17	186
Mar'18	**165**
Mar'19	174
Mar'20	**199**
Mar'21	197
Mar'22	**230**

Total numbers in temporary accommodation (TA) in March 2022 was 230 which is an overall increase of 17% on March 2021. The numbers in (TA) continues to increase since March as demonstrated below.

Current Financial Years (Month' Year)	Numbers In	Numbers Out	Net Movement
Apr'22	18	15	233
May'22	28	7	254
June'22	21	16	259
July'22	19	8	270

The table above shows the total numbers in temporary accommodation (TA) to July 2022. This shows that net numbers in (TA) is increasing and as of July 2022 it has increased again but it is significantly lower than neighbouring boroughs.

Numbers in Temporary Accommodation as of March 2022 in neighbouring boroughs

Sutton - 844
Kingston - 837
Richmond - 314
Croydon - 1988
Bromley - 1653
Wandsworth - 2894

Statistical Data from Department of Levelling up, Housing and Communities (Extract-March'22)

This is due to a combination of factors: -

1. Increase in demand, primarily from the end of assured short tenancies (AST) and domestic abuse cases, but also family evictions, hospital discharges, prison releases and some cases from Ukraine
2. Fewer private sector rentals
3. Increase in numbers of customers going into TA but fewer are leaving those accommodation.

Feedback from other boroughs is that this situation is London wide and since January in some cases there has been a doubling of homelessness applications. There was an improvement in available properties from Capital Letters during June in, though supply dropped again in July. However, rent deposit staff were able to find alternative sources of PRS properties so there were 12 moves during the month. However, there are less cases leaving temporary accommodation due to signing up for social housing tenancies.

Lastly, the service is working with colleagues in the housing benefit team to chase cases that have not yet received assessments. Thus, reason for additional in employee forecast as another of staff is required to progress this work. Our modelling suggests there could be significant sums from previous years, but we are currently awaiting a response on 20 individual claims with the highest arrears. This is a priority action for the team.

Public Health –Breakeven position

The service is forecasting a breakeven position In July 2022.

Potential Cost pressures

The service continues to seek a resolution with NHS provider CLCH for both the children’s contract (health visitors and school nurses) and for sexual health. Current conversations are regarding inflationary increases for 2022/23 as the service is seeking to extend contract to 2023/24.

Covid-19 Related Programmes

The team continues with the Covid-19 resilience programme and the refreshed Local Outbreak Management Plan (LOMP) which will be funded by the Contain Outbreak Management Fund (COMF) funding in 2022/23.
This is funded by the COMF grant which is expected to be utilised by March 2023.

Substance Misuse

The service also secured additional funding which is the Supplemental Substance Misuse Treatment and Recovery grant for 2022-2025 for the Department of Health and Social Care. This funding is to be used to maintain the boroughs investment in drug and alcohol treatment and recovery. Thus, to be used co-ordinate and commission a provider, encourage, increase, and enhance treatment capacity and quality.

CORPORATE ITEMS

The details comparing actual expenditure up to 31 July 2022 against budget are contained in Appendix 1. COVID-19 corporate expenditure is again shown on a separate line but it is intended that in future all covid related expenditure will be charged to the appropriate service:-

Corporate Items	Current Budget 2022/23 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn Variance 2021/22 £000s
Impact of Capital on revenue budget	**11,066**	**11,066**	**0**	**0**	**(235)**
Investment Income	(396)	(938)	(542)	(542)	(143)
Pension Fund	503	503	0	0	0
Pay and Price Inflation	6,076	7,036	960	(30)	(1,945)
Contingencies and provisions	20,024	17,284	(2,740)	(2,800)	(17,212)
Income Items	(4,223)	(4,223)	0	0	10
Appropriations/Transfers	(10,131)	(10,237)	(106)	0	1,972
Central Items	**11,852**	**9,424**	**(2,428)**	**(3,372)**	**(17,318)**
Levies	988	988	0	0	0
Depreciation and Impairment	(25,593)	(25,593)	0	0	20
TOTAL CORPORATE PROVISIONS	**(1,687)**	**(4,115)**	**(2,428)**	**(3,372)**	**(17,533)**
COVID-19 Emergency expenditure	0	52	52	62	235
TOTAL CORPORATE EXPENDITURE inc. COVID-19	**(1,687)**	**(4,064)**	**(2,376)**	**(3,310)**	**(17,298)**

Based on expenditure to 31 July 2022, a favourable variance of £2.376m including Covid (£2.428m excluding covid) is forecast for corporate expenditure items. This is an adverse movement of £0.934m including Covid (£0.944m excluding Covid) on the June forecast and the reasons for this are:-

1. The forecast of the cost of the 2022/23 pay award has increased from 5% overall to 6% overall which equates to c. £0.990m additional expenditure.

2. Based on the latest estimates for the change in the DSG Deficit in 2022/23, there is a small increase of £60k in the use of the provision for this purpose.

3. Following the finalisation of the draft outturn review of reserves, there is a balance of £106k on the reserve set up to provide funding from Merton's resources towards the costs of Covid-19. This will not be needed and is therefore being appropriated into the General Fund to partially offset the overall forecast overspend.

4. Corporate Covid costs have reduced by £10k between June and July.

Commitments against Corporate Contingency

The following amounts will be vired to service accounts from the corporate contingency budget of £1.5m for the following purposes :

a) £300k for funding architects to work on the Affordable Housing project

b) £108k to fund Selective Licensing & Article 4 Direction costs

5 Capital Programme 2022-26

5.1 The Table below shows the movement in the 2022/26 corporate capital programme since the last monitoring report:

Depts	Current Budget 22/23	Variance	Revised Budget 22/23	Current Budget 2023-24	Variance	Revised Budget 23/24	Current Budget 2024-25	Variance	Revised Budget 24/25	Current Budget 2025-26	Variance	Revised Budget 25/26
Corporate Services	8,145	50	**8,195**	19,463	95	**19,558**	4,755		**4,755**	12,427		**12,427**
Community & Housing	995		**995**	2,495		**2,495**	1,177		**1,177**	1,237		**1,237**
Children Schools & Families	9,134	(26)	**9,108**	6,987	26	**7,013**	8,737	0	**8,737**	3,479		**3,479**
Environment and Regeneration	15,588	469	**16,058**	9,983	526	**10,509**	6,349	(235)	**6,114**	22,923		**22,923**
Total	**33,862**	**493**	**34,355**	**38,929**	**647**	**39,576**	**21,018**	**(235)**	**20,783**	**40,066**	**0**	**40,066**

5.2 The table below summarises the position in respect of the 2022/23 Capital Programme as at July 2022. The detail is shown in Appendix 5a.

Capital Budget Monitoring - July 2022

Department	Actuals	Year to Date Budget	Variance	Final Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Corporate Services	778,116	1,077,248	(299,132)	8,195,170	8,195,170	0
Community and Housing	246,294	174,560	71,734	994,530	994,530	0
Children Schools & Families	1,183,089	117,915	1,065,174	9,107,400	9,107,400	0
Environment and Regeneration	2,226,307	2,717,364	(491,057)	16,057,590	16,057,590	(0)
Total	**4,433,806**	**4,087,087**	**346,719**	**34,354,690**	**34,354,690**	**(0)**

a) Corporate Services – After the adjustments in the Table below budget managers are projecting full spend on all budgets.

