

# **Merton Council Council**

**4 March 2015**

**Supplementary agenda –**

## **Conservative Amendments to the Business Plan 2015-19**

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## Conservative Amendment 1 to the Business Plan 2015-19

BUDGET COUNCIL MEETING – WEDNESDAY 4 MARCH 2015

### CONSERVATIVE GROUP REVENUE AMENDMENT – AGENDA ITEM 4

Under Recommendation 1 of the report, after “A) the General Fund Budget” add:

“as amended by the following:

See Appendix 7A ‘Budget 2015 – Conservative Group Recommendations’  
and revised Appendix 1 Draft Resolutions”

And after “C) the Medium Term Financial Strategy (MTFS) for 2015-2019” add:

“as amended and set out in Appendix 7 (revised)”

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Recommendation	Details	£000	Funding	£000	£000 Prov.
Recommendation 1(a) - <b>Protect the vulnerable</b>	Not to take the following cuts for 2014/15: <ul style="list-style-type: none"> <li>• CH13 – Replacement saving for 2014/15 which will change the day services offer for learning and physically disabled service users who currently use in house day services, mainly High Path and All Saints</li> </ul>	800	<p><b>Funding (2015/16):</b></p> <ul style="list-style-type: none"> <li>• Bring forward CSD45 from 2016/17 to 2015/16; delete a vacant investigator post. This will have no impact as post is already currently vacant</li> <li>• Release “other” earmarked reserve which is not expected to be utilised in the next 4 years</li> <li>• Increase Treasury income to align budget with expected income as per cashflow forecast and in line with current actual</li> </ul>	47  183	  (183)
Recommendation 1 (b)- <b>Transparency and democracy</b>	Not to take the following cuts for 2016/17: <ul style="list-style-type: none"> <li>• CSD44 – Stop webcasting</li> </ul>	45	<p><b>Funding (2015/16):</b></p> <ul style="list-style-type: none"> <li>• Reduce provision for Excess inflation &gt;1.5% (£543k in 2014/15) for 1 year only, reflecting unprecedented low RPI</li> <li>• Reduce Contingency (£1.5m annually)</li> <li>• Set up new corporate provision to cover impact of savings brought forward</li> </ul> <p><b>Funding (2016/17):</b></p> <ul style="list-style-type: none"> <li>• Bring forward CDS17 saving from 2017/18 from 2016/17: Reduce Marketing budget – increase of self-service by using Panacea – marketing solution software.</li> <li>• Increase Treasury income to align budget with expected income as per cashflow forecast and in line with current actual</li> <li>• Reduce Contingency (£1.5m annually)</li> <li>• Add to corporate provision</li> </ul>	40  40 150 (260)  73  40  150 (47)	          260       47

			<p><b>Funding 2017/18:</b></p> <ul style="list-style-type: none"> <li>• Increase Treasury income to align budget with expected income as per cashflow forecast and in line with current actual</li> <li>• Reduce Contingency (£1.5m annually)</li> <li>• Add to corporate provision</li> <li>• Utilise corporate provision</li> </ul> <p><b>Funding 2018/19:</b></p> <ul style="list-style-type: none"> <li>• Increase Treasury income to align budget with expected income as per cashflow forecast and in line with current actual</li> <li>• Reduce Contingency (£1.5m annually)</li> <li>• Utilise corporate provision</li> </ul>	<p>40</p> <p>150 (73) 97</p> <p>40</p> <p>150 25</p>	<p>73 (97)</p> <p>(25)</p>
	<b>Total cost of Recommendation between 2015/16 and 2018/19 inclusive: Revenue</b>	<b>845</b>	<b>Funding</b>	<b>845</b>	
			<b>Net Transfer to Earmarked Reserves</b>		<b>75</b>

