

# Merton Council Council

2 March 2016

## Supplementary agenda

4 Business Plan 2016-20

1 - 404

NB - Please remember to bring the Business Plan Savings Proposals Consultation Pack as this is part of the Business Plan 2016-20

*Part 4A, Paragraph 3.3 of the Constitution states that for the Budget*

*Council meeting shall include–*

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

*Please note – All decisions relating to either the substantive budget motion/proposal or any amendments to it, will have to be taken via a recorded vote (Roll Call).*

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## Committee: Council

**Date: 2 March 2016**

### Agenda item:

**Wards:** All

**Subject:** Business Plan 2015-19

**Lead officer:** Caroline Holland, Director of Corporate Services

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

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

**Contact officer:** Paul Dale

### Urgent report:

Reason for urgency: The Mayor has approved the submission of this report as a matter of urgency as it is a statutory requirement that the Council sets a balanced budget and Council Tax as appropriate for 2016/17 by 10 March 2016.

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### Recommendations:

1. That the Council agrees the Business Plan 2016-20 including:-
  - A) the General Fund Budget;
  - B) the Council Tax Strategy for 2016/17 equating to a Band D Council Tax of £1,102.25, which means no change in Merton's Council Tax.
  - C) the Medium Term Financial Strategy (MTFS) for 2016-2020;
  - D) the Capital Investment Programme (as detailed in Annex 1 to the Capital Strategy);
  - E) the Capital Strategy (Section 4)
  - F) the Treasury Management Strategy (Section 5), including the detailed recommendations in that Section, incorporating the Prudential Indicators as set out in this report, and agrees the formal resolutions as set out in Appendix 1 to this report.

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### 1. Purpose of report and Executive Summary

- 1.1 At its meeting on 15 February 2016, Cabinet considered a number of reports which concerned the detailed structure and scrutiny of the Council's Business Plan for 2016-20, including the Budget and Council Tax for 2016/17, the MTFS for 2016-20 and the Capital Strategy and Investment Programme for 2016-20. A Savings Mitigation Fund Reserve of £1.3m has been created in 2016/17 following confirmation of additional resources from New Homes Bonus in response to the concerns raised at Scrutiny to reduce the impact of service pressures in 2016/17 on vulnerable residents and officers have been asked to seek to identify if similar significant funding is available in future years.

1.2 The main reports were:-

- Reference from the Overview and Scrutiny Commission – pre decision scrutiny of the Business Plan 2016-20 (Agenda Item 6)
- Business Plan 2016-20 (Agenda Item 5)
- Adult Social Care (ASC) 2016/17 budget savings (Agenda Item 8)

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

- That Cabinet, in taking decisions relating to the Business Plan 2016-20, acknowledges the comments and recommendations made by the Overview and Scrutiny Commission and the outcomes of consideration by the Overview and Scrutiny Panels, as detailed in paragraphs 2.5 to 2.12 and in Appendix 1 of the report.

1.4 In respect of the Business Plan report (Agenda item 5) it was RESOLVED that Cabinet:-

- 1) considered and agrees to response to the Overview and Scrutiny Commission;
- 2) resolved that, having considered all of the information in this report and noted the positive assurance statement given by the Director of Corporate Services based on the proposed strategy, the Council Tax in 2016/17, equating to a Band D Council Tax of £1,102.25 be approved and recommended to Council for approval. This represents a Council Tax freeze;
- 3) considered all of the latest information and the comments from the scrutiny process, and makes recommendations to Council as appropriate;
- 4) resolved that the Business Plan 2016-20 including the General Fund Budget and Council Tax Strategy for 2016/17, and the Medium Term Financial Strategy (MTFS) for 2016-2020 as submitted, along with the Equality Assessments (EAs), be approved and recommended to Council for approval subject to any proposed amendments agreed at this meeting;
- 5) resolved that, having considered all of the latest information and the comments from the scrutiny process, the Capital Investment Programme (as detailed in Annex 1 to the Capital Strategy); the Treasury Management Strategy (Section 5), including the detailed recommendations in that Section, incorporating the Prudential Indicators and the Capital Strategy (Section 4) as submitted and reported upon be approved and recommended to Council for approval, subject to any proposed amendments agreed at this meeting;
- 6) notes that the GLA precept will not be agreed by the London Assembly until the 22 February 2016, but the provisional figure has been incorporated into the draft MTFS;
- 7) requests officers to review the savings proposals agreed and where possible bring them forward to the earliest possible implementation date;

- 8) notes that there may be minor amendments to figures in this report as a result of new information being received after the deadline for dispatch and that this will be amended for the report to Council in March;
  - 9) approves the Risk Management Strategy
  - 10) in response to concerns raised at Scrutiny, review the current level of service being provided by Crossroads if they were to continue into 2016/17, with any shortfall being met from non-recurring savings and work with them to enable them to re-focus their service from 2017 in line with the needs of carers and in particular in order to offer a competitive and quality service to carers with personal budgets who want to choose the respite package that suits their needs best.
  - 11) in response to concerns raised at Scrutiny that the reduction in government funding is causing pressures in adult social care in particular, that a new "Savings Mitigation Fund" reserve of £1.3m is established by applying the additional New Homes Bonus to reduce the impact in 2016/17 on our most vulnerable residents, to update the MTFS accordingly and that officers are asked to seek to identify if similar significant funding is available in future years.
- 1.5 In respect of the ASC Savings and consultation report (Agenda item 8) it was RESOLVED that Cabinet:-
- 1) finalise the recommended budget for Adult Social Care (ASC) in 2016/17 (£74.845m gross and £51.481m net) for Full Council, including required savings, taking into account the outcome of the consultation exercise and taking into account any recommendations from the relevant Overview and Scrutiny Panel and Commission.
  - 2) authorise the Director of Community and Housing, within the council's Constitution, to take the action necessary to achieve these savings.

