

Merton Council

Cabinet

21 October 2013

Supplementary agenda

The chair has approved the late submission of these items for the urgent reasons stated in the reports

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|----|---|----------|
| 9 | Business Plan 2014-18 (Forward Plan ref: | 53 - 74 |
| 10 | Financial Monitoring - August 2013 (Forward Plan ref: | 75 - 128 |

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Cabinet

21 October 2013

Agenda item:

Wards:

Business Plan Update 2014-2018

Lead officer: Caroline Holland

Lead member: Councillor Mark Allison

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

Contact officer: Paul Dale, Interim Assistant Director of Resources

Urgent report:

Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Business Plan and Budget 2014/15 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2014-2018. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 5 March 2014 and set a Council Tax as appropriate for 2014/15.

Recommendations:

1. That Cabinet notes the latest draft MTFS 2014-18
 2. That Cabinet agrees the draft Capital Programme 2013-2018 for consideration by scrutiny in November.
 3. That Cabinet notes the indicative capital programme for 2018-23
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides an update to Cabinet on the Business Planning process for 2014-18 and in particular on the progress made so far towards setting a balanced revenue budget for 2014/15 and over the MTFS period as a whole.
- 1.2 The report also sets out proposals for producing an achievable and affordable capital programme for 2014-18.
- 1.3 The details in this report will be considered by the Overview and Scrutiny Panels, Financial Monitoring Task Group, and Commission in October/November and reported back to Cabinet in December 2013.

2. DETAILS

Introduction

- 2.1 A review of assumptions in the MTFs was undertaken and reported to Cabinet on 16 September 2013. The budget gap over the four year period was as set out in the following table:-

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Budget Gap (cumulative)	305	7,144	10,316	17,555

- 2.2 Cabinet noted the rolled forward MTFs and the use of reserves in order to eliminate the gap of £0.305m in 2014/15. Furthermore, use of reserves of £5.447m in 2015/16 was also noted, which leaves the following budget gap to be met from future savings:-

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Budget Gap (cumulative)	0	1,697	10,316	17,555

- 2.3 Cabinet agreed to the approach to setting a balanced budget over the period of the Medium Term Financial Strategy 2014-18 and agreed to the proposed savings targets for each department, which are based on controllable expenditure, set out in the following table;

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Total £000
Community and Housing	0	491	2,492	2,093	5,076
Children, Schools and Families	0	265	1,344	1,129	2,738
Environment and Regeneration	0	645	3,276	2,752	6,673
Corporate Services	0	296	1,507	1,265	3,068
Total Savings	0	1,697	8,619	7,239	17,555
Cumulative	0	1,697	10,316	17,555	

2.4 Review of Assumptions

- 2.4.1 There are a variety of technical issues that will impact on the budget gap in 2014/15 and beyond. The major changes since the report to Cabinet in September relate to:-

2.4.2 Settlement Funding Assessment: RSG and Business Rates

Cabinet on 16 September 2013 were advised of the latest Central Government funding projections following the Spending Review 2013.

Since then, the DCLG have notified local authorities that there was a flaw in their methodology regarding the future treatment of 2013-14 Council Tax Freeze Grant since it did not fulfil the Government's objective of ensuring that the funding is not reduced in cash terms and only goes to those authorities that met the criteria for the Council Tax Freeze Scheme in 2013-14. The change has the following implications for the MTFS:-

RSG/Business Rates and Council Tax Freeze Grant 2013/14	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Cabinet 16 September 2013	(71,760)	(62,319)	(60,784)	(59,430)
Latest forecast from DCLG	(71,773)	(62,323)	(60,851)	(59,557)
Change	(13)	(4)	(67)	(127)

2.5 Capital Programme

- 2.5.1 The revenue implications of funding the capital programme can have major implications for the Council's MTFS. It is important that accurate projections of capital financing costs are available as soon as possible because they can have a significant impact on the budget gap.

The following details are provided in appendices to this report

Appendix 1: Proposed Capital Programme 2013-18

Appendix 2: Indicative Capital Programme 2018-23

For every £1million capital expenditure that is funded by external borrowing there will be revenue debt charges of between £249,000 for assets with a life of 5 years to £69,000 for an asset life of 50 years.

The revenue implications of the proposed programme are:

	2013/14 Budget £000	2013/14 Forecast £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
MRP	7,569	7,405	7,652	8,487	9,279	10,333
Net interest	6,309	6,236	6,280	6,350	6,372	6,455
Capital financing costs	13,878	13,641	13,932	14,837	15,651	16,788

2.6 Summary

2.6.1 As a result of the changes discussed in this report, the latest position of the MTFs 2014-18 is as follows:-

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Departmental Base Budget '13/14	151,915	151,915	151,915	151,915
Inflation (Pay, Prices)	3,037	6,075	9,516	12,957
Auto-enrolment/Nat. ins changes	0	0	1,000	2,000
Full Year Effect – Previous Years Savings	-9,719	-12,167	-15,094	-15,094
Income – Additional Fees & Charges	-669	-1,339	-2,008	-2,676
Growth	1,000	2,000	2,000	2,000
Revenuisation	-672	-1,172	-1,274	-1,274
Taxi card/Concessionary Fares	436	873	1,323	1,773
Education Services Grant	-3,344	-2,675	-2,675	-2,675
NHS t/f of Social Care Funding	-2,123	-2,223	-2,223	-2,223
Other (inc. reduced service grants)	37	387	1,070	1,142
Re-Priced Departmental Budget	139,898	141,674	143,550	147,845
Treasury/Capital financing	13,932	14,837	15,651	16,787
Other Corporate items	4,995	-2,946	-4,452	-4,452
Levies	645	645	645	645
Sub-total: Corporate provisions	19,573	12,536	11,844	12,980
BUDGET REQUIREMENT	159,471	154,210	155,394	160,825
Funded by:				
Revenue Support Grant	-39,334	-28,973	-26,836	-24,860
Business Rates	-32,439	-33,349	-34,016	-34,696
C. Tax Freeze Grant 2014/15	-848	-848	0	0
C. Tax Freeze Grant 2015/16	0	-848	0	0
PFI Grant	-4,797	-4,797	-4,797	-4,797
New Homes Bonus	-2,882	-2,487	-2,000	-2,000
Council Tax inc. WPCC	-75,250	-75,626	-76,004	-76,384
Collection Fund - Council Tax	-3,154	0	0	0
Collection Fund - Business Rates	-600	0	0	0
TOTAL FUNDING	-159,304	-146,928	-143,653	-142,737
GAP (Cumulative)	167	7,282	11,741	18,088
- Use of Reserves	-167	-5,585	0	0
Sub-total	0	1,697	11,741	18,088
- Savings – 2013/14 shortfall	0	-1,697	-3,239	-4,936
- New Savings	0	0	-8,502	-13,152
Gap	0	0	0	0

2.7 **Service Planning**

- 2.7.1 The timetable for service planning will be different this year. Service plans will be presented in the new year.

3. **CONSULTATION UNDERTAKEN OR PROPOSED**

- 3.1 There will be extensive consultation as the business plan process develops. This will include the Overview and Scrutiny panels and Commission, the Financial Monitoring Task Group, business ratepayers and all other relevant parties.
- 3.2 The Overview and Scrutiny Commission and Panels will be considering the content of this report at the following meetings and will report to Cabinet in December.

O&SC- Financial Monitoring Task group	29 October 2013
Children and Young People	6 November 2013
Sustainable Communities	12 November 2013
Healthier Communities and Older People	13 November 2013
Overview and Scrutiny Commission	26 November 2013

4. **TIMETABLE**

- 4.1 A chart of the budget timetable is attached as Appendix 3.

5. **FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 5.1 All relevant implications have been addressed in the report.

6. **LEGAL AND STATUTORY IMPLICATIONS**

- 6.1 All relevant implications have been addressed in the report.

7. **HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 7.1 Not applicable

8. **CRIME AND DISORDER IMPLICATIONS**

- 8.1 Not applicable

9. **RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

9.1 Not applicable

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

Appendix 1 Proposed Capital Programme 2013-18

Appendix 2 Indicative Capital Programme 2018-23

Appendix 3 Budget Timetable

BACKGROUND PAPERS

Budget files held in the Corporate Services department.

REPORT AUTHOR

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Proposed Capital Programme 2013-18

Scheme Descriptions	Updated Budget 13/14	Updated Budget 14/15	Updated Budget 15/16	Updated Budget 16/17	Updated Budget 17/18
Community & Housing	2,883,780	971,000	0	550,000	0
Corporate Services	8,209,750	5,329,000	2,084,000	3,162,000	2,806,000
Children, Schools and Families	20,103,510	21,255,110	8,919,930	22,087,000	21,398,780
Environment & Regeneration	14,357,310	12,730,070	21,143,000	6,723,000	4,599,000
Total	45,554,350	40,285,180	32,146,930	32,522,000	28,803,780

Proposed Capital Programme 2013-18

Appendix 1

Community and Housing	Updated Budget 13/14	Updated Budget 14/15	Updated Budget 15/16	Updated Budget 16/17	Updated Budget 17/18
Adult Social Care					
Laptops for Social Care Mngrs	2,100	0	0	0	0
Laptops for Other Staff	80,000	0	0	0	0
CareFirst report Development	14,000	0	0	0	0
Excel Add-Ins	3,000	0	0	0	0
Captive E-Learning CareFirst	9,510	0	0	0	0
Merton Information Portal	118,010	0	0	0	0
Adult Social care Collections	10,000	0	0	0	0
Telehealth	67,520	0	0	0	0
Contingency	0	71,000	0	0	0
Replacement SC System	0	900,000	0	0	0
Total Adult Social Care	304,140	971,000	0	0	0
Housing	0	0	0	0	0
Birches Close	291,640	0	0	0	0
8 Wilton Road	271,000	0	0	0	0
Merton Dementia Hub	497,000	0	0	0	0
Western Road *	1,520,000	0	0	0	0
Total Housing	2,579,640	0	0	0	0
Libraries	0	0	0	0	0
Relocation of Colliers Wood Library	0	0	0	550,000	0
Total Libraries	0	0	0	550,000	0
TOTAL	2,883,780	971,000	0	550,000	0

Proposed Capital Programme 2013-18

Corporate Services	Updated Budget 13/14	Updated Budget 14/15	Updated Budget 15/16	Updated Budget 16/17	Updated Budget 17/18
Corporate Budgets					
Acquisitions Budget	1,000,000	1,000,000	0	500,000	0
Transformation Budgets	690,000	7,000	500,000	0	0
Capital Bidding Fund	0	1,000,000	1,000,000	0	0
Total Corporate Budgets	1,690,000	2,007,000	1,500,000	500,000	0
Business Improvements					
Replace doc management system	0	740,000	0	0	0
Customer Contact Programme	0	785,000	0	0	0
CTTE DECISION MAKING SYSTEM	2,000	0	0	0	0
Total Business Improvements	2,000	1,525,000	0	0	0
Corporate Governance					
Resources					
Capital Reporting Project	0	0	0	0	0
Improving Information Systems	281,700	280,000	0	0	0
Total Resources	281,700	280,000	0	0	0
Information Technology					
Connect to N3 Netwrk NHS Spine	71,760	0	0	0	0
Disaster recovery	137,230	0	0	0	0
Planned Replacement Programme	1,422,030	182,000	299,000	1,412,000	1,686,000
ITSD Enhancements	155,000	35,000	85,000	250,000	120,000
IT Strategy - unallocated	41,500	0	0	0	0
Legal Case Management	226,100	0	0	0	0
Total Information Technology	2,053,620	217,000	384,000	1,662,000	1,806,000
Facilities Management					
Civic Centre refurbishment	110,000	100,000	0	0	0
Gifford House Refurbishment	155,250	0	0	0	0
Energy Utility Invest to Save	100,000	100,000	0	150,000	150,000
Invest to Save schemes-General	500,300	100,000	0	150,000	150,000
Water Safety Works	0	0	0	150,000	150,000
Asbestos Safety Works	0	0	0	250,000	250,000
Pollards Hill RG- Access Works	40,000	0	0	0	0
Capital Works - Facilities	231,720	200,000	200,000	300,000	300,000
Civic Centre Passenger Lifts	0	650,000	0	0	0
Gifford House DDA Works	46,840	0	0	0	0
Security Improvements	340	0	0	0	0
Civic Centre Windows	2,997,960	150,000	0	0	0
Total Facilities Management	4,182,410	1,300,000	200,000	1,000,000	1,000,000
TOTAL	8,209,750	5,329,000	2,084,000	3,162,000	2,806,000

Proposed Capital Programme 2013-18

Children, Schools and Families	Updated Budget 13/14	Updated Budget 14/15	Updated Budget 15/16	Updated Budget 16/17	Updated Budget 17/18
Primary School Expansions					
All Saints/ South Wim YCC exp	169,940	0	0	0	0
Aragon expansion	129,140	0	0	0	0
Benedict expansion	36,670	0	0	0	0
Cranmer expansion	2,955,540	919,420	492,050	0	0
Cricket Grn Exp-Chapel Orchard	39,650	0	0	0	0
Dundonald expansion	200,130	1,728,000	2,740,410	1,117,000	0
Gorringe Park expansion	967,410	150,000	0	0	0
Hillcross School Expansion	2,542,030	1,700,000	250,000	0	0
Hollymount Permanent Expansion	72,340	0	0	0	0
Holy Trinity Expansion	242,490	0	0	0	0
Joseph Hood Permanent Expansn	321,400	0	0	0	0
Liberty expansion	52,540	0	0	0	0
Merton Abbey	1,501,130	2,703,390	200,000	0	0
Pelham School Expansion	1,184,850	3,849,000	226,000	0	0
Poplar Permanent Expansion	1,063,190	3,083,760	953,170	0	0
St Mary's expansion	1,453,370	1,564,840	100,000	0	0
Singlegate expansion	1,670,760	2,750,000	100,000	0	0
William Morris PCP	32,740	0	0	0	0
Wimbledon Chase DCSF grant	78,220	0	0	0	0
Wimbledon Park expansion	2,463,490	170,000	0	0	0
22 FE School Expansion	0	0	95,000	2,575,000	2,075,000
23 FE School Expansion	0	0	0	100,000	555,000
24 FE School Expansion	0	0	0	100,000	1,625,000
25 FE School Expansion	0	0	0	100,000	1,625,000
26 FE School Expansion	0	0	0	0	618,780
27 FE School Expansion	0	0	0	0	300,000
28 FE School Expansion	0	0	0	0	300,000
29 FE School Expansion	0	0	0	0	0
Total Primary School Expansions	17,177,030	18,618,410	5,156,630	3,992,000	7,098,780

Proposed Capital Programme 2013-18

Children, Schools and Families	Updated Budget 13/14	Updated Budget 14/15	Updated Budget 15/16	Updated Budget 16/17	Updated Budget 17/18
Secondary School expansion					
Scheme 1 Phased extra 4FE	0	50,000	150,000	2,800,000	0
Scheme 2 Phased extra 4FE	0	50,000	150,000	2,800,000	0
Scheme 3 Phased extra 4FE	0	50,000	150,000	2,800,000	0
Scheme 4 - New school phased 6-8FE	0	100,000	1,000,000	4,000,000	7,000,000
Scheme 5 Phased extra 2FE	0	0	0	95,000	1,500,000
Scheme 6 Phased extra 2FE	0	25,000	25,000	1,900,000	3,000,000
Scheme 7 - extra 1FE	0			50,000	1,100,000
Scheme 8 - extra 1 FE	0			50,000	1,100,000
Scheme 9 Phased extra 2FE	0	0	0	0	0
Total Secondary School expansion	0	275,000	1,475,000	14,495,000	13,700,000
Other					
Garden PCP	289,320	0	0	0	0
SSPeter & Paul PCP	20,000	0	0	0	0
Devolved Formula Capital	466,310	0	0	0	0
Schools Access Initiative Inc	34,750	0	0	0	0
St Ann's Primary Phase	339,430	0	0	0	0
Breaks-disabled children grant	89,540	0	0	0	0
Total Schs Cap Maint & Accessibility	417,990	500,000	600,000	600,000	600,000
Liberty Primary School	3,910	0	0	0	0
Primary school autism unit	50,000	661,700	238,300	0	0
Perseid	0	800,000	500,000	0	0
Secondary School Autism Unit	0	350,000	850,000	0	0
Cricket Green	0	50,000	100,000	3,000,000	0
Youth&Comm centres reprovion	139,010	0	0	0	0
Total Raynes Park Sports Pavilion	103,420	0	0	0	0
Ursuline School Loan	600,000	0	0	0	0
Schools Equipment Loans	372,800	0	0	0	0
Total Other	2,926,480	2,361,700	2,288,300	3,600,000	600,000
Total	20,103,510	21,255,110	8,919,930	22,087,000	21,398,780