		Budget 2022-23	Budget 2023-24	Narrative
-		£	£	
Corporate Services				
Customer Contact - Fix My Streets	(1)	50,000		Priority project from IT Implementation List
Business Systems - Parking System*	(1)	0	90,110	Funded by the OCPB Reserve
Total		**0**	**90,110**	

(1) Requires Cabinet approval

* Original Budget of £175k for re-procurement of PCN and Parking Permits Systems, additional money is for the essential re-procurement of other related parking systems

b) Community and Housing – budget managers are projecting full spend on all budgets.

c) Children, Schools and Families – After the adjustments in the Table below budget managers are projecting full spend on all budgets.

		Budget 2022-23	Budget 2023-24	Budget 2024-25	Narrative
		£	£	£	
Joseph Hood - Schools Capital Maintenance	(1)	(66,120)	66,120		Reprofiled in line with projected spend
Dundonald - Schools Capital Maintenance	(1)	(12,000)			Reprofiled in line with projected spend
Raynes Park - Schools Capital Maintenance	(1)	12,000			Reprofiled in line with projected spend
Perseid Lower School - School Expansion	(1)	100,000	1,500,000	2,516,860	Splitting Perseid Lower Expansion from Perseid Upper
Perseid School - School Expansion	(1)	(100,000)	(1,500,000)	(2,516,860)	Splitting Perseid Lower Expansion from Perseid Upper
Mainstream SEN (ARP) - West Wimbledon ARP	(1)	40,000	(40,000)		Reprofiled in line with projected spend pattern
Total		**(26,120)**	**26,120**	**0**	

(1) Requires Cabinet approval

The Melrose School expansion is a major scheme which completed at the end of February 2022, some three months later than programmed. The contract is subject to a series of cost claims by the contractor which are being considered line by line by the council's appointed project manager, quantity surveyor and the design consultant. The previously increased budget for the scheme is fully committed, any further costs will require further budget approval.

The Authority is also awaiting the final account for one element of the Harris Academy Wimbledon.

d. Environment and Regeneration – After the adjustments in the Table below budget managers are forecasting full spend on their budgets.

		Budget 2022-23	Budget 2023-24	Budget 2024-25	Narrative
		£	£	£	
Environment and Regeneration					
On Street Parking - P&D - Pay and Display Machines	**(1)**	(200,000)			As Emissions based Charging is not being progressed unspent budget being vired back to Car Park Upgrades
Off Street Parking - P&D - Car Park Upgrades	**(1)**	260,000			Virement of projected unspent budget back to Car P ark Upgrades from Pay and Display Machine Upgrade
Off Street Parking - P&D - Peel House Car Park	**(2)**	700,000			Funding Required to undertake structural works
Off Street Parking - P&D - Pay and Display Machines	**(1)**			**(60,000)**	Reprofiled in line with projected spend pattern and vired to Car Park Upgrades
Highways and Footways - Bishopsford Bridge	**(1)**	35,000			Virement from Cycleway schme to fund projected outturn on the scheme
Highways and Footways - Cycle Lane Roadway Bishopsford Bridge	**(1)**	(47,000)			Virement to main Bishopsford Bridge Scheme and relinquish projected underspend
Cycle Route Improvements - Morden Cycle Path		30,000			Additional TfL Funding
Mitcham Area Regeneration - Pollards Hill Bus Shelter	(1)	(100,000)	100,000		Reprofiled in line with projected spend
Morden Area Regeneration - Morden Town centre Improvement	(1)	(200,000)	200,000		Reprofiled in line with projected spend
Parks - New water play feature wimb pk	(1)	(226,000)	226,000		Reprofiled in line with projected spend
Parks - Multi Use Sports Areas	(1)	175,000		**(175,000)**	Reprofiled in line with projected spend
Parks - Figges Marsh Ward Allocation - Figges Marsh	(1)	10,020			Table Tennis Table funded by NCIL
Parks - Graveney Ward Allocation - Edenvale Rec	(1)	10,020			Table Tennis Table funded by NCIL
Parks - Lavender Fields Ward Alloc - Lavender Park	(1)	10,020			Table Tennis Table funded by NCIL
Parks - Longthornton Ward Alloc - Long Bolstead Rec	(1)	10,020			Table Tennis Table funded by NCIL
Parks - Colliers Wood Rec Playground	(1)	2,190			Additional NCIL Funding
Total		**(469,270)**	**526,000**	**(235,000)**	

(1) Requires Cabinet approval
(2) Requires November 2022 Council Approval

Wimbledon Park Splash Pool works are complete to upgrade the existing facility, the new splash pool is waiting the AELTC development of Wimbledon Park Golf Course so the SCIL budget is being slipped into 2023-24.

Officers are currently reviewing the options in respect of Peel House Car Park and it is envisaged that the outcome of this review will be added to a subsequent monitoring report.

Final accounts are still outstanding with some contractors on both Canons Parks for the People and Bishopsford (Mitcham) Bridge.

It is likely that projects to cover the purchase and installation of three table tennis tables will be added to this monitoring report – these items are funded by NCIL Ward Allocations.

5.3 Appendix 5c shows the revised funding of the proposed budget for 2022/25

5.4 The table below summarises the movement in the Capital Programme for 2022/23 since its approval in March 2022 (£000s):

Depts.	Original Budget 22/23	Net Slippage 2021/22	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 22/23
Corporate Services	8,522	5,454			211	(5,992)	**8,195**
Community & Housing	2,530	87			50	(1,673)	**995**
Children Schools & Families	6,441	888	422	2,287		(931)	**9,107**
Environment and Regeneration	15,118	3,489	(12)	828	1,016	(4,380)	**16,058**
Total	**32,611**	**9,919**	**410**	**3,115**	**1,276**	**(12,976)**	**34,355**

5.5 The table below compares capital expenditure (£000s) to July 2022 to that in previous years':

Depts.	Spend To July 2019	Spend To July 2020	Spend to July 2021	Spend to July 2022	Variance 2019 to 2022	Variance 2020 to 2022	Variance 2021 to 2022
CS	400	407	463	778	378	371	315
C&H	262	81	259	246	(16)	165	(13)
CSF	3,016	148	1,193	1,183	(1,833)	1,035	(10)
E&R	903	1,561	3,563	2,226	1,323	665	(1,337)
Total Capital	**4,582**	**2,198**	**5,478**	**4,434**	**(148)**	**2,236**	**(1,044)**

Outturn £000s	23,161	16,930	21,776	
Budget £000s				34,355
Projected Spend July 2022 £000s				34,355
Percentage Spend to Budget				12.91%
% Spend to Outturn/Projection	19.78%	12.98%	25.16%	12.91%
Monthly Spend to Achieve Projected Outturn £000s				3,528

5.6 July is one third of the way through the financial year and departments have spent just over 13.0% of the budget. Spend to date is higher than two of the last three previous financial years

Department	Spend To June 2022 £	Spend To July 2022 £	Increase £
CS	738,396	778,116	39,720
C&H	142,633	246,294	103,661
CSF	244,418	1,183,089	938,671
E&R	855,386	2,226,307	1,370,921
Total Capital	**1,980,834**	**4,433,806**	**2,452,972**

5.7 During July 2022 officers spent just under £2.5 million, to achieve year end spend officers would need to spend approximately £3.4 million each month to year end. Finance officers will continue to review in detail the projected outturn with budget managers.