## 2. Introduction

- 2.1 This report provides a comprehensive presentation of all issues relevant to the formulation of the Council's Business Plan for the period 2016-20.
- 2.2 The report includes details about the General Fund revenue budget and explains how this information has been used to produce a draft budget and Council Tax levy. It summarises the work that has been undertaken since April 2015 towards formulating the Business Plan 2016-20 including the Budget for 2016/17, Medium Term Financial Strategy 2016-20 and Capital Strategy 2016-20. It describes the steps taken to ensure that business planning is integrated with financial planning. It sets out details of how the budget has been structured to ensure that a balanced budget is set for 2016/17 and progress towards a balanced budget over the medium term. A separate section is provided for Schools budgets.
- 2.3 The report sets out the draft Capital Programme 2016-2020. It details the work that has been undertaken to produce a programme that is aligned with business planning requirements and also integrated with the revenue budget.

- 2.4 The Medium Term Financial Strategy (MTFS) is updated to reflect the Council's anticipated financial outlook over the period 2016-2020.
- 2.5 Cabinet on 15 February 2016 was invited to consider the various responses from scrutiny bodies to the draft budget proposals as set out in a separate report on the agenda for that meeting. The Overview and Scrutiny Commission and panels considered the budget savings proposals agreed by Cabinet on 19 October 2015 and 7 December 2015 and the Overview and Scrutiny Commission also considered the additional information provided in the report to Cabinet on 18 January 2016.
- 2.6 At this Council meeting, Members are presented with details that provide a comprehensive presentation of all issues relevant to the formulation of the Council's Business Plan for the period 2016-2020.
- 2.2 The report includes details about the General Fund revenue budget and explains how this information has been used to produce a draft budget and Council Tax levy.
- 2.3 The Council's Business Plan 2016-20 consists of a number of key elements and the report is structured into five sections for ease of reference :-
- Section 1: Business Plan 2016-20 including the Medium Term Financial Strategy, the overarching financial strategy, which brings together individual elements of the budget and reviews the strategic aims and key issues and assumptions.
  - Section 2: The General Fund Revenue Budget and Council Tax strategy;
  - Section 3: Schools budgets – funded by Dedicated Schools Grant (DSG)
  - Section 4: The Capital Programme and the Capital Strategy;
  - Section 5: The Treasury Management Strategy
- 2.4 The Scrutiny Function
- 2.4.1 The Overview and Scrutiny Commission and Panels considered the draft capital programme 2016-20 during the November 2015 cycle of meetings and feedback from this scrutiny process was considered by Cabinet on 7 December 2015. Cabinet considered revenue savings proposals at its meeting on 7 December 2015 and referred them, along with draft EAs, the capital programme and service plans as part of a pack of measures, to the Overview and Scrutiny Panels and Commission for consideration during the January 2016 cycle of meetings.

During the January 2016 cycle of meetings the available details relating to the MTFs, revenue and capital budgets and the Business Plan were considered by the Scrutiny Panels on the following dates:-

Sustainable Communities Overview & Scrutiny Panel	7 January 2016
Children and Young People Overview & Scrutiny Panel	13 January 2016
Healthier Communities & Older People Overview & Scrutiny Panel	12 January 2016
Overview and Scrutiny Commission	28 January 2016

2.5 Feedback from Scrutiny Process

A summary of findings and recommendations from the Overview and Scrutiny Commission was provided in a comprehensive report on the scrutiny of the Business Plan 2016-20 as a separate report to Cabinet on 15 February 2016. The Cabinet resolutions made at its meeting on 15 February 2016 in response to the Overview and Commission are set out in paragraph 1.3.

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

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

3. **Business Planning**

3.1 Further information about the Business Plan 2016-20 is included in Section 1 of this report.

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

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

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

5. **Legal and statutory implications**

5.1 The Local Government Act 2003 requires the Chief Finance Officer to report to Council as part of the budget process on the robustness of the estimates and the adequacy of the proposed financial reserves. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the setting of the overall budget and council tax. The amount

of council tax must be sufficient to meet the council's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.

- 5.2 The Localism Act 2011 amended the legislation regarding the calculation of council tax. It also provides for a council tax referendum to be held if an authority increases its relevant basis amount of council tax in excess of principles determined by the Secretary of State. The Secretary of State has ruled that most principal authorities, which includes Merton council, proposing increases which exceed 2% or more will need to hold a referendum. Within the provisional Local Government Finance Settlement there was also confirmation of the Spending Review 2015 announcement that for the rest of the current Parliament, local authorities responsible for adult social care “will be given an additional 2% flexibility on their current council tax referendum threshold to be used entirely for adult social care.”
- 5.3 In considering the budget for 2016/17, members must consider the on-going duties under the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation; and advance equality of opportunity between people who share a protected characteristic and those who do not; and foster good relations between those who share a protected characteristic and those who do not. Members must consider how the decisions will contribute to meeting these duties in light of other relevant circumstances such as economic and practical considerations.
- 5.4 The Council's processes for the development and adoption of the budget are set out in the Budget and Policy Framework Procedure Rules contained in Part 4C of the Constitution.

## **6. Human Rights, Equalities and Community Cohesion Implications**

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



6.4 Equality and community issues are also addressed in savings proposals. Equalities assessments of savings proposals have been provided and these were discussed at Scrutiny meetings.