Revised

## DRAFT MTFS 2015-19: RE-PRICED AND ROLLED FORWARD

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Departmental Base Budget 2014/15	144,420	144,420	144,420	144,420
Inflation (Pay,Prices)	3,179	6,778	10,380	13,979
Autoenrolment/Nat. Ins changes	0	1,000	2,000	2,000
FYE- Previous Years Savings	(4,252)	(9,149)	(10,576)	(10,576)
Replacement Savings	340	0	0	0
Income - Additional Fees/Charges	0	0	0	0
Growth	1,000	1,000	1,000	1,000
Revenuisation	(137)	(239)	(239)	(239)
Taxi card/Concessionary Fares	158	608	1,058	1,508
Education Services Grant	676	676	676	676
NHS t/f of Social care Funding	(100)	(100)	(100)	(100)
Change in depreciation/Impairment (Contra Other Corporate items)	1,278	1,278	1,278	1,278
Other (incl. reduced service grants)	610	986	1,056	1,129
<b>Re-Priced Departmental Budget</b>	<b>147,172</b>	<b>147,258</b>	<b>150,953</b>	<b>155,075</b>
Treasury/ Capital financing	14,078	14,049	15,848	17,111
Pensions	4,205	4,395	4,592	4,799
Other Corporate items	(11,334)	(12,999)	(13,001)	(12,998)
Levies	632	632	632	632
<b>Sub-total: Corporate provisions</b>	<b>7,581</b>	<b>6,077</b>	<b>8,071</b>	<b>9,544</b>
<b>BUDGET REQUIREMENT</b>	<b>154,753</b>	<b>153,335</b>	<b>159,024</b>	<b>164,619</b>
Funded by:				
Revenue Support Grant	(30,425)	(23,161)	(16,691)	(12,256)
Business Rates (incl. Section 31 grant)	(34,820)	(34,432)	(35,121)	(35,823)
C.Tax Freeze Grant 2015/16	(861)	0	0	0
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(2,642)	(2,904)	(2,615)	(2,294)
Council Tax inc. WPC	(77,051)	(77,435)	(77,821)	(78,208)
Collection Fund - (Surplus)/ Deficit	(4,420)	0	0	0
<b>TOTAL FUNDING</b>	<b>(155,016)</b>	<b>(142,729)</b>	<b>(137,045)</b>	<b>(133,378)</b>
<b>GAP excluding Use of Reserves (Cumulative)</b>	<b>(263)</b>	<b>10,606</b>	<b>21,979</b>	<b>31,241</b>
- Savings/ Income Proposals 2015/16	(620)	(11,297)	(15,228)	(16,376)
<b>Sub-total</b>	<b>(883)</b>	<b>(691)</b>	<b>6,752</b>	<b>14,866</b>
-Use of Reserves	883	690	(6,751)	(499)
<b>GAP including Use of Reserves (Cumulative)</b>	<b>0</b>	<b>(1)</b>	<b>1</b>	<b>14,367</b>

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**DRAFT RESOLUTIONS****Revenue Report:**

1. Members consider the views of the Overview and Scrutiny Commission summarised in Appendix 14 of the revenue report, and approve the proposed budget for 2015/16 set out in Appendix 7 of the revenue report, together with the proposed Council Tax levy in 2015/16.
2. That it be noted that at its meeting on 8 December 2014 the Council calculated its **Council Tax Base for the year as 69,638.0** in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012(SI 2012: 2914).
3. That it be noted that the Council calculated the **Wimbledon and Putney Commons Conservators (WPCC) Tax Base for the year as 10,880.0** in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.
4. That the Council agrees 4(a) - 4(i) below, which are calculated in accordance with Section 31A to 49B of the Localism Act 2011, amending Section 32 of the Local Government Finance Act 1992.
  - a) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) (a) to (f) of the Act

	£m
Gross Revenue Expenditure of Service Committees	<b>539.606</b>
Corporate Provisions	<b>9.220</b>
Amounts Payable to the Levying Bodies	<b>0.926</b>
Contribution to/(from) Financial Reserves	<b>(4.914)</b>
<b>Gross Expenditure</b>	<b>544.838</b>

- b) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act

	£m
<b>Gross Income</b>	<b>467.787</b>

- c) being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 31(4) of the Act, as its Council Tax Requirement for the year

	£m
Council Tax Requirement for the Council's own purposes for 2015/16 (including special expenses re WPCC)	<b>77.051</b>

- d) being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of revenue support grant, and baseline funding (NNDR) to constitute the Council's formula grant

	<b>£m</b>
Revenue Support Grant	<b>30.425</b>
Baseline funding NNDR & Section 31 Grant	<b>34.820</b>
Formula Grant	<b>65.245</b>

- e) being the amount at 4(c) above, divided by the amount for Council Tax Base at 2 above, calculated by the Council above, in accordance with Section 31B of the Act as the basic amount of its Council Tax for the year (including special items (WPCC)).