Proposed Capital Programme 2013-18

Appendix 1

Environment and Regeneration	13/14	14/15	15/16	16/17	17/18
Footways Planned Works					
Repairs to Footways	850,000	1,000,000	1,000,000	1,000,000	1,000,000
B569a&b Belgrave Walk fencing	36,090	0	0	0	0
Total Footways Planned Works	886,090	1,000,000	1,000,000	1,000,000	1,000,000
Greenspaces					
Beach Volleyball Courts	2,310	0	0	0	0
Play Space Pollards Hill	50,000	0	0	0	0
Parks Investment	242,650	250,000	250,000	425,000	250,000
Raynes Park Cricket Slips	21,350	0	0	0	0
Sherwood Rec - Play Area	25,000	0	0	0	0
King George Rec Play Area	30,000	0	0	0	0
Lewis Road Rec Alt Play Facility	40,000	0	0	0	0
Tamworth Rec Interactive Water Play	80,000	0	0	0	0
Edenvale Open Space Goal Mouth Surfacing	10,000	0	0	0	0
Sir Joseph Hood Crazy Golf	30,000	0	0	0	0
Wimbledon Park Crazy Golf	30,000	0	0	0	0
All Saints Play Area	25,000	0	0	0	0
Nelson Gardens Community Space	25,000	0	0	0	0
Mostyn Gardens Outdoor Gym	30,000	0	0	0	0
WallRep ChrchLn& JohnInnes Pks	4,040	0	0	0	0
B487 Landscape Ravensbury Park	13,410	0	0	0	0
B649 Rvaensbury - Railings and Path	35,000	0	0	0	0
B619 Ravensbury Park entrance	5,000	0	0	0	0
S106 South Park Gardens B346	34,870	0	0	0	0
B488 Landscape Dundonald Rec G	22,000	0	0	0	0
B617a-c Wimbledon Park upgrade	15,030	0	0	0	0
B486 Lndscp Ctnhm Pk Hlnd Gdns	0	0	0	0	0
Repairs to Water Wheel (B531)	2,490	0	0	0	0
B595 Colliers Wd Rec-play area	10,000	0	0	0	0
Rowan Rd Rec (B525)	6,000	0	0	0	0
Joseph Hood Playground (B524)	8,500	0	0	0	0
B621 Joseph Hood Rec	3,000	0	0	0	0
B627a&b Cottnhm Prk-play area	2,960	0	0	0	0
B521 - Morden Park	29,780	0	0	0	0
B596a&b,B625a-c Crckt Grn Area	21,000	0	0	0	0
B626a-c Cottnhm Prk&Hollnd Gdn	28,000	0	0	0	0
Merton & Sutton Cemetery Board	0	0	0	0	0
B651 South Park Gardens Pavil	17,000	0	0	0	0
B647 John Innes Park Improvmnt	2,000	0	0	0	0
B650 Rowan Road Park Improvmnt	3,060	0	0	0	0
Marathon Trust BMX Track	0	0	0	0	0
Total Greenspaces	904,450	250,000	250,000	425,000	250,000

Proposed Capital Programme 2013-18

Appendix 1

Environment and Regeneration	13/14	14/15	15/16	16/17	17/18
Highways General Planned Works					
Surface Water Drainage	62,000	62,000	62,000	69,000	69,000
Highways bridges & structures	260,000	370,000	260,000	0	260,000
Maintain AntiSkid and Coloured	90,000	90,000	90,000	90,000	90,000
B340MOSS rpt (land Rutlish Rd)	0	0	0	0	0
B497/8 Lombard Rd Improvements	24,100	0	0	0	0
River Wandle Footbridge	35,520	0	0	0	0
B453 Haydons Road	0	0	0	0	0
New Traffic Schemes	168,150	0	0	0	0
B638d/e Sustainable Transport	5,500	0	0	0	0
B646a Lombard Industrial Estat	23,970	0	0	0	0
B646b 7 Abbey Road	4,500	0	0	0	0
B639a Fair Green	0	42,600	0	0	0
B642 Streatham Rd	10,800	0	0	0	0
Total Highways General Planned Works	684,540	564,600	412,000	159,000	419,000
Highways Planned Road Works					
Borough Roads Maintenance	1,400,000	1,500,000	1,500,000	1,600,000	1,500,000
Homezones	450,000	0	0	0	0
Total Highways Planned Road Works	1,850,000	1,500,000	1,500,000	1,600,000	1,500,000
Leisure Centres					
Leisure Centre Plant & Machine	300,000	300,000	300,000	300,000	300,000
Morden Park Pool and LC Invest	0	1,000,000	10,000,000	0	0
Total Leisure Centres	300,000	1,300,000	10,300,000	300,000	300,000
Other E&R					
Vestry Hall	30,000	0	0	0	0
Wimbledon Library Flat	95,000	0	0	0	0
Big Lottery Play Areas	27,160	0	0	0	0
Mobile Working Initiative	25,000	0	0	0	0
B502/3 Going for Gold Actn Pln	20,000	0	0	0	0
WCA investment	866,670	0	0	0	0
Wimbledon Park Community Assn	150,000	0	0	0	0
Garth Rd Workshop	128,720	0	0	0	0
Garage for Mayors Car	6,000	0	0	0	0
Total Other	1,348,550	0	0	0	0
On and Off Street Parking					
Review & extension of CPZ W6	15,000	0	0	0	0
Improved parking- shop parades	100,000	0	0	0	0
Total On and Off Street Parking	115,000	0	0	0	0

Proposed Capital Programme 2013-18

Environment and Regeneration	Updated Budget 13/14	Updated Budget 14/15	Updated Budget 15/16	Updated Budget 16/17	Updated Budget 17/18
Regeneration Partnerships					
Industrial Estate Investment	0	250,000	500,000	0	0
Colliers Wd- Regeneration Fund	1,563,000	0	0	0	0
Mitcham - Outer London Fund	315,180	0	0	0	0
Mitcham Major schemes	0	300,000	0	0	0
Restoration of South Park Gdns	129,890	0	0	0	0
Sect106 Bottleneck Skills Grnt	14,070	0	0	0	0
S106 Wim broadwy CA	6,480	0	0	0	0
B611 - Comm Facilities in WTC	30,000	0	0	0	0
Town Centre Investment	50,000	750,000	878,000	1,037,000	0
Mitcham Town Centre Improvements	420,000	0	0	0	0
Colliers Wood Town Centre Improvements	90,000	0	0	0	0
B550 Mitcham means Business	38,900	0	0	0	0
Total Regeneration Partnerships	2,657,520	1,300,000	1,378,000	1,037,000	0
Plans and Projects					
Low Carbon Zone	2,560	0	0	0	0
Climate Change Initiatives	71,530	70,000	0	0	0
Total Plans and Projects	74,090	70,000	0	0	0
Street Lighting					
Street Lighting Replacement Pr	534,580	410,000	200,000	462,000	290,000
Total Street Lighting	534,580	410,000	200,000	462,000	290,000
Street Scene					
Improve markings & road signs	112,290	0	0	0	0
Street scene enhancements	125,000	250,000	250,000	0	0
B591b Shop Front Improvement	42,160	0	0	0	0
Street Tree Programme	65,000	65,000	25,000	100,000	0
Raynes Park Street Scene	2,000	0	0	0	0
Total Street Scene	346,450	315,000	275,000	100,000	0

Proposed Capital Programme 2013-18

Environment and Regeneration	13/14	14/15	15/16	16/17	17/18
Transport for London					
Elec Vehic/Scooter Infrastruct	10,000	0	0	0	0
Strategic corridor Mitcham	260,000	0	0	0	0
Kingston/Hartfield Rd StratCor	260,000	0	0	0	0
Accesibility Programme	160,000	0	0	0	0
Cycle access/parking	250,000	0	0	0	0
Morden Town Centre	65,000	0	0	0	0
Victoria Rd Bus Access Impr	170,000	0	0	0	0
Casualty Reduction & Schools	200,000	0	0	0	0
School & Road Safety Campaigns	170,000	0	0	0	0
Bikeability cycle training Pro	80,000	0	0	0	0
Mobility Scooter Training	10,000	0	0	0	0
Unallocated	0	1,839,000	1,839,000	0	0
TFL Slippage - Corridors&Neigh	224,780	0	0	0	0
TFL Projected Slippage	33,590	0	0	0	0
Biking Borough Project	45,000	0	0	0	0
Biking Borough Programme	22,000	0	0	0	0
Borough Support - Training	6,040	0	0	0	0
Car Clubs Expansion	10,000	0	0	0	0
Car Clubs	10,000	0	0	0	0
Cycle Improvements	100,000	0	0	0	0
Developing the Tram	14,000	0	0	0	0
Willow Lane Industrial Estate	15,000	0	0	0	0
Motorcycles in Bus Lanes	25,000	0	0	0	0
Merton HS Victory to Norman	150,000	0	0	0	0
Central Rd Farm to Green	299,000	0	0	0	0
London Rd Mitcham to Pitcairn	124,000	0	0	0	0
Willow Lane Bridge	15,000	0	0	0	0
Wim TC Accessibility & Streets	30,000	0	0	0	0
Total Transport for London	2,758,410	1,839,000	1,839,000	0	0
Traffic and Parking Management					
B584 Eastfield Area 20mph zone	6,340	0	0	0	0
Minor traffic/danger reduction	0	120,000	120,000	0	0
Traffic surveys & Safety Measu	0	15,000	15,000	0	0
Wimbledon Area Traffic Study	121,000	0	0	0	0
High Path Area(Option 1 + 3)	6,000	0	0	0	0
Parkway Area (20 mph scheme)	2,940	0	0	0	0
Pelham Road Area 20mph scheme	1,010	0	0	0	0
Traffic Schemes	0	0	0	306,000	0
Total Traffic and Parking Management	137,290	135,000	135,000	306,000	0

Proposed Capital Programme 2013-18

Environment and Regeneration	Updated Budget 13/14	Updated Budget 14/15	Updated Budget 15/16	Updated Budget 16/17	Updated Budget 17/18
Transport and Plant					
Replacement of Fleet Vehicles	300,000	500,000	500,000	500,000	500,000
Network Rail	9,400	0	0	0	0
Shared Space	20,000	0	0	0	0
B574 Town Centre Transport Imp	3,330	0	0	0	0
B544 Wimbledon Station Access	14,980	0	0	0	0
B609 Wim Town Centre trans imp	5,000	0	0	0	0
B610 Wim Town Centre trans imp	42,490	0	0	0	0
Transportation Enhancements	0	2,500,000	2,500,000	0	0
Total Transport and Plant	395,200	3,000,000	3,000,000	500,000	500,000
Safer Merton - CCTV & ASB					
CCTV (match funding)	0	170,000	0	0	0
CCTV - Raynes Park	0	2,310	0	0	0
Relocation of cameras 50 & 52	0	8,150	0	0	0
B495a/b/c CCTV Upgrade	0	3,000	0	0	0
Works for Merton Priory Homes	0	9,010	0	0	0
Total Safer Merton - CCTV & ASB	0	192,470	0	0	0
Environmental Health					
Disabled Facilities Grant DCLG	444,000	444,000	444,000	444,000	0
Disabled Facilities Grant LBM	552,810	280,000	280,000	280,000	280,000
Small Repairs Grant	80,000	40,000	40,000	60,000	60,000
Total Environmental Health	1,076,810	764,000	764,000	784,000	340,000
Waste Operations					
Alley Gating Scheme - Fly Tip	50,000	50,000	50,000	50,000	0
Re-use/recycling Site Maintena	40,000	40,000	40,000	0	0
Waste Phase B - Replace RCVs	157,330	0	0	0	0
Kitchen Waste WRAP	15,000	0	0	0	0
Kitchen waste container replce	26,000	0	0	0	0
Total Waste Operations	288,330	90,000	90,000	50,000	0
TOTAL	14,357,310	12,730,070	21,143,000	6,623,000	4,599,000

Indicative Capital Programme 2018-23

Scheme Descriptions	Updated Budget 18/19	Updated Budget 19/20	Updated Budget 20/21	Updated Budget 21/22	Updated Budget 22/23
Community & Housing	0	0	0	0	0
Corporate Services	1,785,000	1,500,000	1,760,000	1,645,000	1,645,000
Childrens, Schools and Families	27,578,480	6,250,000	6,600,000	4,758,000	3,920,430
Environment & Regeneration	5,324,000	5,050,000	4,515,000	4,515,000	4,515,000
Total	34,687,480	12,800,000	12,875,000	10,918,000	10,080,430

Indicative Capital Programme 2018-23

Corporate Services	Updated Budget 18/19	Updated Budget 19/20	Updated Budget 20/21	Updated Budget 21/22	Updated Budget 22/23
Corporate Budgets					
Total Corporate Budgets	0	0	0	0	0
Business Improvements					
Total Business Improvements	0	0	0	0	0
Corporate Governance					
Total Corporate Governance	0	0	0	0	0
Resources					
Total Resources	0	0	0	0	0
Information Technology					
Planned Replacement Programme	560,000	575,000	860,000	770,000	770,000
ITSD Enhancements	275,000	0	0	0	0
Total Information Technology	835,000	575,000	860,000	770,000	770,000
Facilities Management					
Energy Utility Invest to Save	150,000	150,000	150,000	150,000	150,000
Invest to Save schemes-General	150,000	150,000	150,000	150,000	150,000
Water Safety Works	100,000	75,000	50,000	25,000	25,000
Asbestos Safety Works	250,000	250,000	250,000	250,000	250,000
Capital Works - Facilities	300,000	300,000	300,000	300,000	300,000
Total Facilities Management	950,000	925,000	900,000	875,000	875,000
TOTAL	1,785,000	1,500,000	1,760,000	1,645,000	1,645,000

Indicative Capital Programme 2018-23

Children, Schools and Families	Updated Budget 18/19	Updated Budget 19/20	Updated Budget 20/21	Updated Budget 21/22	Updated Budget 22/23
Secondary School expansion					
Scheme 1 Phased extra 4FE	3,677,560	0	0	0	0
Scheme 2 Phased extra 4FE	2,270,120	0	0	0	0
Scheme 3 Phased extra 4FE	1,849,610	0	0	0	0
Scheme 4 - New school phased 6-8FE	2,000,000	0	6,000,000	4,008,000	0
Scheme 5 Phased extra 2FE	4,478,950	0	0	0	0
Scheme 6 Phased extra 2FE	1,527,640	0	0	0	0
Scheme 7 - extra 1FE	2,639,629	0	0	0	0
Scheme 8 - extra 1 FE	1,909,973	0	0	0	0
Scheme 9 Phased extra 2FE	0	0	0	150,000	3,320,430
Total Secondary School expansion	20,353,482	0	6,000,000	4,158,000	3,320,430
Other					
Total Schs Cap Maint & Accessibility	600,000	600,000	600,000	600,000	600,000
Perseid	850,000	850,000	0	0	0
Total Other	1,450,000	1,450,000	600,000	600,000	600,000
Total	27,578,482	6,250,000	6,600,000	4,758,000	3,920,430