## **7. Risk Management and Health and Safety Implications**

7.1 Each saving proposal has been assessed in terms of service impact and reputational impact and these have been included in reports to the Scrutiny Panels.

7.2 In setting the budget the level of risk has been an important factor in setting the assumptions on which the overall budget is based. The level of reserves and balances, as well as the level of contingencies available have been taken into account as well as an assessment of pressures identified as part of current year monitoring. Account has also been taken, as far as possible, of the likely impact of expected legislative and technical changes.

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

## **8. Consultation undertaken or proposed**

8.1 Regular reports have been made on progress on the Business Plan to Cabinet on 14 September 2015, 19 October 2015, 9 November 2015, 7 December 2015, 18 January 2016 and 15 February 2016.

8.2 In addition, Scrutiny Panels and the Overview and Scrutiny Commission have had two rounds of scrutiny on the proposed budget and Business Plan;

8.3 There have been further detailed consultations held by Community and Housing and Children, Schools and Families in relation to some of their proposals.

8.4 In accordance with statute, consultation took place with business ratepayers and a meeting was held on 10 February 2016 at which Merton Chamber of Commerce and a representative from the Federation of Small Businesses attended.

8.5 Further, regarding the capital programme, meetings of the Capital Programme Board were held, consisting of key officers from each department.

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

**SECTION 1: BUSINESS PLAN 2016-20**

**SECTION 2: GENERAL FUND BUDGET AND COUNCIL TAX STRATEGY**

- Appendix 1: Draft Resolutions to Council  
Appendix 2: Local Government Finance Settlement 2016-2017  
Appendix 3: Collection Fund, Council Tax Base, NNDR1 and Funding Methodology  
Appendix 4: Other Corporate items in the MTFS  
Appendix 5: Analysis of the transition from Council in March 2015 to a balanced budget  
Appendix 6: Statement of Council Tax requirements and balances  
Appendix 7: Revised MTFS incorporating changes  
Appendix 8: Reserves  
Appendix 9: Budget summaries – These replace the version included in the pack issued to Members in December 2015  
Appendix 9a: Standard Subjective Analysis  
Appendix 10: Risk Analysis for the General Fund  
Appendix 11: Equalities Assessments– Where there have been changes to the version included in the pack issued to Members in December 2015

**SECTION 3: Schools budget**

No appendices

**SECTION 4: Capital budget**

Draft Capital Strategy 2016-20  
(includes Annexes 1-5)

**SECTION 5: Treasury Management Strategy**

- including Prudential Indicators

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

Reports to Cabinet  
Budget files in Corporate Services department

# Business Plan

## 2016 / 2020



<b><u>CONTENTS</u></b>	<b><u>Page</u></b>
<b>Introduction</b>	
<b>Vision / Transformation statement</b>	
<b>Community Plan</b>	
<b>Corporate Strategies</b>	
<b>About the council</b>	
<b>A) Financial Resources</b>	
Medium Term Financial Strategy - <a href="#">This is the Covering Report</a>	
Capital Strategy - <a href="#">In Section 4 of the Report</a>	
Treasury Management Policy Statement – <a href="#">In Section 5 of the report</a>	
<b>B) Other Key Resources</b>	
Workforce Strategy and Planning	
Procurement Plan	
Information Technology Strategy	
<b>C) Risk Management</b>	
<b>D) Performance Management Framework</b>	
<b>E) Service Planning</b>	
<b>F) List of Revenue Savings 2013-17 – <a href="#">In the Member's Pack</a></b>	
<b>G) Revenue Estimates 2013-17 – <a href="#">In Section 2 of the Report</a></b>	
<b>Glossary of Terms</b>	
<b>List of Acronyms</b>	

## INTRODUCTION

Welcome to Merton Council's Business Plan for 2016/20, which brings together financial information in the form of the council's budget and the Medium Term Financial Strategy, along with the service planning of all of the council's operational services over the next four years. Although it is a four year plan, it will be refreshed every year to ensure we are on target and to take account of changing needs and priorities.

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

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

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

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

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

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

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

## TRANSFORMATION STATEMENT

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

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

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

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

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

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

The Community Plan has been developed by the Merton Partnership and sets the overall direction and vision for the borough until 2019.

# COMMUNITY PLAN

Merton Partnership brings together a range of key partners from the public, private and community and voluntary sectors in Merton, including the council, Clinical Commissioning Group, and Police, to co-ordinate the delivery of local services. Originally formed to deliver the stretch targets required to generate additional Local Area Agreement funding, the Partnership developed the Community Plan in 2009 setting out the overall direction and vision for the borough until 2019. The document sits above each partner's own Business Plan. The Community Plan was refreshed by the partnership in 2013.

The Merton Partnership has an Executive Board structure:

The **Merton Partnership** is chaired by the Leader of the Council. The Merton Partnership set the strategic direction of the Merton Partnership and hosts an annual themed conference.

The **Executive Board** meets bi-monthly and is chaired by the Leader of the Council. The role of the Executive Board is to operationally manage the delivery of the priorities and targets of the Merton Partnership, as set out in the Community Plan and Neighbourhood Renewal Strategy.