6.0 DELIVERY OF 2022/23 SAVINGS

Department	Target Savings 2022/23	Projected Savings 2022/23	2023/24 Expected Shortfall
	£000	£000	£000
Corporate Services	550	395	155
Children Schools and Families	1,888	1,338	550
Community and Housing	1,659	305	1,354
Environment and Regeneration	1,898	833	1,065
Total	**5,995**	**2,871**	**3,124**

Appendix 6 provides a breakdown on Directorate savings.

1) CONSULTATION UNDERTAKEN OR PROPOSED

- All relevant bodies have been consulted.

2) TIMETABLE

- Following current financial reporting timetables.

3) FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- All relevant implications have been addressed in the report.

4) LEGAL AND STATUTORY IMPLICATIONS

- All relevant implications have been addressed in the report.

5) HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- Not applicable

6) CRIME AND DISORDER IMPLICATIONS

- Not applicable

7) RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- The risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

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

Appendix 1- Detailed Corporate Items table
Appendix 2 – Pay and Price Inflation
Appendix 3 – Treasury Management: Outlook
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8) BACKGROUND PAPERS

- Budgetary Control files held in the Corporate Services department.

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APPENDIX 1

3E.Corporate Items	Council 2022/23 £000s	Current Budget 2022/23 £000s	Year to Date Budget (July) £000s	Year to Date Actual (July) £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn Variance 2021/22 £000s
Cost of Borrowing	11,066	11,066	3,689	1,308	11,066	0	0	(235)
Use for Capital Programme						0	0	0
Impact of Capital on revenue budget	**11,066**	**11,066**	**3,689**	**1,308**	**11,066**	**0**	**0**	**(235)**
Investment Income	**(396)**	**(396)**	**(132)**	**(257)**	**(938)**	**(542)**	**(542)**	**(143)**
Pension Fund	**503**	**503**	**168**	**0**	**503**	**0**	**0**	**0**
Corporate Provision for Pay Award	3,468	2,076	692	0	4,036	1,960	970	(195)
Corporate Provision for National Minimum Wage	1,500	1,500	500	0	500	(1,000)	(1,000)	(1,500)
Provision for excess inflation	2,500	2,500	833	0	2,500	0	0	(250)
Pay and Price Inflation	**7,468**	**6,076**	**2,025**	**0**	**7,036**	**960**	**(30)**	**(1,945)**
Contingency	1,500	1,500	500	0	1,500	0	0	(488)
Bad Debt Provision	1,500	1,500	500	0	1,500	0	0	(2,397)
Loss of income arising from P3/P4	400	400	133	0	200	(200)	(200)	(200)
Loss of HB Admin grant	23	23	8	0	23	0	0	(23)
Apprenticeship Levy	450	450	150	109	450	0	0	(69)
Revenuisation and miscellaneous	6,028	5,608	1,869	12	5,608	0	0	(3,153)
Growth - Provision against DSG	10,543	10,543	3,514	0	8,003	(2,540)	(2,600)	(10,882)
Contingencies and provisions	**20,444**	**20,024**	**6,675**	**121**	**17,284**	**(2,740)**	**(2,800)**	**(17,212)**
Other income	0	0	0	(0)	0	0	0	10
CHAS IP/Dividend	(2,223)	(4,223)	(1,408)	(2,120)	(4,223)	0	0	0
Income items	**(2,223)**	**(4,223)**	**(1,408)**	**(2,120)**	**(4,223)**	**0**	**0**	**10**
Appropriations: CS Reserves	(2,167)	(2,167)	(722)	0	(2,167)	0	0	0
Appropriations: E&R Reserves	(1,314)	(1,314)	(438)	0	(1,314)	0	0	0
Appropriations: CSF Reserves	(300)	(340)	(113)	(40)	(340)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(35)	0	(104)	0	0	0
Appropriations:Public Health Reserves	(93)	(93)	(31)	0	(93)	0	0	0
Appropriations:Corporate Reserves	(8,112)	(6,112)	(2,037)	2,000	(6,218)	(106)	0	1,972
Appropriations/Transfers	**(12,091)**	**(10,131)**	**(3,377)**	**1,960**	**(10,237)**	**(106)**	**0**	**1,972**
Depreciation and Impairment	**(25,593)**	**(25,593)**	**0**	**0**	**(25,593)**	**0**	**0**	**20**
Central Items	**(822)**	**(2,675)**	**7,639**	**1,011**	**(5,104)**	**(2,428)**	**(3,372)**	**(17,533)**
Levies	**988**	**988**	**329**	**338**	**988**	**0**	**0**	**0**
TOTAL CORPORATE PROVISIONS	**166**	**(1,687)**	**7,969**	**1,349**	**(4,115)**	**(2,428)**	**(3,372)**	**(17,533)**
COVID-19 Emergency expenditure	0	0	0	52	52	**52**	62	235
TOTAL CORPORATE EXPENDITURE inc. COVID-19	**166**	**(1,687)**	**7,969**	**1,401**	**(4,064)**	**(2,376)**	**(3,310)**	**(17,298)**

APPENDIX 2

Pay and Price Inflation as at July 2022 Monitoring

In 2022/23, the budget includes 2% for increases in pay and 2.5% for increases in general prices, with an additional amount of £2.5m which will be held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 9.1% and RPI at 11.7% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:

For 2022/23 the final pay award has not been agreed but provision of 2% was included in the MTFS.

As reported to Cabinet in the period 2 (May) monitoring report, on 6 June 2022, the three local government unions, UNISON, GMB and Unite, representing 1.4 million council and school employees, submitted a pay claim for staff in England, Wales and Northern Ireland.

The 2022 claim, which would apply from the start of April 2022, would see council employees receive either a £2,000 rise at all pay grades or the current rate of RPI (presently 11.7%), whichever is higher for each individual.

On 25 July 2022, the National Employers agreed to make the following one-year (1 April 2022 to 31 March 2023), final offer to the unions representing the main local government NJC workforce:

- With effect from 1 April 2022, an increase of £1,925 on all NJC pay points 1 and above
- With effect from 1 April 2022, an increase of 4.04 per cent on all allowances
- With effect from 1 April 2023, an increase of one day to all employees' annual leave entitlement
- With effect from 1 April 2023, the deletion of pay point 1 from the NJC pay spine

This offer would achieve a bottom rate of pay of £10.50 with effect from 1 April 2022 (which equates to a pay increase of 10.50 per cent for employees on pay point 1); everyone on the NJC pay spine would receive a minimum 4.04 per cent pay increase; and the deletion of pay point 1 on 1 April 2023, would increase the bottom rate to £10.60 (providing 10p headroom above the current upper-end forecast for the NLW on that date), pending agreement being reached on a 2023 pay award.

Potential rates of pay for London from 1 April 2022 based on the national employers' pay offer to the unions representing Local Government Services employees.

- With effect from 1 April 2022 the national offer is for a pay increase of £1,925 on all NJC pay points.
- In London this translates to an equivalent offer of £2,229 on all Outer London pay points and an increase of £2,355 on all Inner London pay points.
- Allowances to be increased by 4.04%

As previously reported, given the current pressure that pay negotiations are under, and the continuing upward forecast for inflation in the coming months, it is clear that the current 2% provision will not be sufficient.