Indicative Capital Programme 2018-23

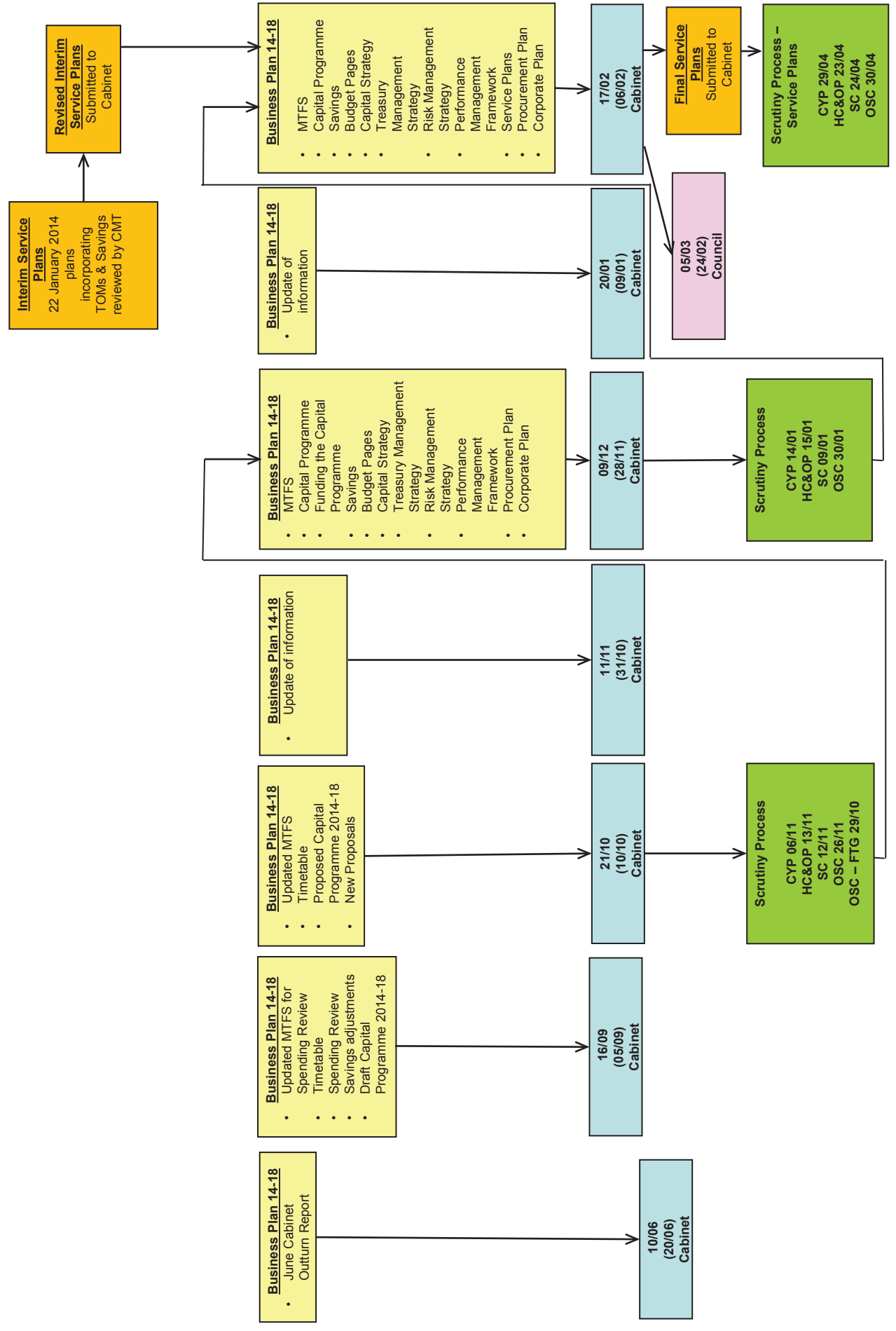
Environment and Regeneration	Updated Budget 18/19	Updated Budget 19/20	Updated Budget 20/21	Updated Budget 21/22	Updated Budget 22/23
Footways Planned Works					
Repairs to Footways	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Footways Planned Works	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Greenspaces					
Parks Investment	350,000	350,000	350,000	350,000	350,000
Total Greenspaces	350,000	350,000	350,000	350,000	350,000
Highways General Planned Works					
Surface Water Drainage	69,000	69,000	69,000	69,000	69,000
Highways bridges & structures	260,000	260,000	260,000	260,000	260,000
Maintain AntiSkid and Coloured	90,000	90,000	90,000	90,000	90,000
Total Highways General Planned Works	419,000	419,000	419,000	419,000	419,000
Highways Planned Road Works					
Borough Roads Maintenance	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Total Highways Planned Road Works	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Leisure Centres					
Leisure Centre Plant & Machine	300,000	0	0	0	0
Total Leisure Centres	300,000	0	0	0	0
Other E&R					
Total Other	0	0	0	0	0
On and Off Street Parking					
Total On and Off Street Parking	0	0	0	0	0
Regeneration Partnerships					
Total Regeneration Partnerships	0	0	0	0	0
Plans and Projects					
Total Plans and Projects	0	0	0	0	0
Street Lighting					
Street Lighting Replacement Pr	509,000	535,000	0	0	0
Total Street Lighting	509,000	535,000	0	0	0
Street Scene					
Total Street Scene	0	0	0	0	0
Transport for London					
Total Transport for London	0	0	0	0	0

Indicative Capital Programme 2018-23

	Updated Budget 18/19	Updated Budget 19/20	Updated Budget 20/21	Updated Budget 21/22	Updated Budget 22/23
Environment and Regeneration					
Traffic and Parking Management					
Traffic Schemes	306,000	306,000	306,000	306,000	306,000
Total Traffic and Parking Management	306,000	306,000	306,000	306,000	306,000
Transport and Plant					
Replacement of Fleet Vehicles	500,000	500,000	500,000	500,000	500,000
Total Transport and Plant	500,000	500,000	500,000	500,000	500,000
Safer Merton - CCTV & ASB					
Total Safer Merton - CCTV & ASB	0	0	0	0	0
Environmental Health					
Disabled Facilities Grant LBM	280,000	280,000	280,000	280,000	280,000
Small Repairs Grant	60,000	60,000	60,000	60,000	60,000
Total Environmental Health	340,000	340,000	340,000	340,000	340,000
Waste Operations					
Total Waste Operations	0	0	0	0	0
TOTAL	5,324,000	5,050,000	4,515,000	4,515,000	4,515,000

Business Planning Timetable - Business Plan 2014-18

Appendix 3



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Cabinet

Date: 21 October 2013

Subject: Financial Report 2013/14 – August 2013

Lead officer: Paul Dale

Lead member: Mark Allison

Urgent report:

Reason for urgency: The chair has approved the submission of this report as a matter of urgency as it provides the latest available monitoring information for 2013/14. This requires consideration as it has implications for current and future years' budget monitoring and management

Recommendations:

- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast underspend at year end of £1.07million (which is 0.65% of the gross Council Budget) after allowing for a £299k transfer to the Capital Programme and consider any relevant action they may wish to take in respect of variations
- B. That Cabinet note the adjustments made to the Capital Programme in Appendix.
- C. That Cabinet note the contents of the Debt Report contained in Appendix 8
- D. Cabinet note current progress to date on savings and review for the budget update for August 2013, along with impact on future savings already in the MTFS.
- E. That Cabinet approve the virement of £235,000 from the £441,864 Social Work Improvement Fund reserve proposed by CSF department.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the regular financial monitoring report for 2013/14 presented to Cabinet in line with the financial reporting timetable. It is based on expenditure and income as at 31st August 2013.

This financial monitoring report provides:-

- The latest budgetary control information on revenue expenditure and income, forecasting a year end underspend of £1.07m (£1.2m underspend reported last month);
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2013/14;
- Progress on the delivery of the 2013/14 revenue savings
- Updated Miscellaneous Debt Report

2. 2013/14 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

2.1 **Executive summary** - As at August, the forecast is expected to be net £1.07m underspend compared to the current budget.

Summary Position as at 31st August 2013

	Current Budget 2013/14 £000s	Full Year Forecast (Aug.) £000s	Forecast Variance at year end (Aug.) £000s	Forecast Variance at year end (July) £000s
Department				
3A. Corporate Services	11,855	11,185	(670)	(404)
3B. Children, Schools and Families	50,714	51,316	602	278
3C. Community and Housing	63,419	63,033	(385)	(335)
3D. Public Health	0	(52)	(52)	(92)
3E. Environment & Regeneration	25,886	26,134	248	121
NET SERVICE EXPENDITURE	151,874	151,617	(257)	(432)
3E. Corporate Items				
Impact of Capital on revenue budget	13,878	13,878	0	0
Central budgets	(2,404)	(3,218)	(814)	(814)
Levies	914	914	0	0
TOTAL CORPORATE PROVISIONS	12,388	11,574	(814)	(814)
TOTAL GENERAL FUND	164,262	163,191	(1,071)	(1,246)
FUNDING				
Revenue Support Grant	(47,221)	(47,221)	0	0
Business Rates	(32,020)	(32,020)	0	0
Other Grants	(8,356)	(8,356)	0	0
Council Tax and Collection Fund	(76,664)	(76,664)	0	0
FUNDING	(164,262)	(164,261)	0	0

A detailed table is provided as Appendix 1.

Chart 1 below shows the forecast year end variance for departmental expenditure with a comparison against 2012/13.

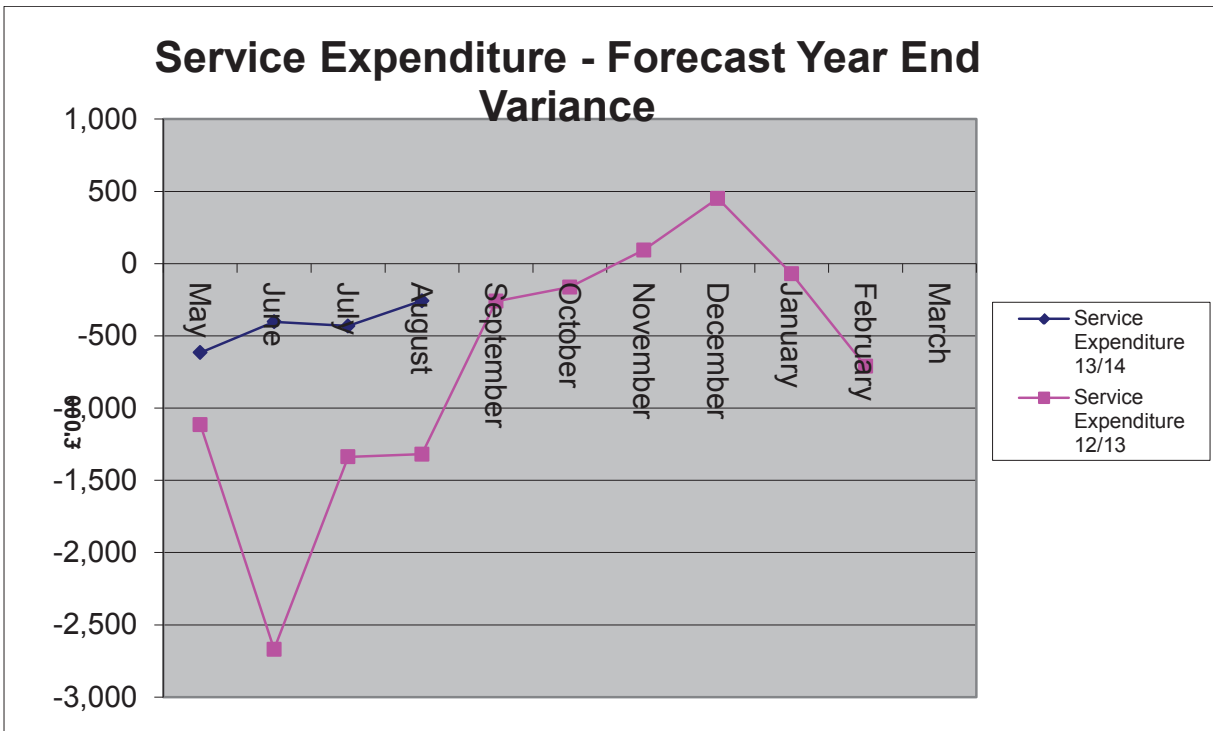
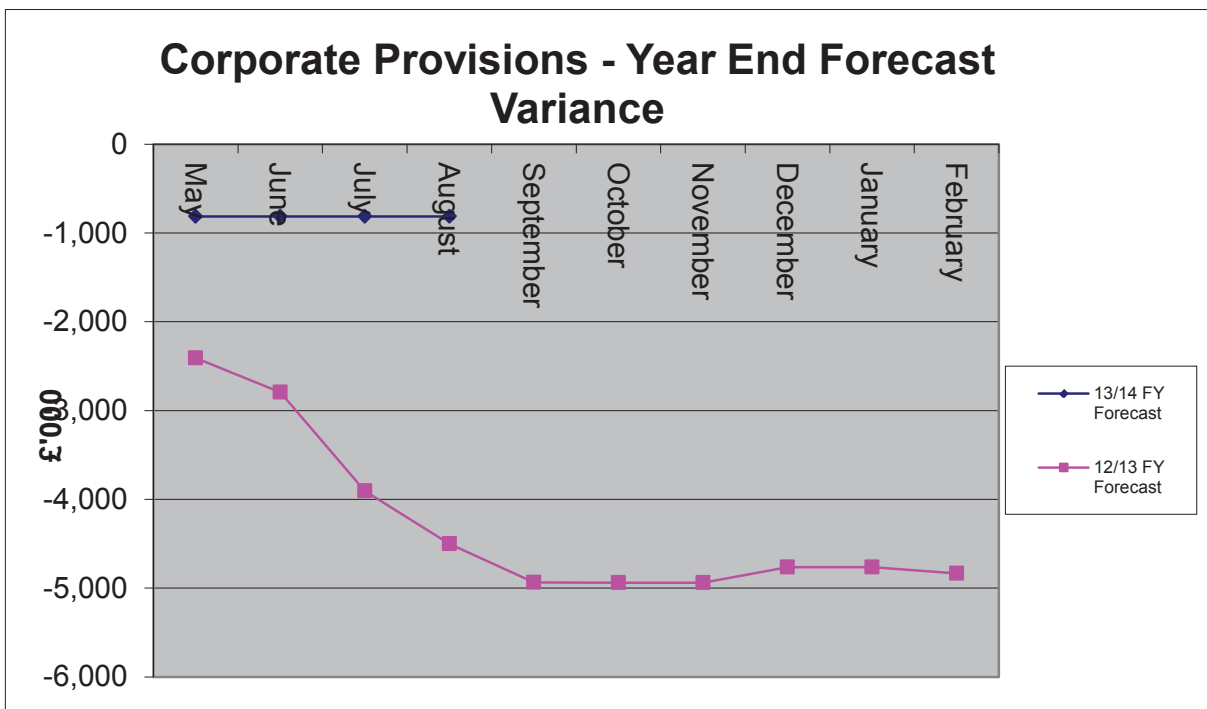


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against 2012/13.



The following table shows the summary position for August, in subjective format.

	Current Budget 2013/14	Full Year Forecast (Aug)	Forecast Variance at year end (Aug)
Expenditure	£000	£000	£000
Employees*	89,582	90,083	501
Premises Related Expenditure	9,441	8,947	(494)
Transport Related Expenditure	13,201	12,981	(220)
Supplies and Services	161,444	161,703	259
Third Party Payments	87,373	87,701	328
Transfer Payments	95,946	108,518	12,572
Support Services	32,417	32,417	(0)
Depreciation and Impairment Losses	13,783	13,783	0
Corporate Provisions	12,388	11,574	(814)
GROSS EXPENDITURE	515,573	527,707	12,133
Income			
Government Grants	(242,380)	(255,189)	(12,808)
Other Grants, Reimbursements and Contribs	(18,381)	(18,600)	(219)
Customer and Client Receipts	(53,411)	(53,111)	300
Interest	(44)	(24)	20
Recharges	(34,296)	(34,295)	1
Balances	(2,799)	(3,298)	(499)
GROSS INCOME	(351,311)	(364,516)	(13,205)
NET EXPENDITURE	164,262	163,191	(1,071)

* 1% pay award will be included in period 6 monitoring report.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

i) Corporate Services Department

	2013/14 Current Budget	Full year Forecast August	Forecast variance at year end (August)	Forecast variance at year end (July)	2012/13 Variance at year end
	£000	£000	£000	£000	£000
Business Improvement	2,230	2,212	(18)	(20)	4
Infrastructure & Transactions	8,943	8,754	(189)	(119)	20
Resources	7,499	7,403	(96)	(15)	(141)
Human Resources	2,175	2,257	82	89	253
Corporate Governance	4,489	4,394	(95)	(7)	(195)
Customer Services	2,288	1,884	(404)	(379)	460
Corporate Items including redundancy costs	1,326	1,375	50	47	(9)
Total (controllable)	28,950	28,280	(670)	(404)	393

Overview

At period 5 (August) the Corporate Services department is forecasting an underspend of £670k.

The main variances are summarised in the table below.

<u>13/14</u>	<u>Budget</u> <u>£000</u>	<u>August</u> <u>forecast</u> <u>variance</u> <u>£000</u>
<u>Human Resources</u>		
School's SLA	(376)	43
iTrent client team	349	32
Other costs	2,202	7
Total Human Resources	2,175	82
<u>Resources</u>		
Audit Fee	422	(172)
Other costs	7,077	76
Total Resources	7,499	(96)
<u>Customer Services</u>		
Corporate Communications Income	(203)	148
Shared Bailiff's service with LB Sutton	(150)	101
Local welfare support programme funding	(367)	(246)
Other costs	3,008	(407)
Total Customer Services	2,288	(404)

Human Resources (HR) – forecast overspend £82k

The Schools payroll SLA is forecast to underachieve the income target by £43k. The competition from external payroll providers puts this income budget under pressure for future years. There are also budget pressures in the iTrent client side costs forecasting an overspend of £32k.

Customer Services – forecast underspend £404k

The Local Welfare Support discretionary scheme was set up in response to localise the Department of Works and Pensions, Social Fund. The authority has been allocated £367k of programme funding in the current year. The number of claims to date is significantly lower than

anticipated and this is similar across London. Based on year to date claims this budget is expected to underspend by £246k, but the scheme is being kept under review.

There is a forecast underspend of £170k due to vacant posts within the division.

The Merton and Sutton shared bailiff service is forecasting an underachievement of income of £101k. The level of enforcement costs (non-statutory) that the Merton bailiff team charges have been reduced following a complaint made to the Local Government Ombudsman and the recommendations received from that investigation. These changes have impacted on the level of costs charged by the Merton bailiff team and subsequently the shared service

Resources – forecast underspend £96k

The audit fee saving for future years has been captured early in the current year. This is partially offset by systems improvement and development work required to the financial systems.

Infrastructure and Transactions – forecast underspend £189k

This underspend is mainly due to the renegotiation of contracts. The increase from last month is due to Facilities management forecasting an overachievement of trading income of £50k.

Management Action

Finance staff continue to work closely with budget managers to make forecasting more robust and accurate.