There are four **Thematic Subgroups** which co-ordinate the activities of relevant members of the Partnership to ensure that the strategy agreed by the Executive Board is carried out through the relevant Boards and Trusts. These thematic subgroups mirror the themes of the Community Plan:

- **Children's Trust**  
Merton's Children's Trust arrangements began development in 2005 and bring together all partners involved in services to children and families in Merton. A wide range of groups and partnerships are accountable for their performance and activities to the Children's Trust Board. The Children's Trust is designed to deliver the outcomes set out in Merton's Children & Young People Plan (CYPP) 2016-19, namely:
  - Deliver early help and improve outcomes for those subject to the effects of disadvantage
  - Safeguarding children and young people
  - Looked After Children and Care Leavers
  - Closing the gap in educational outcomes and opportunity
  - Engage and enable young people to achieve better outcomes
  - Children with special educational needs and disabilities
- **Health and Wellbeing Board**  
Health and Wellbeing Boards have been created to deliver strategic, local leadership in health and wellbeing. The work of HWBs are central to informing the commissioning of health and social care services in Merton and have a core role in encouraging joined-up services across the NHS, social care, public health and other local partners.

Merton Health and Wellbeing Board's (HWB) full statutory responsibilities have now been in place since April 2013 and a Shadow Health and Wellbeing Board has been working in Merton since 2011.

The HWB brings together the Council, Merton Clinical Commissioning Group, HealthWatch and the voluntary and community sector with a shared focus on improving the health and wellbeing in Merton. Specifically:

- Improving health outcomes
- Reducing health inequalities
- Independent living
- Supported living

- **Safer and Stronger Communities**

The Safer and Stronger Thematic Partnership incorporates the statutory Community Safety Partnership (CSP) and is responsible for setting and overseeing the strategic direction for community safety and the community cohesion agenda in the borough, and to fulfil the statutory requirements of the CSP in Merton.

The Community Safety Partnership has a statutory duty to undertake a strategic assessment to inform priority setting to address crime and disorder issues in the locality. Key themes are:

- Reduce the fear of crime
- Reduce alcohol related violence and support those who are effected by alcohol misuse
- Reduce anti-social behaviour and the effects of serious anti-social behaviour on communities as well as supporting individuals to find positive outcomes for local disputes
- Reduce acquisitive crime by working with our communities to ensure that they keep their valuables safe
- Reduce repeat victimisation of domestic violence victims
- Develop the council's local leadership role and the capacity of the community and voluntary sector
- Empower local people to have a greater choice and influence over local decision-making and a greater role in public service delivery
- Increase community cohesion and integration

- **Sustainable Communities and Transport**

The Sustainable Communities and Transport thematic partnership has been established to create a more sustainable borough, one which is less reliant on fossil fuel and which reduces its negative impact on the environment and climate change in particular.



The Board promotes investment into the borough to create new jobs as well as looking to improve skills levels and the capacity of residents to benefit from these jobs and those across the region. The Board seeks to improve the condition and supply of housing including affordable housing. The Board works to promote the development of sustainable transport particularly active transport (cycling and walking) as well as public transport in and around Merton. Key themes are:

- Work to support economic growth, by increasing jobs and skills
- Work to improve the financial resilience of Merton's residents
- Work to increase the supply of housing
- Work towards carbon reduction
- Work to increase investment
- Work to improve sustainable transport provision

In addition to the four thematic partnerships, Merton Council has added the theme of

**Corporate Capacity**, which includes:

- Our systems for ensuring sound financial management and high standards of governance
- The effective recruitment, development and management of staff
- Having the right information and communications technology infrastructure in place to support service delivery and efficiency
- Value for money and continual review to improve processes
- Customer access, customer services and customer care
- Equalities, diversity and community cohesion
- Transparent information and service provision

**NATIONAL POLICIES**

The new Conservative government elected in 2015 has set out a policy direction that will have a major impact on Council services over the lifetime of this Business Plan. The Spending Review 2015 contained a number of major announcements that will affect local government and much of the detail of how these will be implemented are yet to be clarified. Key announcements included:

- Resources for local government are likely to reduce by around 30% between 2015 and 2020 according to London Councils. DCLG has experienced one of the largest cuts of any Whitehall department over this period. It should be noted that this cut is on top of a similar funding reduction between 2010 and 2015;
- The Revenue Support Grant will be phased out by 2020;
- Local authorities will be able to retain 100% of business rates by the end of this Parliament (currently 50% of business rates are retained locally split between the Mayor and London boroughs). Further detail of how this proposal will be implemented, including additional responsibilities for local government, will be consulted on in 2016;
- Devolution to the Mayor and London boroughs of some employment support and trials around some health related services;
- Further cuts to welfare benefits are likely to result in additional demand for Council services;
- Introduction of the Right to Buy for housing association tenants funded from the sale of Council housing;
- An annual 1% reduction in rents paid by social housing tenants;
- An apprenticeship levy on employers, including local authority, to fund the national apprenticeship programme.

## **ABOUT THE COUNCIL - An overview of the council**

### **KEY FACTS**

- The Council comprises 60 elected councillors, representing 20 wards and four political groups. The current political composition of the Council as at February 2016 is:
  - Labour: 36 councillors
  - Conservative: 20 councillors
  - Merton Park Ward Independent Residents: Three councillors
  - Liberal Democrats: One councillor
- Full Council usually meets five times a year, and is responsible for agreeing the council tax and setting the overall direction of the council.
- A Cabinet of nine Labour councillors makes the majority of decisions throughout the year, with Overview and Scrutiny arrangements to hold Cabinet to account.
- Regulatory committees are appointed by Council and carry out planning and licensing functions.
- The council had a revenue budget of £155m in 2015/16 with around 44% of this being spent on social care.
- 4,040FTE (as at Dec 15) or 5,301 headcount (as at Dec 15) employees provide a range of public services, from street cleaners and town planners to teachers and social workers, who work in the four departments, including Merton's schools:
  - Children, Schools and Families (CSF)
  - Environment and Regeneration (E&R)
  - Community and Housing (C&H)
  - Corporate Services (CS)

### **ABOUT THE BOROUGH**

Merton is an outer London borough situated to the south west of central London. The demographics of the borough and some of its defining characteristics are listed below. Merton has a population projected in 2013 to be 202,750 persons living in nearly 79,000 occupied households. Population density tends to be higher in the west wards of the borough than in the east wards. Just over half the borough is female (50.7%) and the borough has a similar age profile to London as a whole. The GLA population projection data for 2013 shows the Merton's BAME population to be 74,650 (36.8%) At Census 2011, the percentage for BAME groups was 35.1%. This was lower than the percentage for London (40.2%).