	<b>£</b>
<b>Merton's General Band D Council Tax Levy (including properties within Wimbledon and Putney Commons Conservators area)</b>	<b>1,106.45</b>

- f) being the aggregate amount of all special items referred to in Section 34(1) of the Act

	<b>£</b>
<b>Wimbledon and Putney Commons Conservators Special Levy</b>	<b>292,946</b>

- g) being the amount at 4(e) above, less the result given by dividing the amount at 4(f) above by the amount of the WPCC Council Tax Base at 2 above in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items (WPCC special levy) relates.

	<b>£</b>
<b>Merton's General Band D Council Tax Levy (excluding WPCC)</b>	<b>1,102.25</b>

- h) being the amounts given by adding to the amount at 4(g) above, the amounts of the special item or items relating to dwellings in the area of Wimbledon and Putney Commons Conservators (WPCC) mentioned above at 4(f) divided by the amount at 3 above, calculated in accordance with Section 34(1) of the Act, as the basic amounts of its Council Tax for the year for dwellings in the area of WPCC.

	<b>£</b>
<b>Wimbledon and Putney Commons Conservators Band D</b>	<b>1,129.18</b>

- i) being the amounts given by multiplying the amounts at 4(g) and 4(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 30 and 36 of the Local Government Finance Act 1992, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Part of the Councils Area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
	734.83	857.31	979.78	1,102.25	1,347.19	1,592.14	1,837.08	2,204.50
Parts inc. WPC	752.78	878.26	1,003.72	1,129.18	1,380.10	1,631.04	1,881.96	2,258.36

5. To note that the Greater London Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below, and that the Council agrees the Council Tax levy for 2015/16 by taking the aggregate of 4(i) above and the Greater London Authority precept.

Precepting Authority	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
G L A	196.67	229.44	262.22	295.00	360.56	426.11	491.67	590.00

For information purposes this would result in the following Council Tax Levy for Merton residents:-

Part of the Council's Area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
	931.50	1,086.75	1,242.00	1,397.25	1,707.75	2,018.25	2,328.75	2,794.50
Parts inc. WPC	949.45	1,107.70	1,265.94	1,424.18	1,740.66	2,057.15	2,373.63	2,848.36

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## Conservative Amendment 2 to the Business Plan 2015-19

BUDGET COUNCIL MEETING – WEDNESDAY 4 MARCH 2015

### CONSERVATIVE GROUP MTFFS AMENDMENT – AGENDA ITEM 4

That the following further Recommendation be added:

“2) This Council believes that further scrutiny of Merton’s long term budget is required in order to minimise the impact on frontline services, given lower levels of central government funding available to local authorities regardless of whichever government is in power.

This Council recognises the concerns raised during the 2015-16 Budget scrutiny process about a number of savings included in the Medium Term Financial Strategy (MTFS) for the years 2016-2019. In particular, the Council retains ongoing concerns about Cabinet’s proposals for service reductions in the following areas:

- **Merton Adult Education** through the potential future closure of the Whatley Avenue Centre following the move to a Commissioning model
- **Parks Maintenance** through the outsourcing of the service via the South London Waste Partnership (E&R25)
- **Adult Social Care** where a disproportionate level of savings is expected (£9.8million over 4 years) from a department which has a high proportion of statutory services and is dealing with some of the most vulnerable residents in the borough.
- **Youth Services** where a short-term approach is being taken to youth service provision for vulnerable young people (CSF2014-06)

This Council further notes both the lack of progress in implementing various projects, such as the Customer Contact Programme and Carefirst replacement, which were due to deliver important efficiency savings as part of the ‘Merton 2015’ Transformation Programme, and the lack of clarity over precisely how Merton intends to deploy its investable reserves to deliver long term efficiency savings in the years beyond 2015.

This Council also notes that, while a balanced budget must legally be set for the forthcoming financial year (2015-16), there is no restriction on further reviewing savings proposals included in the Medium Term Financial Strategy (MTFS) for subsequent years.

This Council therefore resolves to:

- a) Refer the MTFS for 2016-19 to the Financial Monitoring Task Group for detailed consideration in conjunction with relevant officers to enable the

identification of more alternative solutions that minimise service reductions in the areas listed above, and their subsequent recommendation to Cabinet prior to the 2016-17 Budget.

- b) Undertake a full and detailed audit of (i) the savings delivered so far from the Merton 2015 Transformation Programme; (ii) the costs of failed delivery of the programme to local council taxpayers; and (iii) what lessons can be learnt from the programme for the future.
- c) Put in place a clear investment plan to ensure that Merton invests its investable reserves with a focus on returns and efficiencies that will deliver sustainable revenue savings for the future.”