The previous forecast outturn in June (Period 3) assumed a pay award of 5% and an unfavourable variance of c. £2.970m but this is increased to 6% in the July forecast leading to an unfavourable variance of £3.960m.

If this level of pay award is agreed, it is currently proposed to mitigate this by a one-off contribution from reserves of £2m in 2022/23.

Prices:
The Consumer Prices Index (CPI) rose by 10.1% in the 12 months to July 2022, up from 9.4% in June. On a monthly basis, CPI also rose by 0.6% in July 2022, compared with no change in July 2021. Rising food prices made the largest upward contribution to the change in both the CPIH and CPI annual inflation rates between June and July 2022.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 8.8% in the 12 months to July 2022, up from 8.2% in June. On a monthly basis, CPIH rose by 0.6% in July 2022, compared with no change in July 2021.The largest upward contributions to the annual CPIH inflation rate in July 2022 came from housing and household services (principally from electricity, gas and other fuels, and owner occupiers' housing costs), transport (principally motor fuels), and food and non-alcoholic beverages.

The RPI rate for July 2022 was 12.3%, which is up from 11.8% in June.

Outlook for inflation:
The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment.

At its meeting ending on 3 August 2022, the MPC voted by a majority of 8-1 to increase Bank Rate by 0.5 percentage points, to 1.75%. One member preferred to increase Bank Rate by 0.25 percentage points, to 1.5%.

The next Bank of England MPC base rate decision is on 15 September 2022.

In the minutes to the August meeting, the MPC gave a bleak economic outlook stating that "Inflationary pressures in the United Kingdom and the rest of Europe have intensified significantly since the May Monetary Policy Report and the MPC's previous meeting. That largely reflects a near doubling in wholesale gas prices since May, owing to Russia's restriction of gas supplies to Europe and the risk of further curbs. As this feeds through to retail energy prices, it will exacerbate the fall in real incomes for UK households and further increase UK CPI inflation in the near term. CPI inflation is expected to rise more than forecast in the May Report, from 9.4% in June to just over 13% in 2022 Q4, and to remain at very elevated levels throughout much of 2023, before falling to the 2% target two years ahead. GDP growth in the United Kingdom is slowing. The latest rise in gas prices has led to another significant deterioration in the outlook for activity in the United Kingdom and the rest of Europe. The United Kingdom is now projected to enter recession from the fourth quarter of this year. Real household post-tax income is projected to fall sharply in 2022 and 2023, while consumption growth turns negative."

The MPC is clear that the latest increase in the base rate may not be the last in the coming months and that it “will take the actions necessary to return inflation to the 2% target sustainably in the medium term, in line with its remit. Policy is not on a pre-set path. The Committee will, as always, consider and decide the appropriate level of Bank Rate at each meeting. The scale, pace and timing of any further changes in Bank Rate will reflect the Committee’s assessment of the economic outlook and inflationary pressures. The Committee will be particularly alert to indications of more persistent inflationary pressures, and will if necessary act forcefully in response.”

On 4 August 2022, the Bank of England also published its quarterly Monetary Policy Report for August 2022. In this report the MPC include forecast quarterly CPI inflation rates over the next three years as follows:-

2022 Qtr.3	**2022 Qtr.4**	**2023 Qtr.1**	**2023 Qtr.2**	**2023 Qtr.3**	**2023 Qtr.4**	**2024 Qtr.1**	**2024 Qtr.2**	**2024 Qtr.3**	**2024 Qtr.4**	**2025 Qtr.1**	**2025 Qtr.2**	**2025 Qtr.3**
CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %
9.9	13.1	12.6	10.8	9.5	5.5	4.3	2.6	2.0	1.4	1.2	0.9	0.8

The MPC’s analysis of this forecast are that “the direct contribution of energy prices to CPI inflation alone is expected to peak at 6½ percentage points in 2022 Q4. That is substantially higher than in the Committee’s forecasts over the past year, given the successive very sharp increases in global energy prices over this period. Together with higher indirect effects from energy prices, which can affect both goods and services prices, this accounts for most of the much higher outlook for CPI inflation over the first half of the forecast since May. Though responsible for much less of the rise in headline inflation, domestic inflationary pressures have also increased and are projected to be a little stronger than previously expected. In particular, it appears that the labour market is currently tighter than the Committee previously assumed. Together with a little more upward pressure on pay from higher price inflation, nominal private sector regular pay growth rises by more than in May over the first half of the forecast. This is broadly consistent with the Agents’ survey on employment and pay, which suggests that firms expect pay settlements to average 6% over the next year, higher than the equivalent survey set out in the February Report. As a result, CPI inflation is a little higher throughout the projection from this judgement.”
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: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (August 2022)			
2022 (Quarter 4)	Lowest %	Highest %	Average %
CPI	7.8	12.6	10.1
RPI	8.7	17.7	12.8
LFS Unemployment Rate	3.6	4.5	4.0
2023 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.9	7.7	3.4
RPI	1.6	9.0	4.6
LFS Unemployment Rate	3.2	5.0	4.2

Note the wide range between highest and lowest forecasts which reflects the volatility and uncertainty arising from volatile fuel and utility costs impacting on the cost of living and the difficulty of forecasting how the situation will evolve. 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 2022 to 2026 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (August 2022)					
	2022	2023	2024	2025	2026
	%	%	%	%	%
CPI	8.3	4.7	1.3	1.6	1.8
RPI	9.1	6.5	2.4	3.1	3.4
LFS Unemployment Rate	3.9	4.2	4.2	3.8	3.7

APPENDIX 3

The Bank's Monetary Policy Committee (MPC) sets monetary policy to keep inflation low and stable, which supports growth and jobs. Subject to maintaining price stability, the MPC is also required to support the Government's economic policy. The Government has set the MPC a target for the 12-month increase in the Consumer Prices Index of 2%.

The MPC currently uses two main monetary policy tools.

1. setting the interest rate that banks and building societies earn on deposits, or 'reserves', placed with the Bank of England — this is Bank Rate.
2. buying government and corporate bonds, financed by the issuance of central bank reserves — this is asset purchases or quantitative easing.

At its meeting ending on 3 August 2022, the MPC voted by a majority of 8-1 to increase Bank Rate by 0.5 percentage points, to 1.75%. One member preferred to increase Bank Rate by 0.25 percentage points, to 1.5%.

The next Bank of England MPC base rate decision is on 15 September 2022.

The MPC outlined the background behind the August decision as "the MPC's remit is clear that the inflation target applies at all times, reflecting the primacy of price stability in the UK monetary policy framework. The framework recognises that there will be occasions when inflation will depart from the target as a result of shocks and disturbances. The economy has continued to be subject to a succession of very large shocks, which will inevitably lead to volatility in output. Monetary policy will ensure that, as the adjustment to these shocks occurs, CPI inflation will return to the 2% target sustainably in the medium term. The labour market remains tight, and domestic cost and price pressures are elevated. There is a risk that a longer period of externally generated price inflation will lead to more enduring domestic price and wage pressures. In view of these considerations, the Committee voted to increase Bank Rate by 0.5 percentage points, to 1.75%, at this meeting."