- Predominantly suburban in character, with high levels of commuter flows in and out of central London.
- Good connections with the London transport network. The District and Northern lines both run through the borough, Tramlink provides connections between Wimbledon and Croydon via Mitcham and Morden, while numerous over ground stations and bus routes provide easy access to central London and neighbouring boroughs.
- Significant amounts of green space – 18% of the borough is open space, compared to a London average of 10%. This comprises over 65 parks and open spaces (including Wimbledon and Mitcham commons), 28 conservation areas, 11 nature reserves and 17 allotment sites.
- 124 languages are spoken in Merton's 43 primary schools, eight secondary schools (including two academies), three special schools, one Pupil Referral Unit and 11 children's centres.

- Increasing numbers of groups with particular needs, for example older people, BME communities and the increased number of young people with special educational needs or disabilities.
- Seven libraries provide internet access, summer reading schemes and homework clubs as well as traditional book, CD, DVD and video lending.
- Three leisure centres provide a wide range of facilities in Mitcham, Morden and Wimbledon.
- Merton plays host to one of the country's most famous sporting events – the Wimbledon fortnight held at the All England Lawn Tennis and Croquet Club.
- Council tax is currently set at £1,397.25 (2015/16) for a band D property (including the Greater London Authority precept), the average level for outer London boroughs.
- Merton is consistently amongst the top four safest boroughs in London which is a tribute to the excellent partnerships between the council, Metropolitan Police Service, Safer Merton Partnership and the community.

The 2015 Indices of Multiple Deprivation (IMD) show that Merton ranks as 'very low' in terms of overall social deprivation compared to other London boroughs, 7<sup>th</sup> least deprived out of the 33 London boroughs and ranked 212 out of 354 (where 1 is the most deprived) for the rest of England. This overall lack of deprivation does, however, hide stark inequalities in the borough between deprived wards in the east of the borough (Mitcham) and the more affluent wards in the west (Wimbledon). Deprivation is evident in the eastern wards of Figge's Marsh, Cricket Green, Lavender, Graveney and Ravensbury and to a lesser extent in the western wards of Trinity, Abbey and Hillside:

- The average house price for Merton in 2014 was £385,000 a increase of +16% on 2013 (£320,000). The average house price in London £365,000 (2014) an increase of +17%.
- The average median income for Merton is £31,938 (2014). When we compare house prices with average income, like most borough in London and the south east of England we can see there is a large gap between income and housing affordability.
- The GLA Pay-check 2011 dataset illustrates there are large disparities in the distribution of income within Merton. In general the west of the borough is more affluent especially Wimbledon Park, Village, and Hillside wards. These wards have a median income range of £41-£50k. By comparison many wards such as Figge's Marsh, Pollards Hill, St. Helier, and Cricket Green have a median income range of £24k-28k.
- The east of the borough has much higher levels of serious illness and early deaths from illnesses such cancer and heart disease.
- Life expectancy for men ranges from 76.5 years in Ravensbury Ward in the more deprived east to 84.6 years in Wimbledon Village in the least deprived west, a gap of 8.1 years
- Although unemployment in the borough is below the national average, it rises significantly in some of the eastern wards, and 63% of all benefit claimants live in the east of the borough.
- In three wards in the east of the borough, over a third of the population have no qualifications.
- Free school meals eligibility is rising in Merton schools (Merton average 2015, 15.7% – school census 2015).

## CORPORATE STRATEGIES

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

<ul style="list-style-type: none"> <li>• Adult Treatment Plan</li> <li>• Air Quality Action Plan</li> <li>• Anti-Social Behaviour Strategy</li> <li>• Asset Management Plan</li> <li>• Autism Strategy</li> <li>• Capital Programme</li> <li>• Care Leavers Strategy</li> <li>• Carers Strategy</li> <li>• Children and Young Peoples' Plan</li> <li>• Civil Contingencies Plan</li> <li>• Climate Change Strategy</li> <li>• Commercial and Trading Standards Delivery</li> <li>• Community Plan</li> <li>• Core Planning Strategy</li> <li>• Corporate Procurement Strategy</li> <li>• Culture and Sport Framework Customer Contact Strategy</li> <li>• Crime and Disorder (partnership plan)</li> <li>• Dementia Strategy</li> <li>• Early Intervention and Prevention Strategy</li> <li>• East Merton and Mitcham</li> <li>• Equalities Strategy</li> <li>• Neighbourhood Renewal Strategy</li> <li>• Economic Development Strategy</li> <li>• Employment and Skills Action Plan</li> <li>• Ethnic Minority Housing Strategy</li> <li>• Gypsy and Traveller Strategy</li> <li>• Heritage Strategy</li> <li>• Homelessness Strategy</li> <li>• Housing Strategy</li> <li>• ICT Policy</li> <li>• Tenancy Strategy</li> <li>• Information Governance Policy</li> <li>• Local Development Framework</li> <li>• Local Implementation Plan</li> <li>• Local Transport Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Looked After Children's Strategy</li> <li>• Looked After Children's Placement Sufficiency Statement</li> <li>• Medium Term Financial Strategy</li> <li>• Older People's Housing Strategy</li> <li>• Open Spaces Strategy</li> <li>• Performance Management Framework</li> <li>• Risk Management Strategy</li> <li>• Road Safety Plan</li> <li>• Safeguarding Adults Policy</li> <li>• Safeguarding Children's Board Annual Plan</li> <li>• School Improvement Strategy</li> <li>• Social Inclusion Strategy</li> <li>• Special Educational Needs and Inclusion Strategy, including ASD Strategy</li> <li>• Treasury Management Strategy</li> <li>• Unitary Development Plan</li> <li>• Voluntary Sector Strategy</li> <li>• Waste Management Plan</li> <li>• Workforce Strategy</li> </ul>
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# **Section A**