3B. Children Schools and Families

Children, Schools and Families	2013/14 Current Budget £000	Full year Forecast (Aug) £000	Forecast Variance at year end (Aug) £000	Forecast Variance at year end (Jul) £000	2012/13 Variance at year end £000
Commissioning, Strategy and Performance	9,204	9,619	415	64	548
Education	16,266	16,578	262	193	144
Social Care and Youth Inclusion	11,475	11,404	(71)	25	(521)
PFI	7,070	7,066	(4)	(4)	68
Redundancy costs	2,042	2,042	0	0	(51)
Total (controllable)	46,057	46,709	602	278	188

Overview

At the end of period 5 (August) Children Schools and Families is forecasting a net overspend of £602k on local authority funded services

Local Authority Funded Services

There are a number of volatile budgets, which require continuous and careful demand management. Significant cost pressures and underspends identified to date are detailed below:

Description	Budget £000	Aug £000	Jul £000
Independent fostering and residential placements (ART)	4,922	346	0
Legal fees	519	49	36
Other small over and underspends	3,763	20	28
Subtotal Commissioning, Strategy and Performance	9,204	415	64
Children with Disabilities staff cover	368	121	121
Children with Disabilities personal support	148	102	102
Early Years	548	(75)	(83)
Statement support team staff cover	337	89	0
Other small over and underspends	14,865	25	53
Subtotal Education	16,266	262	193
Central Social Work	876	133	82
Family support	444	(118)	(98)
Serious case reviews	75	(75)	0
Other small over and underspends	10,080	(11)	41
Subtotal Children's Social Care and Youth Inclusion	11,475	(71)	25
Subtotal PFI	7,070	(4)	(4)
Subtotal Redundancy cost	2,042	0	0
Grand total Children, Schools and Families	46,057	602	278

Commissioning, Strategy and Performance Division

- Pressure on fostering and residential placement costs continues due to a combination of increased number of children looked after and complex placement needs. The estimated net position includes on-going pressures in independent agency fostering, in-house fostering budgets and mother and baby placements, offset by underspends on residential placement budgets, the residual overspend amounting to some £346k.
- The legal budget is expected to overspend by £49k due to additional support required from legal services, including specialist commissioned legal support.
- There are various other small over and underspends predicted across the division netting to a £20k overspend. This, combine with the items described above, equals the reported divisional overspend forecast of £415k

Education Division

- Due to staff changes and the need to enhance social worker management capacity in the Children with Disability section, agency cover was recruited. A net overspend of £121k is expected. Recruitment of permanent post holders is on-going.
- The Children with Disability section is also forecasting a £102k overspend on their personal support budgets due to increased numbers of clients reflecting rising numbers of children with complex needs being supported in this way. These payments often prevent higher cost interventions being required, e.g. residential out of borough social care placements.
- The Early Years section is expected to underspend by £75k due to vacancies held in their provider support and workforce development services.
- The statement support team salary budget is estimated to overspend by £89k due to agency staff covering permanent vacancies.
- There are various other small over and underspends predicted across the division netting to a £25k overspend. This, combine with the items described above, equals the reported divisional overspend forecast of £262k.

Children's Social Care and Youth Inclusion

- Due to agency cover and other staff cost pressures, the Children's Central Social Work Service is forecasting an overspend of £133k at present.
- Due to staff vacancies, the Family Support service is forecasting a £118k underspend for the year.
- The serious case review budget is expected to underspend by £75k because there has been no need for these reviews during the current financial year.
- There are various other small over and underspends predicted across the division netting to a (£11k) underspend. This, combine with the items described above, equals the reported divisional underspend forecast of (£71k).

Dedicated Schools Grant

DSG funded services are expected to underspend but these budgets are not within the council's general fund and such underspends cannot be offset against overspends on local authority funded budgets. Any underspend at year-end will be added to the DSG reserve and applied as agreed by the Schools Forum.

Based on current client costs, the independent residential SEN placements are expected to underspend. The current client costs do however not build in any contingencies for new assessments during the year or new starters from September. This assessment does include the impact of leavers. As in previous years, more work will be done to forecast this demand and quantify the resulting cost in readiness for the October monitoring.

Due to changes introduced by central government, Merton is responsible for funding post 16 pupils with Special Education Needs attending FE colleges and Independent Specialist Providers from September 2013. The funding received from the Education Funding Agency to meet the cost is not

sufficient. Officers are currently working on putting procedures in place to pay these providers and will report on cost pressures later in the financial year.

Management Action

Managers continue to reduce spend where possible to address cost pressures that arise throughout the year.

Use of Reserves

Proposals have been compiled to utilise £235,000 of the Social Work Improvement Fund reserve. CMT / Cabinet are asked to approve the virement of £235,000 from the £441,864 reserve to fund these projects, to support early intervention and assessment, contributing to a social work development programme from qualification through to management. This will enhance our specialist response to the growing issue of child sexual exploitation, and it supports our positive engagement with families working to minimise the risks to which children are exposed.

(C) Community and Housing

As at the end of period 5 (August), C&H is forecast to under-spend by £385k

Community and Housing	2013/14 Current Budget	Full Year Forecast (Aug)	Forecast Variance (Aug)	Forecast Variance (Jul)	2012/13 Variance at year end
	£000	£000	£000	£000	£000
Access and Assessment	43,430	43,069	(361)	(135)	(1,380)
Commissioning	5,083	4,910	(173)	(362)	(324)
Direct Provision	4,733	4,957	224	219	48
Directorate	888	881	(7)	9	81
Adult Social Care	54,134	53,817	(317)	(269)	(1,575)
Libraries and Heritage	2,489	2,494	5	24	4
Merton Adult Education	(113)	(113)	0	0	(3)
Housing General Fund	1,728	1,655	(73)	(90)	(230)
Total (controllable)	58,238	57,853	(385)	(335)	(1,804)

Access and Assessment - £361k under-spend

Access and Assessment	Forecast Variance
	£000
Miles Re-ablement	(302)
Other A&A underspend	(486)
Gross Placements overspend	2,408
Sub-total Net over-spend	1620
Net over-achievement of Income	
Over achievement of Client Contribution	(770)
Over achievement of CCG Contribution	(534)
NHS Social Care Transfer Income	(677)
Sub-Total over-achievement of Income	(1,981)
Total A&A Forecast under-spend	(361)

Commissioning - £173k under-spend

Employee under-spend in Contracts and Performance team £94k and Brokerage team £111k, Supporting People Grant £131k overspend and Voluntary Organisations grants and contract £99k underspend.

Direct Provision £224k overspend

Mainly arises due to increase in staff levels recruited above budget. This is a temporary issue until support hours for each client is agreed with the Access & Assessment team, clients will then be financially assessed to contribute which should reduce overspend.

The staffing budget is overspent due to the budget not being adjusted from when it covered a 22 bedded residential unit, it is now required to cover a service that provides a service to over 30 service user, at various sites rather than the previous one and two of these sites provide 24 hour staffing cover.

Zero based budgets have been produced for the service to identify staffing levels now required at all the Supported Living sites and there is currently on-going discussions happening with Access and Assessment to identify ways to ensure the additional finances are available to cover this.

There is also loss of client contribution income for a client

Libraries – £5k overspend.

Where libraries provide office lets to organisations a couple of these organisations are withdrawing from the space they use due to cuts in their own funding. This could potentially leave an income gap of £20k per annum but the service is seeking to bring in new occupants as a replacement.

Housing

The underspend has reduced significantly from the position in recent years and this is being closely monitored.

Placements

The total gross placement budget for 2013-14 is £37.5m; this includes £1m net growth allocated in setting the budget and savings of £2.24m.

The Gross placements budget is forecast to over-spend by £2.408m.

The impact of the savings on the budget position for 2013-14 and future years are being monitored closely. There is a potential risk that £1,022k savings proposals relating to placements may not be achieved. Alternative proposals may be required. The full implications of NHS Social Care Transfer income will be reviewed once agreement has been reached with the CCG.

The table below identifies the movement in care package numbers:

	No of Care Packages as at October 2012 (budget setting)	No of Care Packages as at Aug 2013	Increase/decrease since Budget Setting	Total Yearly Commitment @ Aug 13 £000
Activity Data – Care Package Numbers				
Service Area				
Mental Health	175	160	(15)	£1,669
Physical and Sensory	275	291	16	£3,975
Learning Disabilities	375	375	0	£12,409
Older People	1,634	1,701	67	£21,647
Substance Misuse	10	9	(1)	£221
No recourse to public funds	21	13	(8)	£183
Other Placement Expenditure				(£763)
TOTAL Gross placement expenditure	2,490	2,549	59	£39,341

Income

The income budget has been increased by £800k to balance the 2013/14 budget and correct historic under provision in this area.

The current net estimated over-achievement of Income is £1304k.

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

Public Health

The allocation of the Public Health budget are detailed below

Description	2013/14 Current budget £000	Full Year Forecast (Aug) £000	Forecast Variance (Aug) £000
PH - Directorate	626	563	(63)
PH- Contraception*	582	606	24
PH - STI Testing and Treatment (GUM)*	2,006	2,002	(4)
PH - SH Advice, Prevent and Promotion*	352	343	(9)
PH - NHS Health check*	226	226	0
PH - Falls Prevention	64	64	0
PH - Obesity	339	339	0
PH - Community Development and Health Course	6	6	0
PH – Livewell (including smoking cessation)	347	347	0
PH - Health Promotion Resources	16	16	0
PH - Substance Misuse (drugs and alcohol)	2,086	2,086	0
PH - School Nursing (including National Child Measurement programme)*	611	611	0
PH - Surveillance and Control of Infectious Diseases	63	63	0
PH - Community Services Contract Estates	186	365	179
PH - New Investments	1,378	1,199	(179)
Total (Controllable)	8,888	8,836	(52)

The Public Health service faces the following financial risks: the GUM contract, which is demand-led; the Community Services Contract (which includes an element for estates) regarding which discussions are underway with the CCG; and uncertainty around funding of the NHS. Potential new investments are subject to assessments for value for money, due to report at the end of September.

*Denotes a mandatory service

D) Environment & Regeneration

Environment & Regeneration	2013/14 Current Budget £000	Full year Forecast (August) £000	Forecast Variance at year end (August) £000	Forecast Variance at year end (July) £000	2012/13 Variance at year end £000
Public Protection & Development	(6,537)	(6,267)	270	149	229
Sustainable Communities	1,938	1,881	(57)	43	(190)
Traffic & Highways	8,167	8,685	518	518	728
Waste Services	16,607	16,001	(606)	(728)	(651)
Safer Merton	970	970	0	(19)	(77)
Other	(541)	(418)	123	158	(76)
Total (Controllable)	20,604	20,852	248	121	(37)

Description	2013/14 Current Budget £000	Forecast Variance at year end (August) £000	Forecast Variance at year end (July) £000
Shortfall in Building & Development Control (B&DC) income	(1,816)	218	218
General Supplies & Services underspend within B&DC	232	(65)	(65)
Employee underspend within Parking Services	2,383	(74)	(64)
Underachievement of Customer & Client Receipts in Parking Services	(11,605)	233	98
Employee overspend within EHTS&L	1,504	76	66
Other	2,765	(118)	(104)
Total for Public Protection & Development	(6,537)	270	149
Employee overspend within Greenspaces	2,216	89	79
Underachievement of Customer & Client Receipts in Greenspaces	(2,260)	156	178
General Supplies & Services underspend within Greenspaces	514	(54)	(40)
Premises related underspend within Property Management	384	(68)	(66)
Overachievement of property rental income	(4,046)	(32)	21
Employee overspend within FutureMerton	1,090	79	75
Employee underspend within Senior Mgmt & Support	774	(42)	(42)
Other	3,266	(269)	162
Total for Sustainable Communities	1,938	(57)	43
Employee overspend within Waste Services	7,268	673	465
Reduced SLWP related costs	8,551	(1,346)	(1,464)
Transport related underspend within Waste Services	2,028	(157)	(33)
Shortfall in Waste Services income – principally Commercial Waste	(2,527)	310	333
Reduction in ability to Capitalise expenditure	(691)	449	449
Overspend on highways maintenance contract reactive works	640	200	160
Underachievement of Customer & Client Receipts in Traffic & Highways	(1,444)	111	94
Transport Services	(542)	124	157
Other	10,950	(329)	(213)
Total for Street Scene & Waste	24,233	35	(52)
Employee related underspend	962	(69)	(33)
Other	8	69	14
Total for Safer Merton	970	0	(19)
Total Excluding Overheads	20,604	248	121

Overview

The department is currently forecasting an overspend of £248k mainly as a result of the following budget pressures, which are being addressed and managed in order to mitigate wherever feasible.

Public Protection & Development

Building & Development Control

The section is currently forecasting an overspend of £164k due to the recent and further anticipated changes in permitted development rights. This will impact on the section's fee income, as well as potentially the New Homes Bonus and S106 contributions for affordable housing received by the Council. Work is currently being undertaken to assess the extent of the impact on income arising from the permitted development changes and to explore ways to counter this shortfall. However, it is important to note that a 'bedding-in' period of 3-4 months is necessary before we can properly assess trends and impact on income. Similarly, the section's building control market share is subject to further analysis involving the development of a commercialisation strategy designed to increase market share and, by association, income levels.

Parking Services

The section is currently forecasting an overspend of £124k mainly as a result of PCN income being lower than estimated, which is being partially offset by an employee underspend.

Sustainable Communities

Greenspaces

An overspend of £110k is being forecast, mainly due to a shortfall in interment income of £82k based on current estimates, and an employee overspend of £89k due to a combination of staffing the authority's paddling pools, ad hoc overtime incurred to maintain service standards, and overtime in relation to litter picking within the borough's parks.

Street Scene & Waste

Traffic & Highways

The section is forecasting an overspend of £518k, which compares to a 2012/13 overspend of £728k. A clearer understanding of guidelines and actual patterns of expenditure the section will charge a lower level of highways maintenance spend to Capital than previously and, as a result, incurs increased revenue costs.

Secondly, the section is experiencing higher than expected costs relating to reactive works on the new highways maintenance contract. This pressure is being closely monitored and discussions have been held with the contractor to identify ways of reducing these costs.

Waste Services

The section is currently forecasting an underspend of £606k, which is mainly due to renegotiating the SLWP contract costs, and a reduction in the levels of residual waste being taken to landfill.

However, there are a few notable pressures. The first notable pressure relates to Commercial Waste, which is forecasting an income shortfall of around £415k. This compares to a shortfall of £245k in 2012/13. However, an agreed saving of £150k has been implemented for 2013/14. A review of the commercial waste business has been carried out and an action plan is being delivered to address issues around future growth of the business together with improved efficiencies and cost control.

In addition, the section is currently projecting an employee related over spend of about £673k. This is as a result of a combination of issues, including contractual and non-contractual overtime, and agency cover for sick leave absences. Actions are being taken in order to reduce this overspend wherever possible, including an action plan to reduce the level of sick leave absence, and not covering absences with agency staff where this does not impact on service delivery.

Contractual issues at the re-use and recycling centre may affect this forecast, but work to remedy this is continuing.

Transport Services

A review of the section's budgets, cost model, and pricing mechanism is currently taking place, which may have an impact on service departments in Community and Housing and Children, Schools and Families.

Management Action

Work is currently underway regarding the 2012/13 outturn variances in order to ascertain the extent to which they will continue into this financial year.

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

(E) Corporate Items

The details comparing actual expenditure to August 31 against budget are contained in Appendix 2. The main areas of variance as at 31 August 2013 are:-

Corporate Items	Current Budget 2013/14 £000s	Full Year Forecast (Aug.) £000s	Forecast Variance at year end (Aug.) £000s	Forecast Variance at year end (July) £000s
Cost of borrowing	14,261	14,216	-45	-45
Investment Income	-383	-637	-254	-254
Use for Capital Programme	0	299	299	299
Impact of Capital on revenue budget	13,878	13,878	0	0
Pension Fund	5,087	5,087	0	0
Pay and Price Inflation	2,104	1,790	-314	-314
Contingencies and provisions	4,097	3,597	-500	-500
Depreciation and Impairment	-13,692	-13,692	0	0
Income Items	0	0	0	0
Central Items	11,474	10,660	-814	-814
Levies	914	914	0	0
TOTAL CORPORATE PROVISIONS	12,388	11,574	-814	-814

There have been no significant changes in August from the position reported in July.

4. CAPITAL PROGRAMME 2013-17

4.1 Capital Expenditure

4.1.1 Over the past two financial years considerable work has been undertaken to reduce the Capital Programme to levels that can be delivered with our current staffing complement. Historically this has been shown to be around £40 million per annum. In July 2013, the budgeted capital programme was almost £46 million.

Comparison of Spend to August between 2012/13 and 2013/14

Department	Spend To August 2011	Spend To August 2012	Spend To August 2013	Variance 2011 to 2013	Variance 2012 to 2013
Community and Housing	293	362	785	492	423
Corporate Services	1,704	1,006	1,049	(655)	43
Children Schools and Families	6,072	10,045	2,851	(3,221)	(7,194)
Environment and Regeneration	7,594	3,624	3,396	(4,198)	(228)
Total Capital	15,663	15,037	8,081	(7,582)	(6,956)
Outturn £000s	42,300	40,487			
Budget £000s			45,554		
Projected Spend August 2013 £000s			36,102		
Percentage Spend to Budget			17.74%		
Percentage Spend to Outturn/Projection	37.03%	37.14%	22.38%		

4.1.3 August is almost half way through the financial year and departments have only spent 17.8% of their budget compared to 37% in previous financial years. To achieve a projected spend of £36 million officers will need to spend £4 million per month over each of the next 7 months. The table below shows that in August 2013 they managed to spend just over £2 million.