In its August Monetary Policy Report the MPC set out an economic outlook, with updated central projections for activity and inflation in the UK. The MPC note that "near-term inflationary pressures in the UK and the rest of Europe have intensified significantly since the May Report. That reflects a near doubling in wholesale gas prices, due to Russia's restrictions on its supply of gas to Europe and the risk of further curbs. This latest rise in gas prices, and to a lesser extent, a tightening in financial conditions, have led to another significant deterioration in the outlook for world activity, with economies in Europe, including the UK, particularly severely affected. The UK is projected to enter recession from 2022 Q4. These developments have further greatly accentuated the extent to which, in the MPC's baseline projection, UK CPI inflation is well above the 2% target over the first 18 months and well below the target in three years' time In line with the MPC's conventions, the baseline forecasts are conditioned on: the path of Bank Rate implied by financial markets, which rises to 3.0% in 2023 Q2, before falling to 2.2% at year three; and wholesale energy prices following their futures curves for the next six months and then remaining constant. Such a path for energy prices would be extremely high by historical standards throughout the three-year forecast period."
In the May 2022 Monetary Policy report the MPC has used the following projections implied by current data trends:-

	Projections (August 2022)			
	2022 Q.3	2023 Q.3	2024 Q.3	2025 Q.3
GDP	2.3	(2.1)	0.0	0.4
CPI Inflation	9.9	9.5	2.0	0.8
LFS Unemployment Rate	3.7	4.4	5.5	6.3
Excess Supply/Excess Demand	0.75	-2.25	-3.25	-3.75
Bank Rate	1.6	3.0	2.5	2.2

The conclusions that the MPC reach in the August 2022 Monetary Policy Report are supported by the following Key Judgements:-

Key judgement 1: in the baseline forecast, persistently high gas and other commodity prices continue to put upward pressure on global consumer price inflation and depress global growth in the near term before their effects gradually dissipate.

Key judgement 2: given the sharp decline in household real incomes, consumer spending falls over the next year and the UK economy enters recession. Consumption falls by less than income, however, as households, in aggregate, reduce their saving. GDP growth is weak thereafter, even though the pressures on real incomes ease somewhat.

Key judgement 3: given elevated recruitment difficulties and strong labour demand, firms respond initially to the weakness in spending by using their existing inputs less intensively. So although economic slack emerges in 2022 Q4, the labour market remains tight over the next year and unemployment only starts to rise above its current level in mid-2023. It reaches 6¼% at the end of the forecast period, with slack building to 3¾% of potential GDP.

Key judgement 4: : domestic price pressures remain strong over the first half of the forecast, as nominal wage growth strengthens and many companies are able to protect their margins. But the building degree of economic slack moderates these forces and inflation expectations adjust downwards quickly as external pressures abate and inflation itself begins to fall. Domestic pressures therefore fade and, conditioned on the market yield curve, inflation is around the 2% target in two years' time and well below it in three years.

Appendix 5a

Capital Budget Monitoring – July 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Capital	**4,433,806**	**4,087,087**	**346,719**	**34,354,690**	**34,354,690**	**(0)**
Corporate Services	**778,116**	**1,077,248**	**(299,132)**	**8,195,170**	**8,195,170**	**0**
Customer Contact Programme	0	0	0	518,000	518,000	0
Works to other buildings	155,183	205,736	(50,553)	1,189,720	1,160,288	(29,432)
Civic Centre	19,152	60,000	(40,848)	360,000	389,432	29,432
Invest to Save schemes	26,460	182,548	(156,088)	717,560	717,560	0
Business Systems	650	293,000	(292,350)	2,473,940	2,473,940	0
Social Care IT System	0	0	0	281,000	281,000	0
Disaster recovery site	16,932	90,000	(73,068)	94,080	94,080	0
Planned Replacement Programme	89,879	245,964	(156,085)	1,229,820	1,229,820	0
Financial System	0	0	0	0	0	0
Acquisitions Budget	469,860	0	469,860	469,050	469,050	0
Capital Bidding Fund	0	0	0	0	0	0
Multi Functioning Device (MFD)	0	0	0	0	0	0
Westminster Ccl Coroners Court	0	0	0	862,000	862,000	0
Corporate Capital Contingency	0	0	0	0	0	0
Compulsory Purchase Order	0	0	0	0	0	0
Community and Housing	**246,294**	**174,560**	**71,734**	**994,530**	**994,530**	**0**
Telehealth	0	0	0	30,400	30,400	0
Disabled Facilities Grant	246,294	174,560	71,734	885,130	885,130	0
Major Projects - Social Care H	0	0	0	50,000	50,000	0
Library Enhancement Works	0	0	0	0	0	0
Major Library Projects	0	0	0	5,000	5,000	0
Libraries IT	0	0	0	24,000	24,000	0

Appendix 5a

Capital Budget Monitoring – July 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Children Schools & Families	**1,183,089**	**117,915**	**1,065,174**	**9,107,400**	**9,107,400**	**0**
Primary Schools	**114,236**	**0**	**114,236**	**2,975,600**	**2,975,600**	**0**
Hollymount	0	0	0	4,200	4,200	0
West Wimbledon	(7,138)	0	(7,138)	158,610	158,610	0
Hatfeild	67,996	0	67,996	85,290	85,290	0
Hillcross	1,000	0	1,000	220,110	220,110	0
Joseph Hood	0	0	0	15,000	15,000	0
Dundonald	7,500	0	7,500	24,080	24,080	0
Merton Park	(809)	0	(809)	14,500	14,500	0
Pelham	880	0	880	126,000	126,000	0
Poplar	2,943	0	2,943	40,000	40,000	0
Wimbledon Chase	(2,371)	0	(2,371)	185,390	185,390	0
Wimbledon Park	35,468	0	35,468	164,130	164,130	0
Abbotsbury	210	0	210	137,000	137,000	0
Malmesbury	0	0	0	47,000	47,000	0
Morden	(1,158)	0	(1,158)	75,000	75,000	0
Bond	0	0	0	52,000	52,000	0
Cranmer	8,272	0	8,272	250,830	250,830	0
Gorringe Park	2,482	0	2,482	60,000	60,000	0
Haslemere	0	0	0	251,740	251,740	0
Liberty	(487)	0	(487)	80,490	80,490	0
Links	(1,852)	0	(1,852)	114,850	114,850	0
Singlegate	3,043	0	3,043	145,000	145,000	0
St Marks	(2,739)	0	(2,739)	68,760	68,760	0
Lonesome	(696)	0	(696)	190,000	190,000	0
Sherwood	3,094	0	3,094	150,150	150,150	0
Stanford	1,768	0	1,768	0	0	0
William Morris	(3,170)	0	(3,170)	18,420	18,420	0
Unlocated Primary School Proj	0	0	0	297,050	297,050	0

Capital Budget Monitoring – July 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Secondary	**52,129**	**0**	**52,129**	**331,300**	**331,300**	**0**
Harris Academy Morden	0	0	0	135,000	135,000	0
Harris Academy Merton	0	0	0	34,170	34,170	0
Raynes Park	37,006	0	37,006	102,500	102,500	0
Ricards Lodge	0	0	0	21,610	21,610	0
Rutlish	13,964	0	13,964	23,080	23,080	0
Harris Academy Wimbledon	1,160	0	1,160	14,940	14,940	0
SEN	**898,815**	**0**	**898,815**	**5,002,160**	**5,002,160**	**0**
Perseid	(37,081)	0	(37,081)	299,490	299,490	0
Cricket Green	(15,000)	0	(15,000)	46,120	46,120	0
Melrose	368,124	0	368,124	589,000	589,000	0
Melrose Whatley Ave SEN	72,319	0	72,319	0	0	0
Unlocated SEN	464,597	0	464,597	2,972,940	2,972,940	0
Melbury College - Smart Centre	3,366	0	3,366	155,000	155,000	0
Medical PRU	42,489	0	42,489	401,700	401,700	0
Mainstream SEN (ARP)	0	0	0	437,910	437,910	0
Perseid Lower School	0	0	0	100,000	100,000	0
Other	**117,908**	**117,915**	**(7)**	**798,340**	**798,340**	**0**
CSF Safeguarding	0	0	0	152,000	152,000	0
Devolved Formula Capital	117,908	117,915	(7)	353,740	353,740	0
Children's Centres	0	0	0	55,000	55,000	0
Youth Provision	0	0	0	237,600	237,600	0