# **Financial Resources**

## **A) MEDIUM TERM FINANCIAL STRATEGY 2016/20**

Contained in the body of the Cabinet Report

## **A) CAPITAL STRATEGY**

Contained in Section 4 of the Cabinet Report

## **A) TREASURY MANAGEMENT POLICY STATEMENT**

Contained in Section 5 of the Cabinet Report



# **Section B**

## **Other Key Resources**

## B. WORKFORCE STRATEGY

The workforce strategy will be reviewed again following the completion of the Target Operating Model development process within the council. A refreshed draft will be ready in 2017 and in the meantime we will continue to deliver the actions identified in the current strategy. However some information has been updated.

### 1. INTRODUCTION

Welcome to Merton's Workforce strategy, which outlines our aims for the period 2014 – 2018 and shows how we will support, engage with and develop our workforce, so they are equipped to meet the challenges of continuing to deliver high quality services to our customers and local communities.

The people, who work for, work with, volunteer with, and wish to work for Merton Council, are vital for us to reach our goals. All of our achievements as a council, and the excellent services we deliver to our public, are reliant on us having a suitably skilled, able and equipped workforce, who demonstrates our values and behaviours. Our MJ Award for the Best Achieving Council in 2013 is testament to the commitment and professionalism of our people. This strategy aims to build on the success and dedication of the current workforce, and ensure that we have the structures and resources to meet the challenges of the future.

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

The workforce strategy will underpin the delivery of these Target Operating Models. Our workforce is at the heart of everything we do, and this strategy ensures that we have the right staff in the right place, with the right skills and tools to enable the transformation of council services to meet future challenges. This means in some areas the council will diminish in size and in other areas it may expand, depending upon the needs of that service to operate efficiently and effectively for our residents.

The strategy has been developed in consultation with staff from across the council, harnessing their knowledge and experience to identify the measures and actions that will enable Merton Council to meet its aspirations and continue to provide our public with high-quality services, environment and facilities.

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

- Workforce planning
- Recruitment and retention
- Organisational and workforce development
- Morale, health and wellbeing

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

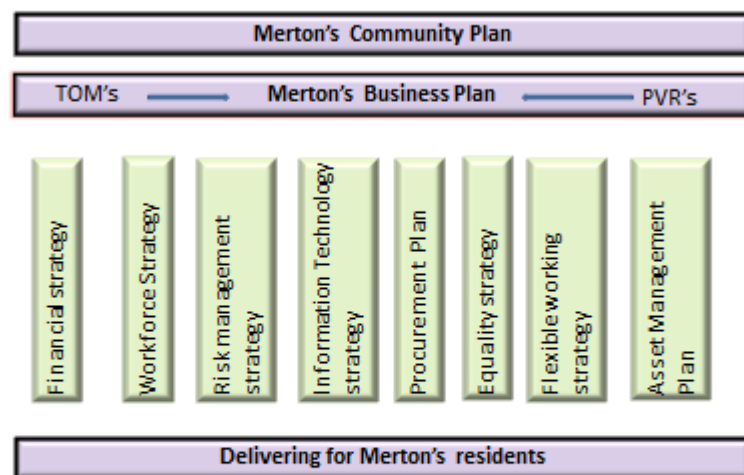
**Ged Curran**  
**Chief Executive**

## 2. BACKGROUND

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

### 2.1 Key Council priorities

The key priorities for the borough are captured within the Community Plan, developed by the Merton Partnership. The Plan sets the overall long-term direction and vision for the borough to



2019.

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

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

The theme of Corporate Capacity encompasses the effective recruitment, development and management of staff. This Workforce Strategy outlines how we will transform the Council's workforce and be fit for purpose in 2018.

## 2.2 How the Council has changed in the last 3 years

We take a proactive approach to planning for our future. Since 2010 our transformation programme Merton 2015 has delivered savings of £70 million, or one third of our budget. It is to our employees' credit that through this time we have maintained high levels of resident satisfaction.

We are particularly proud of winning over 40 industry awards across a range of sectors and having achieved the MJ Award for the Best Achieving Council in 2013 against the backdrop of such a challenging financial environment.

Continued delivery of quality and value for money services for our residents has been achieved through reviewing our service delivery models and developing innovative solutions, including shared services, partnership working and the development of volunteering in the borough. Continuous improvement is at the heart of our approach and we have introduced lean methodology to drive out waste from our processes and now work in a highly focused and lean operation.