Department	Spend To July 2013	Spend To August 2013	Variance
Community and Housing	782,517	784,953	2,436
Corporate Services	612,714	1,048,937	436,223
Children Schools and Families	2,037,645	2,851,302	813,657
Environment and Regeneration	2,476,487	3,396,062	919,575
Total Capital	5,909,363	8,081,254	2,171,891

4.2 Capital Programme 2013/14

4.2.1 The Table below shows the movement in the Capital Programme since the July 2013 Monitoring Report:

Department	July Cabinet	Increase/ (Decrease)	Total Budget
Community and Housing	2,883,780	0	2,883,780
Corporate Services	8,109,450	100,300	8,209,750
Children Schools and Families	20,103,510	0	20,103,510
Environment and Regeneration	14,873,270	(515,960)	14,357,310
Total Capital	45,970,010	(415,660)	45,554,350

(a) Corporate Services – This is due to three main reasons:

- (i) £280,000 of the improving financial information systems budget has been re-profiled into 2014/15
- (ii) £227,300 virement of an invest to save budget from Environment and Regeneration that is being managed by officers within Corporate Services.
- (iii) £153,000 increase to IT Budgets, of which £63,000 is for additional firewalls.

(b) Environment and Regeneration – this change is due to three main adjustments:

- (i) A review of Section 106 funding has been undertaken and £357k of funding has been taken out of the programme.
- (ii) Disabled Facilities Grants budgets have been increased by £200,000 in 2013/14.
- (iii) £227,300 has been vired to Corporate Services for an Invest to Save scheme
- (iv) Transport for London schemes have been increased by £18k
- (v) Safer Merton schemes totalling £149k have been re-profiled into 2014/15.

4.2.2 The Table below shows the movement in the 2013/14 corporate capital programme since it's approval at March 2013 Council:

Dept.	Approved Cabinet March 2013	Slippage from 2012/13	Re-profiling	Revenuis ation	Clawed Back for Overspend 2012/13	Additional External Funding	New Internally Funded	Schools Contributions	Sept 2013 Cabinet Report	Increase / (Decrease)	August Monitoring Report
C&H	1,535	303	(971)		0	2,017	0		2,884	0	2,884
CS	7,252	186	333	(90)	0		428		8,109	100	8,209
CSF	28,428	2,836	(10,853)	(718)	(175)	362	0	224	20,104	0	20,104
E&R	12,860	1,685	(663)	(124)	(361)	856	620		14,873	(516)	14,357
Total	50,075	5,010	(12,154)	(932)	(536)	3,235	1,048	224	45,970	(416)	45,554

4.2.2 The table below summarises the position in respect of the Capital Programme as at July 2013 the detail is shown in Appendix 5a:

Merton - August 2013 - Summary Departmental Capital Monitoring Information

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Community and Housing	2,883,780	784,953	818,845	(33,892)	2,119,120	(764,660)
Corporate Services	8,209,750	1,048,937	2,657,298	(1,608,361)	6,549,750	(1,660,000)
Children Schools and Families	20,103,510	2,851,302	5,845,417	(2,994,115)	15,257,142	(4,846,368)
Environment and Regeneration	14,357,310	3,396,062	4,906,818	(1,510,756)	12,238,692	(2,114,618)
Total Capital	45,554,350	8,081,254	14,228,378	(6,147,124)	36,164,704	(9,385,646)

- a) Community and Housing's the main cause is Western Road Housing Development is showing a £760k underspend against budget, this projection will be refined when the future payment profile is clarified
- b) Corporate Services – there are two major projected variances in this department:
- a. The Acquisitions Budget £970k projected underspend, and
 - b. IT Transformation £690k underspend.
- c) Children, Schools and Families – Nearly ninety per cent of the programme is for major school expansion projects, with the majority of the spend being on seven projects approved to contract by Cabinet on 1 July, and all of which started enabling and most disruptive works over the summer period to ensure sufficient classrooms for September. Partly due to extra time required to negotiate final contract sums within the available capital programme, the programmes on some of the schemes have changed resulting in less spending in 2013/14 and more in 2014/15, but projects are still all on target to ensure sufficient classrooms will be available in September 2014.
- d) Regeneration Partnerships – The main cause of this projected underspend is Colliers Wood Regeneration Fund (£1,563k), this scheme will be re-profiled into 2014/15 when signed confirmation is received from central government.

4.3 Capital Programme 2013/17

- 4.3.1 The table below summarises all the adjustments being made to the capital programme 2013-17 since the September 2013 Cabinet. These amendments are detailed in Appendix 5b, Appendix 5c details the impact on the funding of the Capital Programme for 2013-14:

Impact of Re-Profiling and Virements on the Capital Programme 2013-17

Dept	March Budget 2013/14	Changes	Revised Budget 2013/14	Original Budget 2014/15	Changes	Starting Budget 2014/15	Original Budget 2015/16	Changes	Revised Budget 2015/16	Original Budget 2016/17	Changes	Revised Budget 2016/17
	(1)	(2)	(1+2)= (3)	(4)	(5)	(4+5)= (6)	(7)	(8)	(7+8)= (9)	(10)	(11)	(10+11)= (12)
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
C&H	2,884	0	2,884	971	0	971	0	0	0	550	0	550
CS	8,109	100	8,210	5,049	280	5,329	2,084	0	2,084	3,162	0	3,162
CSF	20,104	0	20,104	21,255	0	21,255	8,920	0	8,920	22,087	0	22,087
E&R	14,873	(516)	14,357	12,827	(98)	12,729	20,893	250	21,143	6,673	50	6,723
Total	45,970	(416)	45,554	40,102	182	40,284	31,897	250	32,147	32,472	50	32,522

5. DEBT MANAGEMENT

5.1 Attached as Appendix 8 is the debt report as at August 2013. CMT are asked to note the content of the Appendix.

6. DELIVERY OF SAVINGS FOR 2013/14

6.1 The savings proposed for 2013/14 of £9.3m are shown below summarised by risk ranking:

SAVINGS	Proposed 2013/14 £000	Red £000	Amber £000	Green £000	Expected 2013/14 £000
Corporate Services	524	220	0	304	368
Children, Schools and Families	822	230	50	542	822
Environment and Regeneration	1,652	775	0	877	1,225
Community and Housing	6,317	1,310	635	4,372	5,153
TOTAL	9,315	2,535	685	6,095	7,568

Further details of the savings expected to year end are reported in Appendix 6.

7. CONSULTATION UNDERTAKEN OR PROPOSED

7.1 All relevant bodies have been consulted.

8. TIMETABLE

8.1 In accordance with current financial reporting timetables.

9. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. LEGAL AND STATUTORY IMPLICATIONS

10.1 All relevant implications have been addressed in the report.

11. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

11.1 Not applicable

12. CRIME AND DISORDER IMPLICATIONS

12.1 Not applicable

13. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

13.1 Contained in the body of the report.

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

Appendix 1 – Detailed monthly position table

Appendix 2 – Detailed Corporate Items table

Appendix 3 – Pay and Price Inflation as at July 2013

Appendix 4 – Treasury Management: Outlook

Appendix 5a – August Departmental Monitoring of Current Capital Programme 2013/14

Appendix 5b – Proposed adjustments and amendments to the approved Capital Programme 2013-16

Appendix 5c – Capital Programme Funding Summary 2013/14

Appendix 6 – Progress on savings

Appendix 7 - Forecast year end variance by department

Appendix 8 – Debt Report

15. BACKGROUND PAPERS

15.1 Budgetary Control files held in the Corporate Services department.

16. REPORT AUTHOR

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**Summary Position as at
31st August 2013**

	Original Budget 2013/14 £000s	Current Budget 2013/14 £000s	Year to Date Budget (Aug.) £000s	Year to Date Actual (Aug.) £000s	Full Year Forecast (Aug.) £000s	Forecast Variance at year end (Aug.) £000s	Forecast Variance at year end (July) £000s
Department							
3A. Corporate Services	10,529	11,855	12,394	9,250	11,185	(670)	(404)
3B. Children, Schools and Families	50,712	50,714	77,100	62,933	51,316	602	278
3C. Community and Housing	63,473	63,419	27,094	26,156	63,033	(385)	(335)
3D. Public Health	0	0	(709)	(3,863)	(52)	(52)	(92)
3E. Environment & Regeneration	25,777	25,886	5,609	2,846	26,134	248	121
NET SERVICE EXPENDITURE	150,491	151,874	121,488	97,322	151,617	(257)	(432)
3E. Corporate Items							
Impact of Capital on revenue budget	13,878	13,878	2,628	1,523	13,878	0	0
Central budgets	(1,022)	(2,404)	198	(533)	(3,218)	(814)	(814)
Levies	914	914	385	385	914	0	0
TOTAL CORPORATE PROVISIONS	13,770	12,388	3,211	1,375	11,574	(814)	(814)
TOTAL GENERAL FUND	164,261	164,262	124,699	98,697	163,191	(1,071)	(1,246)
FUNDING							
Revenue Support Grant	(47,221)	(47,221)	(47,221)	(47,221)	(47,221)	0	0
Business Rates	(32,020)	(32,020)	(32,020)	(32,020)	(32,020)	0	0
Other Grants	(8,356)	(8,356)	(8,356)	(8,356)	(8,356)	0	0
Council Tax and Collection Fund	(76,664)	(76,664)	(76,664)	(76,664)	(76,664)	0	0
FUNDING	(164,261)	(164,262)	(164,261)	(164,261)	(164,261)	0	0

	Original Budget 2013/14	Current Budget 2013/14	Year to Date Budget (Aug)	Year to Date Actual (Aug)	Full Year Forecast (Aug)	Forecast Variance at year end (Aug)
Expenditure	£	£000	£000	£000	£000	£000
Employees	85,766	89,582	36,995	36,086	90,083	501
Premises Related Expenditure	8,153	9,441	4,800	2,399	8,947	(494)
Transport Related Expenditure	10,617	13,201	5,261	4,826	12,981	(220)
Supplies and Services	163,012	161,444	67,426	53,757	161,703	259
Third Party Payments	83,137	87,373	33,529	25,388	87,701	328
Transfer Payments	98,995	95,946	4,134	4,778	108,518	12,572
Support Services	34,317	32,417	33	2	32,417	(0)
Depreciation and Impairment Losses	13,990	13,783	(86)	0	13,783	0
Corporate Provisions	13,770	12,388	3,211	1,375	11,574	(814)
GROSS EXPENDITURE	511,757	515,573	155,301	128,612	527,707	12,133
Income						
Government Grants	(237,082)	(242,380)	(4,591)	(6,029)	(255,189)	(12,808)
Other Grants, Reimbursements and Contribs	(17,646)	(18,381)	(4,875)	(1,527)	(18,600)	(219)
Customer and Client Receipts	(55,695)	(53,411)	(19,956)	(20,589)	(53,111)	300
Interest	(44)	(44)	(18)	0	(24)	20
Recharges	(36,047)	(34,296)	0	(463)	(34,295)	1
Balances	(980)	(2,799)	(1,161)	(1,306)	(3,298)	(499)
GROSS INCOME	(347,494)	(351,311)	(30,602)	(29,915)	(364,516)	(13,205)
NET EXPENDITURE	164,261	164,262	124,700	98,697	163,191	(1,071)

APPENDIX 2

3E. Corporate Items	Council 2013/14 £000s	Original Budget 2013/14 £000s	Current Budget 2013/14 £000s	Year to Date Budget (Aug.) £000s	Year to Date Actual (Aug.) £000s	Full Year Forecast (Aug.) £000s	Forecast Variance at year end (Aug.) £000s	Forecast Variance at year end (July) £000s
Cost of Borrowing	14,221	14,221	14,261	2,788	1,788	14,216	-45	-45
Investment Inc.	-343	-343	-383	-160	-265	-637	-254	-254
Use for Capital Programme	0	0	0	0	0	299	299	299
Impact of Capital on revenue budget	13,878	13,878	13,878	2,628	1,523	13,878	0	0
Pension Fund	5,087	5,087	5,087	0	0	5,087	0	0
Corporate Provision for Pay Award	790	790	790	0	0	790	0	0
Provision for inflation in excess of 1.5%	314	314	314	0	0	0	-314	-314
Utilities Inflation Provision	1,000	1,000	1,000	0	0	1,000	0	0
Pay and Price Inflation	2,104	2,104	2,104	0	0	1,790	-314	-314
Contingency	1,500	1,500	1,494	0	0	994	-500	-500
Single Status/Equal Pay	474	474	474	198	356	474	0	0
Bad Debt Provision	500	500	500	0	0	500	0	0
CHAS - change in basis	1,226	1,226	0	0	0	0	0	0
Cost of disposals - 4%	0	0	-19	0	0	-19	0	0
Revenuisation and miscellaneous	1,778	1,778	1,648	0	0	1,648	0	0
Contingencies and provisions	5,478	5,478	4,097	198	356	3,597	-500	-500
Local Services Support Grant	0	0	0	0	-53	0	0	0
Education Services Grant	0	0	0	0	-836	-3,344	-3,344	-3,344
Use for capital purposes(net of appropriate adjustment for new school becoming an academy)	0	0	0	0	0	3,344	3,344	3,344
VAT Savings	0	0	0	0	0	0	0	0
Income Items	0	0	0	0	-889	0	0	0
Depreciation and Impairment	-13,691	-13,691	-13,692	0	0	-13,692	0	0
Central Items	12,856	12,856	11,474	2,826	990	10,660	-814	-814
Levies	914	914	914	385	385	914	0	0
TOTAL CORPORATE PROVISIONS	13,770	13,770	12,388	3,211	1,375	11,574	-814	-814

Pay and Price Inflation as at August 2013

In 2013/14, the budget includes 1% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.314m which is held to assist services that may experience price increases greatly in excess of the 1.5% inflation allowance provided when setting the budget. At present it is not anticipated that there will be a call on this budget but this will not be released until there is greater clarity.

Pay:

2013/14 – The MTFs approved by Council on the 7th March 2012 includes 1% for increases in pay. This equates to £0.790m and is held as a corporate provision.

A pay award has been agreed for 2013/14. The pay settlement is for a 1% pay increase for the current year. The settlement also includes deletion of pay scale point 4, the lowest on the salary spine, from October 2013. This will increase the minimum salary from £12,145 to £12,435, including the pay rise.

The Government has stipulated that it wants to restrict public sector pay awards to an average of 1% for 2014/15 (Autumn Statement 2011) and 1% for 2015/16 (Spending Round 2013).

Prices:

CPI annual inflation stands at 2.7% in August 2013, down from 2.8% in July 2013.

The main downward pressure came from the transport sector where there was a drop in motor fuels and air transport costs. There was also a decrease in the clothing sector. The decrease was partially offset by a rise in furniture costs, and household equipment and maintenance expenses.

CPIH, the new measure of consumer price inflation including owner occupiers' housing costs, grew by 2.5% in the year to August 2013, the same as in July. Owner occupiers' housing costs increased by 0.1% between July and August 2013.

RPI annual inflation stands at 3.3% in August 2013, up from 3.1% in July 2013.

Outlook for inflation:

On 4 September 2013, the Bank of England's Monetary Policy Committee (MPC) voted to maintain the Bank Base Rate at 0.5%. The Committee also voted to continue with its programme of asset purchases totalling £375 billion, financed by the issuance of central bank reserves.

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

Source: HM Treasury - Forecasts for the UK Economy (August 2013)

Source: HM Treasury - Forecasts for the UK Economy (August 2013)			
	Lowest %	Highest %	Average %
2013 (Quarter 4)			
CPI	1.9	2.9	2.5
RPI	2.1	3.3	3.0
2014 (Quarter 4)			
CPI	1.6	3.7	2.5
RPI	2.2	4.1	3.1

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

Treasury Management: Outlook

The Bank Base Rate has been kept at its low of 0.5% since March 2009. The Bank of England's Monetary Policy Committee (MPC) on 4 September 2013 voted to maintain the official Bank Base Rate at 0.5%. The MPC also voted to maintain the level of Quantitative Easing (QE) at £375 billion financed by the issuance of central bank reserves.

The MPC reached its decisions in the context of the monetary policy forward guidance announced alongside the publication of the August 2013 Inflation Report.

The guidance was summarised and reported in the July monitoring report.

Forecasts for Bank Base Rates, based on August 2013 are summarised in the following table:-

	End Q.3 2013	End Q.4 2013	End Q.1 2014	End Q.2 2014	End Q.3 2014	End Q.4 2014	End Q.1 2015	End Q.2 2015	End Q.3 2015	End Q.4 2015	End Q.1 2016
Sector	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Capital Economics	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	
UBS	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%					

These forecasts reflect the recent announcements by the Governor of the Bank of England and MPC. At its previous policy meeting, the Committee had agreed its intention not to raise Bank Rate from its current level of 0.5% or to reduce its stock of asset purchases at least until the LFS headline unemployment rate had fallen to a threshold of 7%, subject to three 'knockout' conditions, relating to: the judged likelihood that inflation would not exceed 2.5% 18-24 months ahead; the stability of measures of medium-term inflation expectations; and the impact of the stance of monetary policy on financial stability, as judged by the Bank's Financial Policy Committee (FPC).

The current unemployment rate reduced this month to 7.7% from 7.8% and the Bank of England's own forecast puts unemployment above 7% in 2016.