Appendix 5a

Capital Budget Monitoring – July 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Environment and Regeneration	**2,226,307**	**2,717,364**	**(491,057)**	**16,057,590**	**16,057,590**	**(0)**
On Street Parking - P&D	153,675	147,356	6,319	472,780	472,780	(0)
Off Street Parking - P&D	46,427	106,902	(60,475)	1,494,510	1,494,510	0
CCTV Investment	85,324	194,054	(108,730)	1,015,840	1,015,840	0
Public Protection and Developm	0	0	0	50,000	50,000	0
Fleet Vehicles	0	159,568	(159,568)	748,470	748,470	0
Alley Gating Scheme	0	0	0	46,000	46,000	0
Waste SLWP	(119,173)	68,000	(187,173)	433,430	433,430	0
Street Trees	0	0	0	103,990	103,990	0
Raynes Park Area Roads	3,635	0	3,635	43,500	43,500	0
Highways & Footways	1,487,362	942,386	544,976	5,813,320	5,813,320	0
Cycle Route Improvements	28,543	72,738	(44,195)	398,640	398,640	0
Mitcham Area Regeneration	35,420	232,790	(197,370)	1,083,950	1,083,950	0
Wimbledon Area Regeneration	52,533	239,926	(187,393)	1,265,870	1,265,870	0
Morden Area Regeneration	0	40,000	(40,000)	150,000	150,000	0
Borough Regeneration	117,461	123,228	(5,767)	807,140	807,140	0
Property Management Enhancemen	0	0	0	35,000	35,000	0
Wimbledon Park Lake and Waters	338,702	104,042	234,660	520,210	520,210	0
Sports Facilities	23,410	63,044	(39,634)	315,220	315,220	0
Parks	(27,013)	223,330	(250,343)	1,259,720	1,259,720	0

Virement, Re-profiling and New Funding - July 2022

Appendix 5b

		2022/23 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2022/23 Budget	2023/24 Budget	Movement	Revised 2023/24 Budget	Narrative
		£	£		£	£	£		£	
Corporate Services						0			0	
Customer Contact - Fix My Streets	(1)	0	50,000			50,000			0	Priority project from IT Implementation List
Business Systems - Parking System	(1)					0	175,000	95,110	270,110	Funded by the OCPB Reserve
Children, Schools and Families										
Joseph Hood - Schools Capital Maintenance	(1)	81,120			(66,120)	15,000	0	66,120	66,120	Reprofiled in line with projected spend
Dundonald - Schools Capital Maintenance	(1)	36,080	(12,000)			24,080	0		0	Reprofiled in line with projected spend
Raynes Park - Schools Capital Maintenance	(1)	90,500	12,000			102,500	0		0	Reprofiled in line with projected spend
Perseid Lower School - School Expansion	(1)		100,000			100,000	0	1,500,000	1,500,000	Splitting Perseid Lower Expansion from Perseid Upper
Perseid School - School Expansion	(1)	109,130	(100,000)			9,130	1,500,000	(1,500,000)	0	Splitting Perseid Lower Expansion from Perseid Upper
Mainstream SEN (ARP) - West Wimbledon ARP	(1)	100,000			40,000	140,000	274,520	(40,000)	234,520	Reprofiled in line with projected spend
Environment and Regeneration										
On Street Parking - P&D - Pay and Display Machines	(1)	586,780	(200,000)			386,780	0		0	As Emissions based Charging is not being progressed unspent budget being vired back to
Off Street Parking - P&D - Car Park Upgrades	(1)	534,510	200,000		60,000	794,510	0		0	Virement of projected unspent budget back to Car Park Upgrades from Pay and Display Machine Upgrade
Off Street Parking - P&D - Peel House Car Park	(2)	0		700,000		700,000	0		0	Funding Required to undertake structural works
Off Street Parking - P&D - Pay and Display Machines	(1)	0			0	0	0			Reprofiled in line with projected spend pattern and vired to Car Park Upgrades
Highways and Footways - Bishopsford Bridge	(1)	256,100	35,000			291,100	0		0	Virement from Cycleway schme to fund projected outturn on the scheme
Highways and Footways - Cycle Lane Roadway Bishopsford E	(1)	52,910	(35,000)	(12,000)		5,910	0		0	Virement to main Bishopsford Bridge Scheme and relinquish projected underspend
Cycle Route Improvements - Morden Cycle Path		130,110		30,000		160,110	0		0	Additional TfL Funding
Mitcham Area Regeneration - Pollards Hill Bus Shelter	(1)	150,000			(100,000)	50,000	100,000	100,000	200,000	Reprofiled in line with projected spend
Morden Area Regeneration - Morden Town centre Improveme	(1)	200,000			(200,000)	0	0	200,000	200,000	Reprofiled in line with projected spend
Parks - New water play feature wimb pk	(1)	226,000			(226,000)	0	0	226,000	226,000	Reprofiled in line with projected spend
Parks - Multi Use Sports Areas	(1)	0			175,000	175,000	175,000		175,000	Reprofiled in line with projected spend
Parks - Figges Marsh Ward Allocation - Figges Marsh		0		10,020		10,020	0		0	Table Tennis Table funded by NCIL
Parks - Graveney Ward Allocation - Edenvale Rec		0		10,020		10,020	0		0	Table Tennis Table funded by NCIL
Parks - Lavender Fields Ward Alloc - Lavender Park		0		10,020		10,020	0		0	Table Tennis Table funded by NCIL
Parks - Longthornton Ward Alloc - Long Bolstead Rec		0		10,020		10,020	0		0	Table Tennis Table funded by NCIL
Parks - Colliers Wood Rec Playground		67,000		2,190		69,190			0	Additional NCIL Funding
Total		2,620,240	50,000	760,270	(317,120)	3,113,390	2,224,520	647,230	2,871,750	

(1) Requires Cabinet approval **(2) Requires Council Approval**

Appendix 5b

Virement, Re-profiling and New Funding - July 2022

		2024/25 Budget	Movement	Revised 2024/25 Budget	2025/26 Budget	Movement	Revised 2025/26 Budget	Narrative
		£	£	£	£		£	
Children, Schools and Families								
Perseid Lower School - School Expansion	(1)		2,516,860	**2,516,860**			**0**	Splitting Perseid Lower Expansion from Perseid Upper
Perseid School - School Expansion	(1)	**2,516,860**	(2,516,860)	**0**			**0**	Splitting Perseid Lower Expansion from Perseid Upper
Environment and Regeneration								
Off Street Parking - P&D - Pay and Display Machines	(1)	60,000	(60,000)	0	0		0	Reprofiled in line with projected spend
Parks - Multi Use Sports Areas	**(1)**	**175,000**	(175,000)	**0**	**0**		**0**	Reprofiled in line with projected spend
Total		**2,751,860**	**(235,000)**	**2,516,860**	**0**	**0**	**0**	