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

## 3. HIGH LEVEL SHAPE OF THE WORKFORCE

Merton Council has a workforce of 2,003 people in 1,787 full-time equivalent posts, with an additional 3,307 (2,253 FTE) Schools employees, not including casual staff.

We work across five Departments: Environment and Regeneration (30%), Children, Schools and Families (25%), Community and Housing (25%), Corporate Services (20%) and the Chief Executive's Department. We work over a number of sites across the Borough, and we have recently undertaken a project to move more colleagues to the Civic Centre to free up premises space.

Within Schools (68.55%) of employees work part-time, outside of the Schools we mainly work full time (74.43%).

While some groups are unevenly represented across pay levels, there are no significant discrepancies in pay by protected characteristics.

The Council has a pay ratio of 1:12 between the lowest and highest paid employees, well within the ratio level of 1:20 that was established for the Hutton Fair Pay Review (March 2011), with the Council positioned in the bottom quartile for senior pay for the 32 London boroughs.

The decision has been taken to implement the London Living Wage, increasing the salary of the lowest paid staff to £9.15 per hour from 1 April 2015. We are working on calculating the full

value of the pay and benefits package to be able to accurately communicate the reward for working at the Council.

Agency workers are a key part of our workforce plan providing resource and business-critical skills as and when it is needed, with agency workers making up 5.6% of our workforce in 2013. Through the workforce planning element of this strategy, agency use will be reviewed and reconfigured to provide best value for money and consistent service delivery, while maintaining the agility of the workforce.

We have a diverse workforce, the majority, 60% are female (88% in Schools) and 5.84% are disabled, which compares positively to the London Councils' median of 4.6% but this ratio is only 1.03% in Schools. A quarter of our workforce (23.26%) are from a Black, Asian and Minority Ethnic (BAME) background, which compares favourably to our 23% target.

However, only 5.8% of employees are from the Asian or Asian British community. In Schools there are 15% BAME employees, and 6.4% of an Asian or Asian British background, in both groups somewhat lower than the London Councils' median of 7.6%. Of more concern is the fact that within the resident community 35% are of Black, Asian and Minority Ethnic background as 18% of the community is of Asian background (2011 Census).

As is characteristic of local government, we have a mature workforce as 60.6 % of us are over the age of 45, while only 17.6% are 16-34, but only 2.21% are 16-24 of age. In recent years the numbers of younger workers have increased due to the rollout of apprenticeships.

Our turnover rate is traditionally very low with natural turnover (resignations) in 2013 at 5.5% with full staff turnover at 14.37% annually, which compares favourably with other London boroughs. In some areas however it is agreed that some turnover may actually be beneficial to service delivery and could be achieved through transformation.

In 2013 we recruited to 254 posts and the time to hire, from identification of a vacancy to the post being filled, is now at 90 days, having recently been reduced through a recruitment process review and the implementation of an applicant tracking system in April 2013.

Merton has a consistently higher than expected rate of sickness, with an average of 9.29 days per person lost to sickness, which compares unfavourably to the London Councils' average of less than 8, which is also our own target. Particularly high levels of sickness are present in Environment and Regeneration (12 days) and Community and Housing (11 days). Within these Departments, the high areas for sickness absence are Street Scene and Waste, and Access and Assessment and Direct Provision respectively. In these areas sickness is more prevalent due to the nature of the work which includes more physically demanding roles and work with vulnerable residents.

Merton Council performs well overall on analysis of our workforce data against information from London local government organisations as well as recommendations for good practice.

The following areas have been identified as requiring action through the Strategy:

- Communicating the full value of the pay and benefits package
- Spans of control (e.g. who has responsibility for what)
- The review of agency use as part of workforce planning: reducing costs, while maintaining flexibility and sufficient resource

- Representation of the Asian community within the workforce
- Ageing workforce – succession planning and talent management
- Sickness absence – managing a reduction in the number of days lost to sickness

## 4. STRATEGY

### 4.1 The Council's strategic direction

We are rightly proud of our achievements over the past years, including the MJ Award for Best Achieving Council 2013, which is testament to the quality of dedication of our workforce.

We are committed to continue making Merton a great place for people to live, work and learn. The Council provides high quality services and we work with the community to enhance resident satisfaction. In the face of the economic climate, we set out to provide excellent value for money and continue to challenge the way we deliver our services to improve outcomes for our residents. We aim to do this by finding innovative solutions to maximise future efficiency. Our customers must be at the heart of our service planning. We will deliver services that customers want and need and involve our customers in service specification and design.

We are continuously reviewing and updating our delivery models and are at the forefront of new developments, such as partnership working including shared services and flexible working. The financial pressures facing Merton mean we will now take on the role of 'place-shaper' whereby the Council should be an enabler, working with partners to provide services.

By 2015 the core Merton Council workforce will be smaller than it was in 2010. However, some service areas may remain unchanged others have experience growth in this time, for example through becoming the hosts of shared services or expanding our volunteering schemes. We want to employ people who are resilient, ambitious, disciplined in thought and action, people who can take us from 'good to great'. We will reward and celebrate great individuals and team performance, but not tolerate sustained poor performance.

We build on the principles of the disciplined people, disciplined thought and disciplined action to take Merton Council from 'Good to Great' (Collins 2006). We work to a clear direction with high ambition, a strong vision and shared values. The Council has a strong leadership at its helm, setting high expectations and driving continuous performance improvement.

### 4.2 Model for achieving the strategy

Since 2010 we have been working on a major transformation programme **Merton 2015**, which will radically transform our services by 2015 to meet resource constraints, while still delivering quality and value for money services for our residents.