In reaching its decision not to change anything, the MPC summarised developments on the month in the context of the three knockouts as follows:

"Against the backdrop of indicators of stronger near-term growth than seemed likely a month earlier, there were tentative signs that the degree of spare capacity within firms might be beginning to diminish. But it remained too early to assess how likely it was that effective supply capacity would increase as demand recovered, thus moderating any additional inflationary impetus resulting from that extra demand. If sustained, the appreciation of sterling meant that CPI inflation was marginally less likely than a month ago to be above 2.5% in 18-24 months' time.

There had been little news regarding medium-term inflation expectations. Measures derived from financial market prices had risen only marginally, and the evidence from household surveys was ambiguous. Revisions to professional forecasters' expectations for medium-term inflation were minor, and gave no particular signal. There was, therefore, little reason overall to shift the Committee's judgement that medium-term inflation expectations remained sufficiently well anchored.

The FPC had not met since the MPC's forward guidance had been announced. The MPC would await the FPC's assessment of the financial stability consequences of the current monetary stance in due course.

All MPC members agreed that none of the three knockout conditions that would invalidate the forward guidance announced in August had been breached.”

Community and Housing Capital Monitoring - August 2013

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care	801,140	26,942	194,053	(167,111)	796,480	(4,660)
Libraries	0	0	0	0	0	0
Adult Education and Community	0	(1,989)	0	(1,989)	0	0
Housing	2,082,640	760,000	624,792	135,208	1,322,640	(760,000)
Total Community and Housing	2,883,780	784,953	818,845	(33,892)	2,119,120	(764,660)

Corporate Services Capital Monitoring - August 2013

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Business Improvement	226,100	5,169	67,830	(62,661)	226,100	0
Corporate Governance	2,000	2,000	1,500	500	2,000	0
Corporate Items	1,000,000	0	0	0	30,000	(970,000)
Facilities Management	4,182,410	714,520	1,682,258	(967,738)	4,182,410	0
IT	1,764,540	327,248	796,675	(469,427)	1,764,540	0
Resources	281,700	0	109,035	(109,035)	281,700	0
IT Transformation	690,000	0	0	0	0	(690,000)
Corporate Services Total	8,146,750	1,048,937	2,657,298	(1,608,361)	6,486,750	(1,660,000)

Children, Schools & Families Capital Monitoring - August 2013

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Aragon Expansion	129,140	81,093	82,940	(1,847)	169,140	40,000
BENEDICT PRIMARY SCHOOL EXP	36,670	(39,183)	14,695	(53,878)	36,670	0
Cranmer Expansion	2,955,540	145,283	(66,185)	211,468	2,955,540	0
Temp classrooms for 5 schools	0	(543)	0	(543)	0	0
Hollymount Primary School Exp	72,340	16,566	27,375	(10,809)	32,340	(40,000)
Joseph Hood Primary School Exp	321,400	(110,924)	255,438	(366,362)	321,400	0
William Morris PCP	32,740	(7,714)	24,555	(32,269)	32,740	0
Holy Trinity Expansion	242,490	172,644	215,590	(42,946)	242,490	0
St Mary's expansion	1,453,370	96,716	297,126	(200,410)	1,453,370	0
Pupil Growth - Unallocated	0	46,068	0	46,068	0	0
All Saints/ South Wim YCC exp	169,940	96,805	94,318	2,487	194,940	25,000
Gorrington Park expansion	967,410	414,540	704,305	(289,765)	942,410	(25,000)
Hillcross School Expansion	2,542,030	114,640	280,982	(166,342)	2,542,030	0
Merton Abbey Temp Accomodation	1,501,130	83,254	423,532	(340,278)	1,501,130	0
Pelham School Expansion	1,184,850	128,112	242,182	(114,070)	1,184,850	0
Cricket Grn Exp-Chapel Orchard	39,650	1,227	31,960	(30,733)	39,650	0
Dundonald expansion	200,130	50,000	131,392	(81,392)	200,130	0
Poplar Permanent Expansion	1,063,190	86,779	351,236	(264,457)	1,063,190	0
Liberty expansion	52,540	(33,363)	29,704	(63,067)	52,540	0
Singlegate expansion	1,670,760	69,816	150,000	(80,184)	670,760	(1,000,000)
Wimbledon Park expansion	2,463,490	1,094,235	908,690	185,545	2,463,490	0
22 FE Primary Schoole Expansion	0	0	0	0	0	0
St Ann's Primary Phase	339,430	19,375	101,829	(82,454)	200,000	(139,430)
23 FE School Expansion	0	0	0	0	50,000	50,000
Wimbledon Chase Expansion	78,220	0	57,486	(57,486)	78,220	0
Total Primary Expansion	17,516,460	2,525,426	4,359,150	(1,833,724)	16,427,030	(1,089,430)

Children, Schools & Families Capital Monitoring - August 2013

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Devolved Formula Capital	466,310	177,647	139,893	37,754	466,310	0
SEN Centre of Excellence	0	(18,109)	0	(18,109)	0	0
Early Years	0	(59,158)	0	(59,158)	0	0
Garden PCP	289,320	172,606	230,755	(58,149)	289,320	0
Schools Access Initiative Inc	34,750	(8,000)	10,425	(18,425)	34,750	0
Bishop Gilpin New Classroom	0	(6,250)	0	(6,250)	0	0
SS Peter & Paul PCP	20,000	0	0	0	20,000	0
School kitchens/dining areas	0	(1,901)	0	(1,901)	0	0
Behaviour Unit	3,910	0	3,910	(3,910)	3,910	0
Primary school autism unit	50,000	0	60,000	(60,000)	50,000	0
Short Breaks Disabled Children	89,540	1,629	26,862	(25,233)	89,540	0
Primary Capital Improvements	417,990	69,782	145,252	(75,470)	411,052	(6,938)
Play Spaces	0	0	0	0	0	0
Former Royal Sun Alliance SG	103,420	(33,068)	99,170	(132,238)	103,420	0
Secondary Expansion	0	29,100	0	29,100	0	0
Schools Loans	372,800	0	90,000	(90,000)	372,800	0
Ursuline School Loan	600,000	0	600,000	(600,000)	600,000	0
Youth Centres	139,010	1,598	80,000	(78,402)	139,010	0
Total Other	2,587,050	325,876	1,486,267	(1,160,391)	2,580,112	(6,938)
Overall Expected Spend					(3,750,000)	(3,750,000)
Total Children, Schools and Families	20,103,510	2,851,302	5,845,417	(2,994,115)	15,257,142	(4,846,368)

Environment and Regeneration Capital Monitoring - July 2013

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Footways Planned Works	886,090	310,738	337,067	(26,329)	886,090	0
Greenspaces	904,450	179,683	246,751	(67,068)	905,930	1,480
Highways General Planned Works	684,540	248,597	107,780	140,817	610,440	(74,100)
Highways Planned Road Works	1,850,000	259,209	415,000	(155,791)	1,850,000	0
Leisure Centres	300,000	10,597	50,000	(39,403)	300,190	190
Other E&R	1,348,550	903,657	1,005,462	(101,805)	1,219,830	(128,720)
On and Off Street Parking	115,000	40,732	100,000	(59,268)	115,000	0
Plans and Projects	74,090	60,368	93,067	(32,699)	71,530	(2,560)
Regeneration Partnerships	2,657,520	74,124	481,062	(406,938)	1,105,070	(1,552,450)
Street Lighting	534,580	42,585	55,935	(13,350)	534,580	0
Street Scene	346,450	115,354	156,560	(41,206)	324,640	(17,810)
Transport for London	2,758,410	461,654	1,205,600	(743,946)	2,527,842	(230,568)
Traffic and Parking Management	137,290	14,829	60,000	(45,171)	176,340	39,050
Transport and Plant	395,200	46,166	202,117	(155,951)	236,070	(159,130)
Safer Merton - CCTV & ASB	0	5,818	40,460	(34,642)	0	0
Environmental Health	1,076,810	611,367	204,960	406,407	1,076,810	0
Waste Operations	288,330	10,584	144,997	(134,413)	298,330	10,000
Environment and Regeneration	14,357,310	3,396,062	4,906,818	(1,510,756)	12,238,692	(2,114,618)

CAPITAL VIREMENTS AND REPROFILING AUGUST 2013 MONITORING

	2013/14 Budget	Adjustments	Virements	Reprofiling	Revised 2013/14 Budget	2014/15 Budget	Adjustments	Virements	Reprofiling	Revised 2014/15 Budget
	£			£	£	£			£	£
Corporate Services										
Improving Financial Information Systems	561,700	0	0	(280,000)	281,700	0	0	0	280,000	280,000
Invest to Save	273,000		227,300		500,300					
IT Equipment	1,289,050	133,000	0	0	1,422,050					
Stability Networks	135,000	20,000	0	0	155,000					
Total Corporate Services	2,258,750	153,000	227,300	(280,000)	2,359,050	0	0	0	280,000	280,000

	2013/14 Budget	Adjustments	Virements	Reprofiling	Revised 2013/14 Budget	2014/15 Budget	Adjustments	Virements	Reprofiling	Revised 2014/15 Budget
	£			£	£	£			£	£
Children, Schools and Families										
Garden PCP	309,320	0	(20,000)	0	289,320					
SS Peter & Paul PCP	0		20,000		20,000					
Total Children, Schools and Families	309,320	0	0	0	309,320	0	0	0	0	0

CAPITAL VIREMENTS AND REPROFILING AUGUST 2013 MONITORING

Appendix 5b

Environment and Regeneration - Service	Environment and Regeneration - Scheme	2013/14 Budget	Adjustments	Virements	Reprofiling	Rev. 2013/14 Budget	2014/15 Budget	Adjustments	Virements	Reprofiling	Rev. 2014/15 Budget
Footways Planned Work	B517 Enhancement to Footway	2,500	(2,500)	0	0	0	0				0
Footways Planned Work	B499ab Imprve Holborn Way link	9,930	(9,930)	0	0	0	0				0
Greenspaces	B486 Lndscp Chnhm Pk Hind Gdns	2,430	(2,430)	0	0	0	0				0
Highways Gen. Planned Wks	B340MOSS rpt (land Rutlish Rd)	4,450	(4,450)	0	0	0	0				0
Highways Gen. Planned Wks	B453 Haydons Road	28,230	(28,230)	0	0	0	0				0
Highways Gen. Planned Wks	New Traffic Schemes	32,150	0	136,000	0	168,150	0				0
Other E&R - Invest to Save	Invest to Save	227,300		(227,300)		0	0				0
On and Off Street Parking	B548 Obstructive Pkg Grove Rd	1,000	(1,000)	0	0	0	0				0
On and Off Street Parking	B578 Marton Park CPZ (MP1)	13,920	(13,920)	0	0	0	0				0
On and Off Street Parking	B579 Upper Greeb West	3,000	(3,000)	0	0	0	0				0
Regeneration Partnerships	B585 Economic Developmnt Strat	25,000	(25,000)	0	0	0	0				0
Regeneration Partnerships	B550 Mitcham means Business	250,000	(211,100)	0	0	38,900	0				0
Regeneration Partnerships	S106 Queensmere Road B429	4,500	(4,500)	0	0	0	0				0
Regeneration Partnerships	Industrial Estate Investment	0	0	0	0	0	500,000	0	0	(250,000)	250,000
Street Scene	B591b Shop Front Improvement	24,480		17,680		42,160					0
Street Scene	B591a Street Scene Improvement	17,680		(17,680)	0	0					0
Street Scene	Raynes Park Street Scene - S106	0	2,000	0	0	2,000					
Transport for London	Borough Support - Training	0	6,040	0	0	6,040					0
Transport for London	Borough Biking Project	33,000		0	0	45,000					0
Traffic and Parking Mgmt	B563 Wandie Road Area 20mph	3,500	(3,500)	0	0	0	0				0
Traffic and Parking Mgmt	Area Traffic calming measures	120,000	0	(120,000)	0	0	0				0
Traffic and Parking Mgmt	Minor traffic/danger reduction	1,000	0	(1,000)	0	0	0				0
Traffic and Parking Mgmt	Traffic surveys & Safety Measu	15,000	0	(15,000)	0	0	0				0
Traffic and Parking Mgmt	LBP Design Costs	26,850	(26,850)	0	0	0	0				0
Transport and Plant	B494 BSA Imp 12261/12263	4,510	(4,510)	0	0	0	0				0
Transport and Plant	B612 Safety & transport imprv	2,500	(2,500)	0	0	0	0				0
Environmental Health	Disabled Facilities Grant LBM	352,810	200,000	0	0	552,810	280,000	300,000	0	0	560,000
Safer Merton - CCTV & ASB	CCTV (match funding)	130,000	0	0	(130,000)	0	40,000	0	0	130,000	170,000
Safer Merton - CCTV & ASB	CCTV - Raynes Park	2,310	0	0	(2,310)	0	0	0	0	2,310	2,310
Safer Merton - CCTV & ASB	Relocation of cameras 50 & 52	8,150	0	0	(8,150)	0	0	0	0	8,150	8,150
Safer Merton - CCTV & ASB	B495ab/c CCTV Upgrade	15,810	0	0	(15,810)	0	0	0	0	3,000	3,000
Safer Merton - CCTV & ASB	Works for Merton Priory Homes	9,010	0	0	(9,010)	0	0	0	0	9,010	9,010
Waste Operations	Alley Gating Scheme	50,000	0	0	0	50,000	50,000	0	0	0	50,000
	Total Environment and Regeneration	1,421,020	(123,380)	(227,300)	(165,280)	905,060	870,000	300,000	0	(97,530)	1,072,470

Appendix 5b

CAPITAL VIREMENTS AND REPROFILING AUGUST 2013 MONITORING

Environment and Regeneration	2015/16 Budget	Adjustments	Virements	Reprofiling	Rev. 2015/16 Budget	2016/17 Budget	Adjustments	Virements	Reprofiling	Rev. 2016/17 Budget
Regeneration Partnerships										
Industrial Estate Investment	250,000	0	0	250,000	500,000					0
Waste Operations										
Alley Gating Scheme	50,000	0	0		50,000	0	50,000	0		50,000
Total Environment and Regeneration	300,000	0	0	250,000	550,000	0	50,000	0	0	50,000

CAPITAL PROGRAMME FUNDING SUMMARY 2013/14

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Revised - Cabinet September 2013	23,357	22,616	45,970
Corporate Services			
Improving Financial Information Systems	(280)	0	(280)
Adjustments	153	0	153
Environment and Regeneration			
C&H Grant		200	200
Section 106	0	(357)	(357)
TFL	0	18	18
Reprofiling	(149)	0	(149)
Revised - Cabinet September 2013	23,081	22,477	45,555

Corporate Services Savings 2013-14

Appendix 6

Department	2013-14 Proposed £000s
Corporate Services	524
Children, Schools & Families	822
Community & Housing	6,317
Environment & Regeneration	1,652
Total	9,315

Appendix 6

DEPARTMENT: CORPORATE SERVICES OPTIONS: 2013-2014

Panel	Ref	Description of Saving	Type of Saving (see key)	2013/14 Savings Required £000	2013/14 Savings Expected £000	RAG	Comments	R/A Included in Forecast Over/Under spend? Y/N
		<u>Customer Services - Bailiffs</u>						Y
O&SC	CS7	Service Description Joint service with Sutton for the end of 12/13 & 13/14.	SI2	150	56	R	Charges have been reviewed following a complaint made to the Local Government Ombudsman, resulting in a reduced level of fees	
O&SC	CS22	<u>Infrastructure & Transactions - IT Service Delivery</u> Description Reduction of 2 FTE's	SS2	72	72	G		
		<u>Infrastructure & Transactions - Facilities Management</u>						Y
O&SC	CS37	Service Description Introduce a charge for the Archive Service Facility	SI2	15	0	R	Saving will be found elsewhere within the department	
O&SC	CS39	Service Description <u>Infrastructure & Transactions - Facilities Management</u> Close Worsfold House and relocate service to Civic Centre.	SPROP	13	13	G		
O&SC	CS43	Service Description <u>Infrastructure & Transactions - Transactional Services</u> Recovery of overpayments and other VAT recovery.	SP1	(50)	(50)	G		
O&SC	CS44	Service Description <u>Human Resources - L&D</u> Centralisation of L&D spend	SP1	230	230	G		
O&SC	CS51	Service Description <u>Human Resources - Employee Relations</u> Staff side	SS2	20	6	R	Different delivery model to be implemented in December, full year saving unlikely to be achieved in current year	N
		<u>Human Resources - Employee Relations</u>						Y
O&SC	CS52	Service Description Review Employee Relations team	SS2	35	10	R		
O&SC	CS54	Service Description <u>Corporate Governance - Democracy Services</u> Delete Deputy Head of Service or a Democratic Services Officer post	SS2	24	24	G		
O&SC	CS56	Service Description <u>Corporate Governance - Democracy Services</u> Reduction in overtime payments to staff in Mayor's Office.	SS2	1	1	G		
O&SC	CS59	Service Description <u>Corporate Governance - Contingencies budget</u> Within the public duties budget is the contingency sums for additional payments to staff who are used during an emergency situation such as the Riots and gas supply loss situations. This contingency covers payments not covered under departmental budgets as well as payments for external third party organisations initiated by the borough.		14	14	G		
		Total Corporate Services Department Savings for 2013-2014		524	376			