(1) Requires Cabinet approval **(2) Requires Council Approval**

Appendix 5c

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources*	Funded by Grant & Capital Contributions*	Total
	£000s	**£000s**	**£000s**
June 22 Monitoring	**15,468**	**18,394**	**33,862**
Children, Schools & Families			
Customer Contact - Fix My Streets	**50**	**0**	**50**
Children, Schools & Families			
Mainstream SEN - West Wimb Primary ARP expansio	**0**	**40**	**40**
Joseph Hood	**0**	**(66)**	**(66)**
Environment and Regeneration			
Off Street Parking - P&D - Pay and Display Machines	**60**	**0**	**60**
Off Street Parking - Peel House Car Park	**700**	**0**	**700**
Highways & Footways - Cycle Lane Rdway Bshfd Bridge	**0**	**(12)**	**(12)**
Cycle Route Improvements - Morden Cycle Path	**0**	**30**	**30**
Parks - Multi Use Sports Area	**0**	**175**	**175**
Parks - New water play feature wimb pk	**0**	**(226)**	**(226)**
Morden Area Regeneration - Morden Town Centre Improvements	**0**	**(200)**	**(200)**
Mitcham Area Regeneration - Pollards Hill Bus Shelter	**0**	**(100)**	**(100)**
Parks - Figges Marsh Ward Allocation - Figges Marsh	**0**	**10**	**10**
Parks - Graveney Ward Allocation - Edenvale Rec	**0**	**10**	**10**
Parks - Lavender Fields Ward Alloc - Lavender Park	**0**	**10**	**10**
Parks - Longthornton Ward Alloc - Long Bolstead Rec	**0**	**10**	**10**
Parks - Colliers Wood Rec Playground	**0**	**2**	**2**
July 22 Monitoring	**16,278**	**18,077**	**34,355**

* CIL and Section 106 funding has been moved from "Funded from Merton's Resources" to " Funded by Grant and Capital Contributions"

Capital Programme Funding Summary 2023/24

	Funded from Merton's Resources*	Funded by Grant & Capital Contributions*	Total
	£000s	£000s	£000s
June 22 Monitoring	**12,103**	**26,826**	**38,929**
Adjustment	**0**	**0**	**0**
Corporate Services			
Business Systems - Parking System	**95**	**0**	**95**
Childrens, Schools and Families			
Joseph Hood - Schools Capital Maintenance	**0**	**66**	**66**
Mainstream SEN - West Wimb Primary ARP expansio	**0**	**(40)**	**(40)**
Environment & Regeneration			
Pollards Hill Bus Shelter	**0**	**100**	**100**
Morden Town Centre Improvements	**0**	**200**	**200**
New Water play Feature	**0**	**226**	**226**
July 22 Monitoring	**12,198**	**27,378**	**39,576**

* CIL and Section 106 funding has been moved from "Funded from Merton's Resources" to " Funded by Grant and Capital Contributions"

Capital Programme Funding Summary 2024/25

	Funded from Merton's Resources*	Funded by Grant & Capital Contributions*	Total
	£000s	£000s	£000s
June 22 Monitoring	**11,626**	**9,392**	**21,018**
Environment and Regeneration			
Off Street Parking - P&D - Pay and Display Machines	**(60)**	**0**	**(60)**
Parks - Multi Use Sports Area	**0**	**(175)**	**(175)**
Proposed July Monitoring	**10,619**	**10,164**	**20,783**

* CIL and Section 106 funding has been moved from "Funded from Merton's Resources" to " Funded by Grant and Capital Contributions"

Capital Programme Funding Summary 2025/26

Appendix 6 Progress on Savings expected in 2022/23

PROGRESS ON 2022/23 SAVINGS
DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2022/23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Forecast £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
Savings due in 22/23								
2019-20 CS04	Reduce strategic partner grant by 10%	78	78	0	G	John Dimmer		
2019-20 CS28	Cash collection reduction	13	13	0	G	Sean Cunniffe		
2020-21 CS7	Staff reductions	75	75	0	G	Sean Cunniffe		
2022-23 CS5	Customer, Policy & Improvement – Registrars Service	32	32	0	G	Sean Cunniffe		
2022-23 CS6	Customer, Policy & Improvement – Cash Collection	20	20	0	G	Sean Cunniffe		
2022-23 CS8	Customer, Policy & Improvement – Customer Contact	15	15	0	G	Sean Cunniffe		
2020-21 CS11	Commercial Services - restructure	50	0	50	R	Tina Dullaway	Will not be achieved - awaiting approval from CMT to implement the findings of the Commercial Services review. Due to go to CMT 07.07.22. 08.08.22 - Caroline has agreed to delete the £50k saving in Commercial Services in lieu of the service review recommendations being agreed.	
2018-19 CS08	Increase in income from Enforcement Service	20	0	20	R	David Keppler	Not achievable in year due to covid	
2022-23 CS1	Resources - AD budget	10	10	0	G	Roger Kershaw		
2022-23 CS2	Resources - AD budget	15	15	0	G	Roger Kershaw		
2022-23 CS3	Resources - Insurance	25	25	0	G	Nemashe Sivayogan		
2022-23 CS4	HR - Payroll	15	15	0	G	Liz Hammond		
2022-23 CS9	Corporate Governance - AD Budget	3	3	0	G	Louise Round		
2022-23 CS10	Corporate Governance - Electoral Services and Democratic services	15	15	0	G	Andrew Robertson	Currently forecasting around 25K savings across both codes but this is not including election overspend for 2022, which is forecasted at 22K. It's also unclear at the moment whether all of the cost of the Interim appointment in the Leaders Office will be charged to the Democracy Services budget. If Democracy Services bears all the cost then the forecasted savings will not be acheived.	
2022-23 CS12	Corporate Governance - Information Team	29	29	0	G	Paul Phelan		
2022-23 CS13	Corporate items	50	50	0	G	Martin Hone		
Prior Year savings not delivered in 2021/22								
2018-19 CS08	Increase in income from Enforcement Service	15	0	15	R	David Keppler	Not achievable in year due to covid	Y
2021-22 CS11	Review of shared Bailiff service with Sutton	40	0	40	R	David Keppler	Not achievable in year due to covid	Y
2019-20 CS23	Implement a means assessed charging scheme for appointeeships undertaken by the CFA team.	30	0	30	R	Tina Dullaway	Charging scheme yet to be agreed and implemented	Y
	Total CS Savings for 2022/23	**550**	**395**	**155**				