Appendix 6

DEPARTMENT: CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2013-14

Ref	Description of Saving	Type of Saving (see key)	2013/14 Savings Required £000	2013/14 Savings Expected £000	RAG	Comments	R/A Included in Forecast Over/Underspend? Y/N
CSF01	CSF Children Social Care & Youth Inclusion Commissioning saving from re-designing the service previously provided by Action for Children.		15	15	G		N
CSF02	CSF Children Social Care & Youth Inclusion Reduction in Youth Offending Team budgets		17	17	G		N
CSF03	CSF Children Social Care & Youth Inclusion Reduction in premises budget as we no longer need the contingency for repairs and maintenance for south Wimbledon and Wyyvern.		20	20	G		N
CSF04	CSF Children Social Care & Youth Inclusion Reduction in connections commissioning		50	50	G		N
CSF05	CSF Children Social Care & Youth Inclusion The Youth Service Manager post currently operationally manages all of Merton's direct youth work provision.		45	45	G		N
CSF07	CSF School Standards and Quality Increased income generation and management efficiencies		60	60	G		N
CSF08	CSF Early Years Service restructuring and realignment to deliver efficiencies		80	80	G		N
CSF09	CSF SEND Integrated Service Management efficiencies and improvement in commissioning		30	30	R	Salary budgets will be overspend due to management and social work vacancies covered by agency. Additional budget was identified to permanently increase management support.	Y
CSF10	CSF Contracts, Procurement and School Organisation Efficiency savings in contracts function		13	13	G		N
CSF11	CSF Contracts, Procurement and School Organisation Efficiencies achieved through shared service with LB Sutton		27	27	G		N
CSF12	CSF Commissioning Function and Commissioning Budgets Reduction in commissioning budgets for Early Intervention and Prevention service		90	90	G		N
CSF13	CSF Commissioning Function and Commissioning Budgets Reduce expenditure on LAC and SEN placements		200	200	R	Base budgets were reduced. Increased cost due to increased caseload is causing a cost pressure, some of which is covered by grant funding. If grant funding does not continue, this could lead to an even bigger cost pressure in future years.	Y

Appendix 6

DEPARTMENT: CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2013-14

Ref	Description of Saving	Type of Saving (see key)	2013/14 Savings Required £000	2013/14 Savings Expected £000	RAG	Comments	R/A Included in Forecast Over/Und erspend? Y/N
CSF15	CSF SEN Transport Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport		50	50	A	Base budgets were reduced. The annual SLA charge for 2013/14 increased by £316k which would cause a budget pressure for CSF. This increase is currently under investigation.	N
CSF17	CSF Children Social Care & Youth Inclusion Division Saving from restructuring / administrative efficiencies in Children's Social Care Division.		75	75	G		N
CSF18	Education Division Savings through restructuring / administrative efficiencies in Education Division.		25	25	G		N
CSF19	Commissioning, Strategy and Performance Division Savings through restructuring / administrative efficiencies in Commissioning, Strategy and Performance Division.		25	25	G		N
Total Children, Schools & Families Department Savings for 2013-14			822	822			

Appendix 6

DEPARTMENT: COMMUNITY & HOUSING OPTIONS: 2013-2014

Ref	Description of Saving	Type of Saving (see key)	2013/14 Savings Required £000	2013/14 Savings Expected £000	RAG	Comments
ASC17	Service Description Adult Social Care Optimise use of shared lives		200	0	R	Eligible clients have not been identified as yet, High risk that any savings will be achieved this financial year
ASC7	Service Description Adult Social Care 0% inflation uplift to third party suppliers		600	600	G	
ASC8 / ASC38	Service Description Adult Social Care Optimising the use of block and spot contracts		600	150	R	Awaiting more details from the contracts team
ASC18	Service Description Adult Social Care Fanon & Imagine Contract		154	154	G	
ASC36	Service Description Adult Social Care CADL's (complex equipment)		100	100	G	
ASC13 & ASC34	Service Description Adult Social Care CFC + high cost (Brokerage)		200	157	G	
ASC14	Service Description Adult Social Care Supported Living (Incl de-registration)		233	310	R	The delay around de-registration will potentially reduce the projected savings
ASC35	Service Description Adult Social Care Supporting People		350	220	A	There is a risk that the full saving will not be met as the current forecast is £36k overspend. Monitored as part of monthly budgetary control
ASC43	Service Description Adult Social Care Procurement opportunities		42	18	G	
ASC39	Service Description Adult Social Care Reviewed Service packages		110	58	A	
ASC37	Service Description Adult Social Care Care-tech contract		50	50	G	
ASC16	Service Description Adult Social Care Transitions		25	0	G	
ASC19 & ASC40	Service Description Adult Social Care Monitoring of high value/high cost placements		75	35	A	
ASC6	Service Description Adult Social Care Transport		112	0	R	Budget manager is in discussion with transport services for Core routes for Day centres
ASC10	Service Description Adult Social Care Optimise telecare usage		165	0	R	It is unlikely this project will achieve the targeted level of savings for 2013-14
ASC41	Service Description Adult Social Care Staffing savings in Direct Provision		114	114	G	
ASC42	Service Description Adult Social Care Reduction in Mental Health Placement		32	32	G	

Ref	Description of Saving	Type of Saving (see key)	2013/14 Savings Required £000	2013/14 Savings Expected £000	RAG	Comments
ASC23	Service Description Adult Social Care Partnerships :The health and social care system . Reablement		3,000	3,000	G	
	Service Description Merton Adult Education Increase income from commercial courses and cafe		50	50	A	Budgets reduced. Monitored as part of monthly budgetary control.
	Service Description Merton Adult Education Reduce administrative and marketing costs		18	18	A	Budgets reduced. Monitored as part of monthly budgetary control.
	Service Description Merton Adult Education Close Canons House site and seek alternative venues without incurring costs		32	32	A	Budgets reduced. Monitored as part of monthly budgetary control.
	Service Description Libraries Completion of changes to opening hours, rationalisation of a number of small contracts and increase in income.		13	13	G	
	Service Description Housing Deletion of 1x Strategy Officer post.		42	42	G	
	Total Community & Housing Department Savings for 2013-2014		6,317	5,153		

Appendix 6

DEPARTMENT: ENVIRONMENT & REGENERATION OPTIONS: 2013-2014

Panel	Ref	Description of Saving	Type of Saving (see key)	2013/14 Savings Required £000	2013/14 Savings Expected £000	RAG	Comments
	ER01	Service Description Parks, Greenspaces & Cemeteries Reduction x 1 cemetery supervisor, fee/income increases, 10k reduction in grant to Michtham Common Conservators		89	89	G	
	ER04	Service Description Leisure & Culture Reductions in supplies & services budgets, reduction of a total of 0.7 fte, reduction of theatres grant & removal of olympics budget.		55	55	G	
	ER05	Service Description Leisure & Culture Delete 3 fte Leisure & Arts Development Officers leaving, cease London Youth Games funding, delete post of Leisure & Business Projects Officer (0.7 fte) & increase income through multi use games room at Cannons Leisure.		103	103	G	
	ER06	Service Description Greenspaces A phased reduction in the grant to Deen City Farm of fifteen thousand per year for the next three years.		15	15	G	
	ER07	Service Description Development & Building Control Changes in fee regulation		(200)	(200)	G	

Appendix 6

DEPARTMENT: ENVIRONMENT & REGENERATION OPTIONS: 2013-2014

Panel	Ref	Description of Saving	Type of Saving (see key)	2013/14 Savings Required £000	2013/14 Savings Expected £000	RAG	Comments
	ER14	<p>Parking Services Enforcement of moving traffic offences, reduce car park costs due to removal of car park and stream line tariffs, channel Migration, reduce phone calls, reduce CEO sickness and gain CEO efficiencies.</p>		380	145	R	<p>Reduce Car park costs - This saving was based upon the disposal of Kenley Rd Car Park, which cannot now be achieved as the authority needs to keep this car park due to the loss of Morden Station Car Park which TFL have now taken back.</p> <p>Chanel migration and a reduction in phone calls - This saving was based upon the introduction of online improvements which has now been introduced. Whilst this has generated efficiencies in officers time it also coincided with a 40% increase in workload (including phone calls) thus negating the efficiencies made by the on line improvements.</p> <p>CEO efficiencies - At this moment in time these efficiencies cannot be achieved but could be achieved on top of the existing estimates for ANPR enforcement which is scheduled to be introduced in the year 2016 2017.</p> <p>This shortfall will be managed and mitigated by the section</p>
	ER17	<p>Waste Management Reductions in landfill tonnage and anticipated Slwp contract cost, staff saving and legislative change to close Landfill Allowance Trading Scheme in March 2013</p>		191	191	G	
	ER18	<p>Waste Management Introduction of 6 day working week for refuse, recycling and food collection from Oct 2012</p>		271	271	G	
	ER20	<p>Traffic & Highways Introduce Streetworks Permitting Scheme, income from fixed penalty notices(FPN's), savings on energy and service changes associated with the existing Street Lighting Contract.</p>		245	203	R	£42k relating to renegotiation of Highways contract not likely to be met.

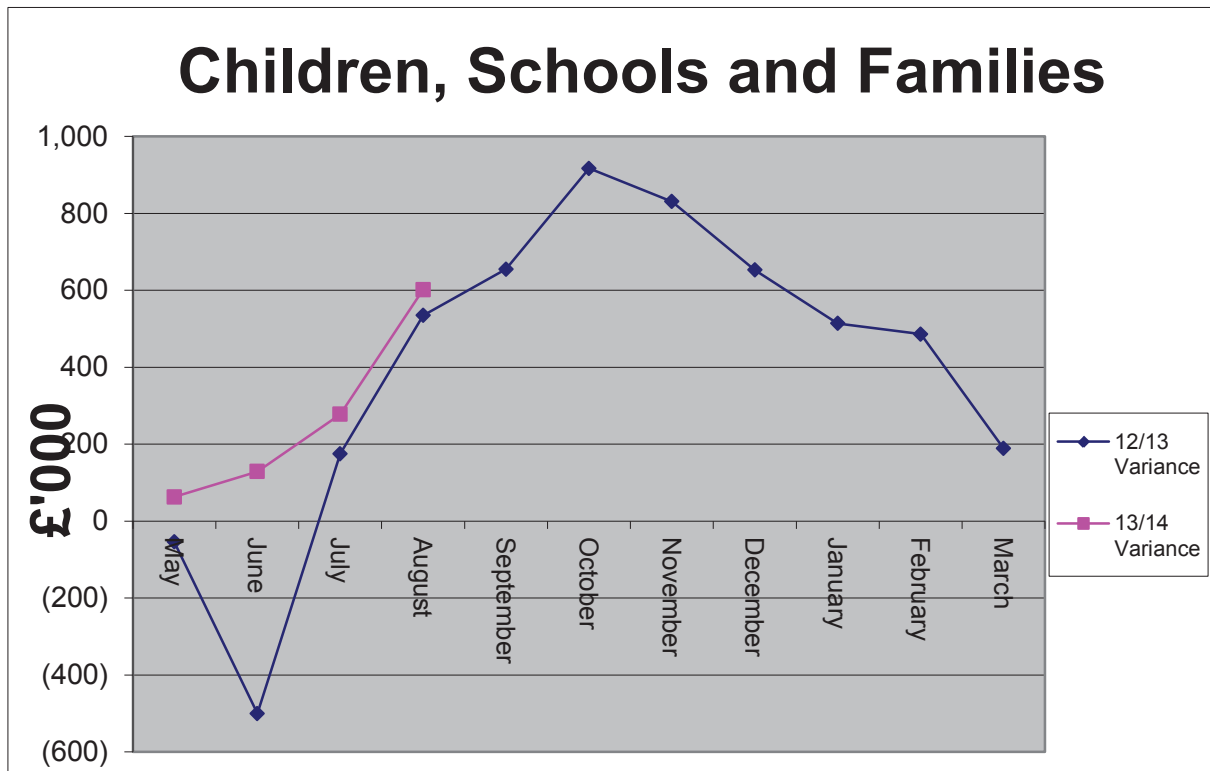
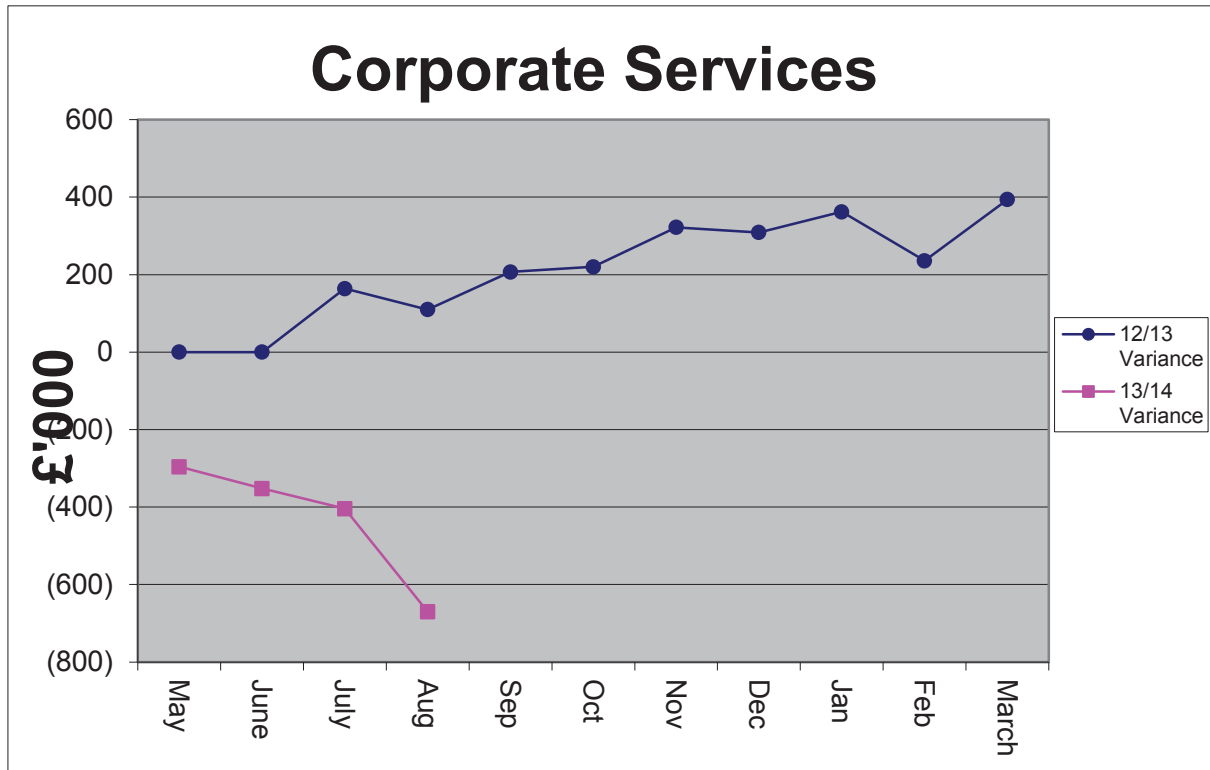
Appendix 6