PROGRESS ON 2022/23 SAVINGS
CHILDREN, SCHOOLS AND FAMILIES SAVINGS PROGRESS: 2022-23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Achieved/ Expected £000	Shortfall	RAG	Responsible Officer	Comments
Savings due in 22/23							
CSF2019-12	Review of public health commissioned services	N/A	N/A	N/A	N/A	Dheeraj Chibber	This saving has been cancelled
CSF2019-16	National Minimum rate for Fostering/Guardianship/Adoption	20	20	0	G	Dheeraj Chibber	
CSF2019-17	Increased use of in-house foster care	40	40	0	G	Dheeraj Chibber	
CSF2019-18	Review and reshape shortbreaks provision	200	0	200	A	Elizabeth Fitzpatrick	Review delayed
CSF2019-19	SEND travel assistance	150	0	150	R	Elizabeth Fitzpatrick	There seems little prospect of transport costs reducing for the foreseeable future
2021-22 CSF01	Education & Early Help -Reduction made in provision for PFI Unitary Charges	450	450	0	G	Elizabeth Fitzpatrick	There may be an impact in 2029/30 when the PFI reserve may not be adequate
2021-22 CSF03	CSF - Ongoing underspend	200	200	0	G	Dheera Chibber/Elizabeth Fitzpatrick	
CSF1-22/23	School Meals PFI	100	100	0	G	Elizabeth Fitzpatrick	as above
CSF2-22/23	Education - Office Efficiencies	50	50	0	G	Elizabeth Fitzpatrick	
CSF3-22/23	Education Inclusion - Streamlined Activities	28	28	0	G	Elizabeth Fitzpatrick	
CSF4-22/23	CSC Placements - Demand Management and Commissioning			0		Dheerah Chibber	High inflation will drive up unit costs
Prior Year savings not delivered in 2021/22							
CSF2019-18	Review and reshape shortbreaks provision	200	0	200	A	Elizabeth Fitzpatrick	
2021-22 CSF01	Education & Early Help -Reduction made in provision for PFI Unitary Charges	450	450	0	G	Elizabeth Fitzpatrick	
	Total Children, Schools and Families Savings 2022/23	1,888	1,338	550			

DEPARTMENT: Community & Housing Savings Progress 2022/23

Ref	Description of Saving	Division	2022/23 Savings Required £000	2022/23 Savings Forecasted £000	Shortfall	RAG	Responsible Officer	Comments
(Nov'20)CH 100	Review of in-house day care provision	Adult Social Care	700		700	R	To be up dated	
(Nov'20)CH 101	Review of in-house LD Residential provision	Adult Social Care	544		544	A	To be up dated	
(Nov'20)CH 102	Dementia hub re-commissioning	Adult Social Care	55	55	0	G	Keith Burns	To be reviewed for period beyond 2022/23 in light of new administration priorities.
(Oct'21) CH105	Commissioning and Market Development – Increasing take up of Direct Payments	Adult Social Care	100	100	0	G	Keith Burns	Closer collaboration with operational teams to promote uptake. Work planned to streamline paperwork to make a more attractive option.
(Oct'21) CH106	Community & Housing - Housekeeping – review of ancillary budget lines	Adult Social Care	50	50	0	A	Various	
(Oct'21)CH109	Adult Social Care - Placements	Adult Social Care	100		100	G	Phil Howell	
Oct'21) CH110	Commissioning and Market Development – Commissioning efficiencies arising from re-procuring a high cost service	Adult Social Care	50	40	10	G	Keith Burns	Negotiation with provider in progress, but complex as aresult of TUPE position. May be recoverable but part year impact now reflected in forecast.
	Subtotal Adult Social Care		1,599	245	1,354			
(Jan'20) CH97	Increase income and better use of technology	Libraries	60	60	0	G	Anthony Hopkins	On track
	Subtotal Libraries		60	60	0			
	Total C & H Savings for 2022/23		1,659	305	1,354			

PROGRESS ON 2022/23 SAVINGS

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2022-23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Achieved £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N	Budget manager
Savings due in 22/23									
ENV2021-07	Property Management - Increase residential (former Service tenancies) rent (increased income)	100	100	0	G	James McGinlay	Saving will not be made from additional rent from residential properties but from Industrial rent increase.		Jacquie Denton
ENV2021-10	Development Control/Building Control - Savings as a result of the 'Assure' M3 upgrade	15	0	15	R	James McGinlay			Jonathan Berry
ENV2022-23 05	Highways; Increased income from street permitting through enforcement of utility works.	40	40	0	G	James McGinlay			Paul McGarry
ENV2022-23 07	Future Merton, Policy team: Additional income from planning performance agreements (PPA)	50	50	0	G	James McGinlay			Paul McGarry
ENV1819-04	Parking: Reduction in the number of pay & display machines required.	14	14	0	G	Calvin McLean			Gavin Moore
ENV2021-08	Parking - Activity to improve On Street parking compliance.	100	100	0	G	Calvin McLean			Gavin Moore
E1	Regulatory Services: Investigate potential commercial opportunities	65		65	R	Calvin McLean			Chris Nash
ENV2022-23 01	Public Space - Waste services: Disposal processing savings (Food Waste Recyclate)	104	104	0	G	John Bosley			Charles Baker
ENV2022-23 02	Public Space – Greenspaces: Raynes Park Sports Ground - new lease arrangement	35	35	0	G	John Bosley			Andrew Kauffman
Prior Year savings not delivered in 2021/22									
ENV1920-06	Future Merton: Highways advertising income through re-procurement of the advertising contract for the public highway.	70	0	70	R	James McGinlay	Covid-19 estimated to impact on saving. Should be achieved from 2022/23.	Y	Paul McGarry
ENV2021-02	D&BC: Increase PPA's income (increased income) through a dedicated Majors team	80	0	80	R	James McGinlay	Staff issue with the admin manager being off sick has delayed progress.	Y	Jonathan Berry
ENV1920-01	Parking: Application to change Merton's PCN charge band from band B to band A. To effect this a full business case will need to be presented to Full Council. Following this, an application will be made to the London Councils Transport, and Environment Committee. Depending on the outcome at the Committee, the Mayor will also be required to ratify the application and the Secretary of State has final sign off. This 'saving' reflects the impact on estimated revenue until motorist compliance takes full effect .The objective is to reduce non-compliance but if the band change is implemented it is likely that there will be a short term increase in revenue. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	340	340	0	R	Calvin McLean	Following the consultation process and approval by Merton, approved is required by the follong: London Councils, GLA, Mayor for London and Secretary of State. Applications are now with Secretary of state for final sign off. Possible implementation date Q4 2022. Process was delayed due to London Mayoral Election, officers working with GLA to progress the application. Additional questions raised by GLA have now been responded to and approved. Estimated operational date Feb 2022 resulting in 2 months (£56k) pro rata of this saving being achieved. to be sent by GLA to Mayor for London. Band A charges were introduced on the 1st February 2022. The impact of the increased charge will be monitored.	Y	Gavin Moore
ENV2021-08	Parking: Activity to improve On Street parking compliance.	100	50	50	R	Calvin McLean	Due to COVID and current on street activity this saving has not been met in Q1-3 2021. Operational consideration now being worked through for implementation in Q4. Possible Risk £50k will be achieved next year rather than this financial year. Additional on street activity commenced in January and a minimun £50k saving will be achieved in 2021/22.	Y	Gavin Moore
ENV2021-06	Service restructure across Safer Merton and CCTV	35	0	35	R	Calvin McLean	Cost pressures within the CCTV budget present a challenge to meeting this savings target. The CCTV upgrade programme will reduce the CCTV revenue costs (e.g. the upgrades to the network will lower data transmission costs), therefore the delivery of these savings is contingent on the timely implantation of the upgrade programme.	Y	Alun Goode
	Total Environment and Regeneration Savings 2021/22	**1,898**	**833**	**1,065**					