DEPARTMENT: ENVIRONMENT & REGENERATION OPTIONS: 2013-2014

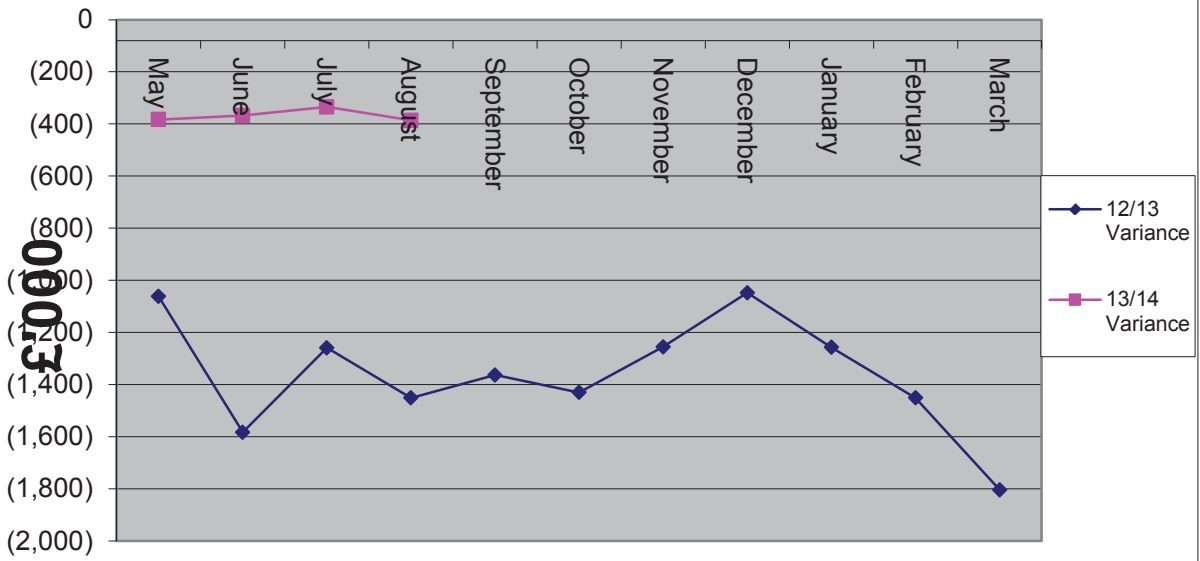
Panel	Ref	Description of Saving	Type of Saving (see key)	2013/14 Savings Required £000	2013/14 Savings Expected £000	RAG	Comments
	ER21	Service Description Traffic & Highways 15% reduction in staffing and reductions in Footway Maintenance/Street Furniture/Dictingwatercourses/Street Lighting & Walksheet budgets.		79	79	G	
	ER22	Service Description Traffic & Highways A further 15% reduction in staffing		60	60	G	
	ER25	Service Description Commercial Services Potential to income generate In Commercial Waste and Recycling due to withdrawal of the LATS requirement.		150	0	R	Saving unlikely to be met. Work continuing in order to maximise income potential.
	EN01	Service Description Legal Budget/PP&D Reduction in spend on legal cases by way of a combination of proactive resolution of issues at first point and/or drawing on section budgets to cover shortfall.		14	14	G	
	EN08	Service Description Building and Development Control 10% increase in pre application planning fees and additional charge for tree pre-application advice		10	10	G	
	EN15	Service Description Waste and Street Cleansing Operations Improved performance management and implementation of the Council's new sickness policy resulting in a reduction in agency staff usage.		25	25	G	
	EN22	Service Description Traffic and Highways Reduction in Street Lighting Budget		50	50	G	
	EN30	Service Description Traffic and Highways Reduction in supplies and Services Costs		6	6	G	
	EN34	Service Description Leisure & Culture Development Team Various Budgets - Reduction in supplies & services		6	6	G	
	EN38	Service Description Leisure & Culture Development Team Reduction of Core Arts Grants to Polka Theatre - Proposal to further reduce Polka theatre's grant by £4k per annum in each of 2013/14 & 2014/15 financial years		4	4	G	
	EN39	Service Description Senior Management & Support Removal of vacant Policy & Projects Officer post.		44	44	G	
	EN40	Service Description Senior Management & Support Reduction in various supplies and services budgets within the section, including stationery and subscriptions.		55	55	G	
		Total Environment & Regeneration Department Savings for 2013-2014		1,652	1,225		

Appendix 7– Forecast variance by department

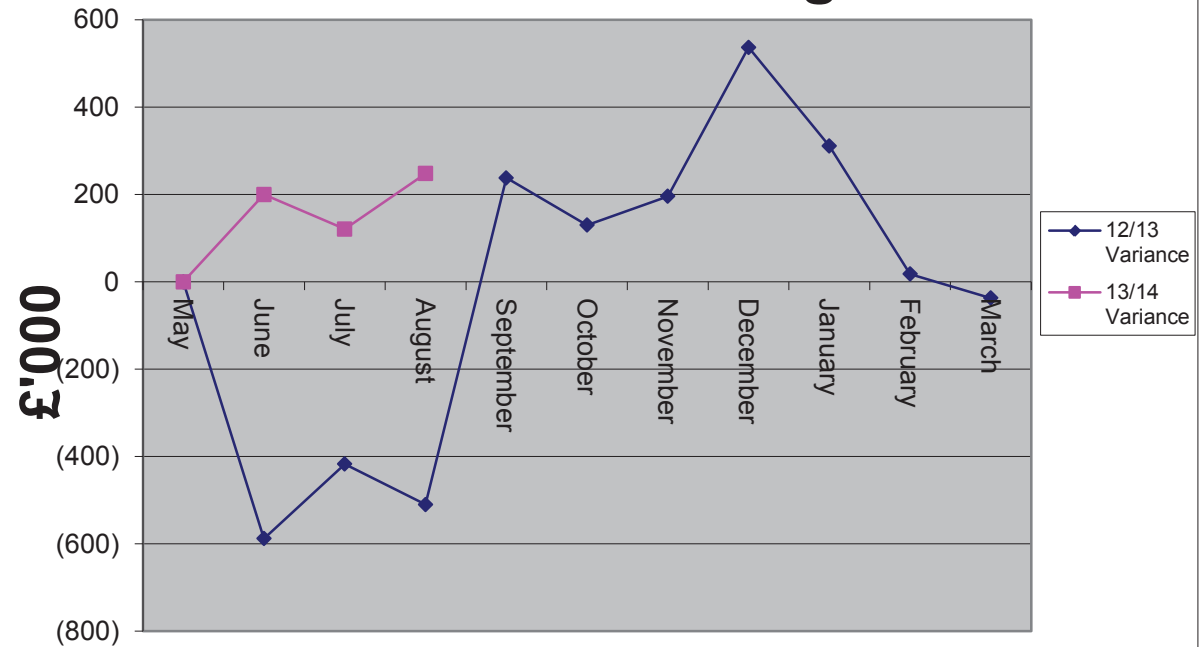
The following charts show the forecast year end variance by department with a comparison for 2012/13.



C&H - Adult Social Care



Environment and Regeneration



1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

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

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

2.1 A breakdown of departmental net miscellaneous debt arrears, as at 31st August, is shown in column F of Table 1 below.

Table 1 – Debtors aged balance – August 2013 – not including debt that is less than 39 days old

Department a	39 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	Aug 2013 arrears f	June 2013 arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	455,571	275,811	84,553	88,157	904,092	811,346	↑
Corporate Services	96,129	57,946	141,362	65,980	361,417	623,983	↓
Housing Benefits	447,939	453,448	752,114	1,297,382	2,950,883	3,173,011	↓
Children, Schools & Families	85,236	48,899	16,536	5,965	156,636	133,712	↑
Community & Housing	1,495,727	958,180	1,104,731	904,215	4,462,853	4,183,231	↑
Chief Executive's	1,500	0	0	0	1,500	3,000	↓
Total	2,582,102	1,794,284	2,099,296	2,361,699	8,837,381	8,928,283	↓
Aug 2012	2,944,609	1,437,795	1,757,251	1,683,905	7,823,560		
Variance Aug 12 to Aug 13	-362,507	356,489	342,045	677,794	1,013,821		↑

2.2 Since the position was last reported in June 2013, the net current level of arrears, i.e. invoices over 39 days old, has reduced by £90,902.

2.3 There has been an increase in Community and Housing debt over 39 days old of £279,000 since last reported in June 13. For more detail on Community and Housing level of debt please refer to 4.4 below.

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

Table 2 – net miscellaneous debt August 2009 to August 2013 – not including debt that is less than 39 days old

Department	Aug 2009	Aug 2010	Aug 2011	Aug 2012	Aug 2013
	£	£	£	£	£
Env & Regeneration	563,223	412,371	420,892	658,100	904,092
Corporate Services	154,682	175,504	243,807	453,249	361,417
Housing Benefits	1,882,194	1,937,927	2,489,013	3,056,433	2,950,883
Children, Schools & Families	156,559	347,867	189,170	448,148	156,636
Community & Housing	2,530,602	4,448,916	2,813,069	3,207,450	4,462,853
Chief Executive's	10,503	17,781	0	180	1,500
Total	5,297,763	7,340,366	6,155,951	7,823,560	8,837,381

2.5 The figures in table 2 (above) show that the major area of increase in debt over the four year period is housing benefit overpayments. Housing benefit overpayments have increased by £1.1 million over the 4 year period. It should be noted that the amount of housing benefit paid out has also increased over this period. In 2008/09 £61.3 million was paid out and in 2012/13 £90 million paid out.

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

3 THE PROCESS FOR COLLECTION OF MISCELLANEOUS DEBT

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

Table 3 – the process for collecting debt

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Invoice issued to debtor with 30 days allowed for payment.	After 30 days and following two requests for payment, a final warning notice is issued and the case passed to the Debt Recovery team.	The debt and debtor is evaluated to ensure the most effective recovery action is taken to attempt recovery. This will include contacting debtors' direct and collecting payment or agreeing repayment plans and passing the debt to collection agents to collect on our behalf, bankruptcy proceedings, attachment to benefit etc.	If the debt remains unpaid then County Court action is taken by the Debt Recovery team's solicitor who administers this process.	The final stage is consideration of the debt for write-off if all other attempts to collect the debt have failed.

4 DEBT OVER ONE YEAR OLD

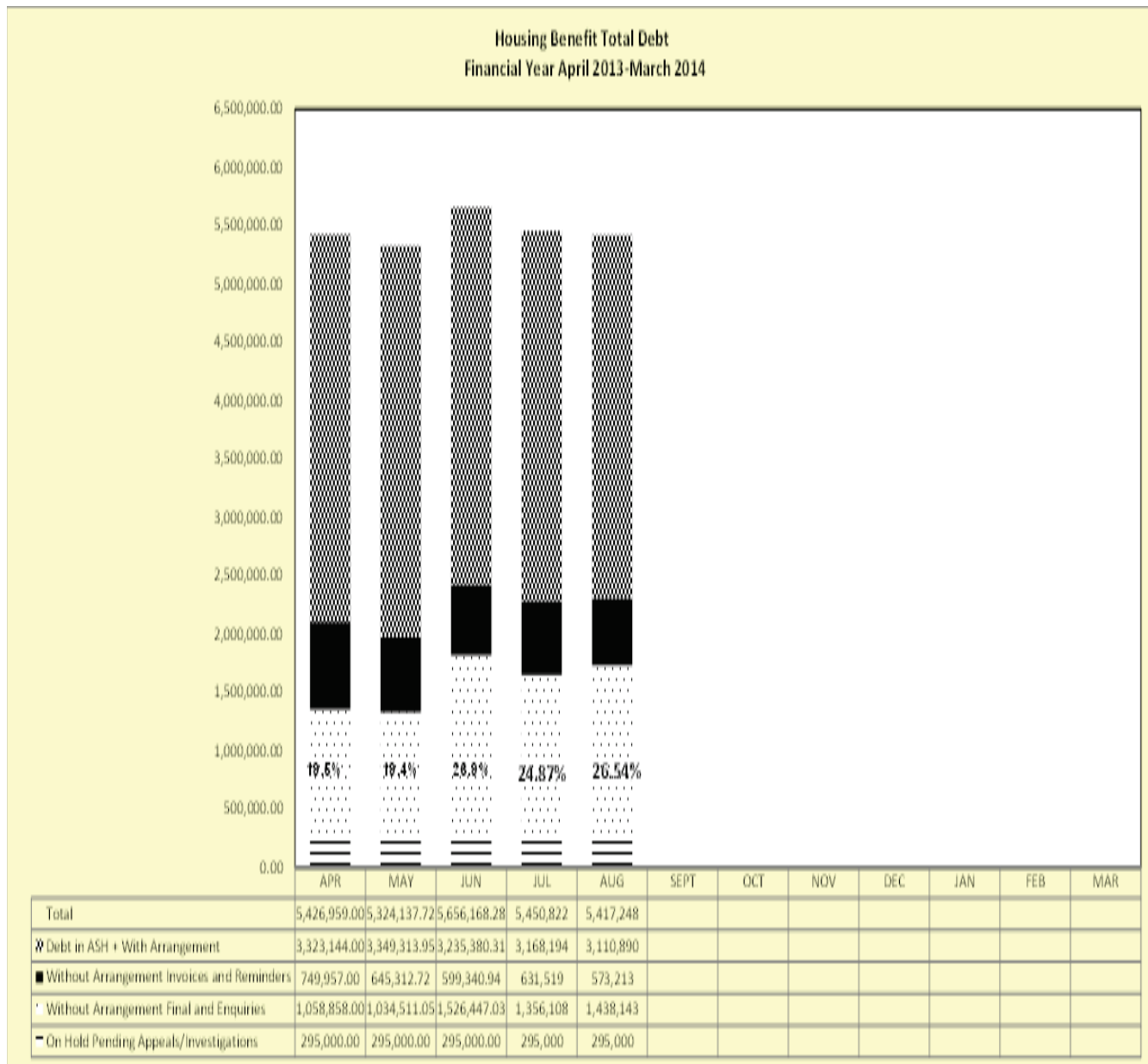
4.1 Debt over 1 year old has increased by £1,777,963 since the end of April 2012.

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

Department	April 2012	August 2013	Variance	% Variance
Env & Regeneration	65,104	172,710	107,606	62.30
Corporate Services Note 1	45,461	207,343	161,882	78.07
Housing Benefits	1,695,646	2,049,497	353,851	17.27
Childrens, Schools & Families	54,992	22,501	-32,491	-144.40
Community & Housing	1,421,831	2,008,946	587,115	29.23
Chief Executives	0	0	0	0.00
Total	3,283,034	4,460,997	1,177,963	26.41

- 4.2 The majority of debt over 1 year old is for Community and Housing debts and Housing Benefit overpayments.
- 4.3 The debt for Community and Housing over a year old has increased by £587,115 since April 2012.
- 4.4 The total debt figure for Community and Housing, including debt that is less than 39 days old, is £4.86 million. Of this debt £2.0 million is over a year old and a further £2.4 million is between 39 days and a year old. Of this £4.4 million collectable debt approximately £2.1 million is on arrangements, undertaking legal action or secured with Charging Orders. Active recovery action is taking place on the remaining £2.3 million unsecured debt with the aim of securing the debt with payment arrangements or against the property with Charging Orders.
- 4.5 Housing benefit overpayment debt over a year old has increased by £353,851 since April 2012. The total amount of housing benefit debt is £5.4 million, this has reduced by £239,000 when last reported at the end of June 2013. Of this debt £1.58 million is being recovered from on going benefit by reducing current housing benefit payments, this equates to approximately £90,000 per month being reduced from payments to off-set these overpayments. Over £3.1 million is on a payment arrangement or recovery from on going benefit. .
- 4.6 It should be noted that the level and number of housing benefit overpayments continues to increase due to the continued drive to identify fraud and failure to declare change in claimant circumstances. In 2012/13 £3.4 million of overpayments were identified and over £1.85 million either recovered or off set against housing benefit.
- 4.7 The graph below shows breakdown of all housing benefit overpayments by recovery action.

Graph 1 – Total Housing Benefit Debt by recovery action from April 2013



4.8 Of the total debt outstanding shown in the graph 26.5% requires further recovery action. This figure has remained static since it was last reported in June 2013. This is the debt where effective recovery action can be taken.

5. PROVISION FOR BAD AND DOUBTFUL DEBTS

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

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

5.3 Merton's provision fully complies with CIPFA guidance and is considered prudent.

Provision for Bad and Doubtful Debts

Department	Less than 1 year £	Over 1 year £	Total provision £
Env & Regeneration	94,990	164,680	259,670
Corporate Services	56,028	173,913	229,941
Housing Benefits	0	308,590	308,580
Children, Schools & Families	42,685	63,841	106,526
Community & Housing	964,064	584,125	1,512,189
Fixed penalties	3,212	33,646	36,858
Former Tenants Rentals		102,636	102,636
Total	1,160,979	1,395,431	2,556,410

6. EXECUTIVE SUMMARY / CONCLUSION

6.1 Merton's total level of miscellaneous debt arrears i.e. invoices over 39 days old, at 31st August 2013 is £8,837,381. The net level of arrears, when the matter was last reported in June 2013 was £8,928,283.

7. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 31st August 2013 is detailed in table 6 below.

Table 6 – Total debt outstanding as at 31st August 2013 and compared with previous periods over the past 12 months

	Aug-12	Oct-12	Dec-12	Feb-13	Jun-13	Aug-13
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	10,465,794	11,531,061	11,649,664	18,154,293	11,565,929	10,578,989
HB debt in Benefit system Note 2	2,368,287	2,451,628	2,314,607	2,427,121	2,282,190	2,338,199
Housing Rent Note 3	231,364	231,236	230,060	110,936,	108,058	108,034
Parking Services	1,797,029	1,913,322	2,127,613	2,342,502	2,208,764	2,317,610
Council Tax Note 4	4,816,141	4,166,454	3,817,752	3,402,427	5,056,682	4,647,094
Business Rates Note 5	1,760,715	1,656,657	1,281,928	1,114,885	3,032,636	2,674,288
Total	21,439,330	21,950,358	21,421,624	27,441,228	24,254,259	22,664,214

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

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

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

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

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

- 7.1 Detailed breakdowns of the Council Car Parking figures are shown in below:

Aged Debtors - August 2013

Age of Debt	Total Outstanding	Number of PCNs
	£	
0-3 Months	637,843	5,336
3-6 Months	417,594	2,614
6-9 Months	246,957	1,513
9-12 Months	279,101	1,699
12-15 Months	245,155	1,485
Older than 15 Months	490,964	3,223
Total	2,317,613	15,870

8. CONSULTATION UNDERTAKEN OR PROPOSED

- 8.1 All relevant bodies have been consulted.

9. TIMETABLE

- 9.1 In accordance with current financial reporting timetables.

10. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 10.1 All relevant implications have been addressed in the report.

11. LEGAL AND STATUTORY IMPLICATIONS

- 11.1 All relevant implications have been addressed in the report.

12. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 12.1 Not applicable

13. CRIME AND DISORDER IMPLICATIONS

- 13.1 Not applicable

14. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 14.1 Not applicable

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

None

16. BACKGROUND PAPERS

16.1 Miscellaneous debt files held in the Corporate Services department.

17. REPORT AUTHOR

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