To set the future vision for the Council and its services, we work on developing a Target Operating Model (TOM). TOM documents set a vision for each of the departments and detail the shape of our future business model, covering all aspects of the organisation, including: services, processes, structures, people and technology.

Through this process, the Departments have identified the main developments we will have to make to best deliver our services in the future. These include:

- Strategic modernisation of service delivery, including review of direct service delivery and management e.g. reduction in resources, externalisation / remodelling of services, changes to terms and conditions;
- Workforce that meets the demands of the future working environment, managing flexible working, more agile and responsive workforce, adaptability e.g. appropriate agency usage, review of the skill mix and spans of control;
- Workforce demographics, knowledge transfer and new approaches e.g. partnership working, apprenticeships and the use of volunteers;
- New and improved skills, responding to legislative changes, competency / behaviour based approach for staff management, leadership and management skills to embed a performance approach and quality assurance e.g. technical management skills, such as workforce mapping, and people management skills e.g. performance management conversations and effective staff engagement;
- 'Good to Great' principles of disciplined people, thought and action. Effective management of performance, capability and sickness, in policy as well as practice;
- Morale and engagement, further enhancing commitment to the organisation, clarifying what the Council expects of us and what we can expect of the Council. Effectively managing the impact of changes on the workforce;
- Ensuring that supporting resources and the relevant infrastructure are available, e.g. IT systems, and management information;

Additional programmes that have been designed to identify how we can provide better value for money services e.g. service reviews, including Public Value Reviews, Target Operating Models and lean processes will have an impact on how we work. The reviews look to reduce costs while maintaining the quality of services and we apply the Lean methodology to best utilise our resources.

Through the Customer Contact Programme we are exploring better, cheaper contact with customers maximising the use of innovative technology to make it easier for us to do business, for customers to report service requests and for us to keep them informed of progress. This will require staff to implement and learn new systems and new ways of working to achieve this change.

The Flexible Working Programme will provide us with greater flexibility for staff and save time and money by making better use of technology.

## **5. KEY WORKFORCE PRIORITIES FOR THE FUTURE**

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

- Workforce planning
- Recruitment and retention
- Organisational and workforce development
- Morale, health and wellbeing

To understand and define the priorities, key requirements and the corresponding actions, we triangulated statistical and comparative workforce data, departmental information through discussions with DMTs and information in the TOMs, to establish the future position of the Organisational and People Layers and associated requirements, and undertook a series of employee engagement focus groups.

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

Merton Council has a diverse workforce, but there is more work to ensure it is done to be fully representative of the resident community. As these changes can take time and are not fully within the Council's control, we will work to develop awareness and skills to enable employees – particularly those delivering services on the front line – to effectively work with diverse communities.

The Council's structure, its terms and conditions and therefore its workforce reflect the traditional local authority model and are fairly rigid. While much development is already underway, we will need to carry out significant further work to modernise the organisation, its service delivery and workforce. A key element of this modernisation will be embedding a flexible approach to work, which is a newly introduced concept to the organisation. Flexible working will require new skills of managers, better performance management practice and a more outcomes based and accountability-driven approach from staff.

Highly responsive workforce planning is a new concept to some areas of the business, therefore skills to be able to do this successfully need to be developed. We will offer managers the support to accurately determine future workforce need, both in terms of employee numbers, volunteers and skills requirements. Once demand is determined, we will need an agile workforce, where employees are multi-skilled, and able to deploy their specialist skills in a range of settings.

In recent years, we have reduced management costs to minimise the number of front line job losses. We need to ensure that we have appropriate management spans of control and flexible and lean organisational structures. In 2009 Merton had 1.46 managers to direct reports. In 2012, our ratio of managers to staff was 1:6. We should aspire to develop Merton to reach the optimum span of control structure of 1:8 according to the Deloitte report to maximise efficiency and continue to reduce headcount, where it is safe and reasonable to do so. It is recognised that in some service areas, notably social care, direct practice with children has appropriate ratios, as governed by our regulators.

These transformation changes are having a significant impact on staff, which we need to proactively manage. We want everyone to feel supported to embrace these changes and will



need to provide effective change management practice, engagement and communication activities, building on recent successes in this arena e.g. shared legal services reorganisation.

In order to maintain commitment to the organisation and positive morale, we will have to communicate a new 'psychological contract' (what we can expect of the Council and what it can expect of us). We can no longer offer a job for life, or, with flatter structures, necessarily a progression through the ranks, but can provide opportunities for on-going development of skills on the job and in formal training, leading to increased professional confidence and competence and better employability for the future.

## 5.1 Workforce planning

The Council has effective mechanisms for successful workforce planning. The shape of the workforce reflects service delivery models and supports the organisation to achieve its business objectives and outcomes.

### What we want to achieve

- Correct alignment of workforce size, skills base, and behavioural competencies to future business models
- An agile workforce, which is responsive to changing needs
- A workforce which is representative of and sensitive to the community which it serves

### Why this is a priority

The workforce is truly our most important asset, and one of the largest resources, as most Council services are delivered directly by our staff. The composition of Merton's current workforce requires some changes to ensure our continued success, meet future requirements and to better reflect our communities. We need to be able to accurately predict the shape of the workforce we will need to deliver our strategic plans and our services.

### Actions

- Based on departmental TOMs, design the future shape of the workforce to best match its service delivery plans and financial context;
- Determine organisational structures, which support future delivery models - determine the desired combination of directly employed staff, shared services, externalised work, agency workers and volunteers, as well as appropriate spans of control for each service area;
- Review and action requirements to reflect legislative and regulatory changes as they emerge (e.g. Care Bill, BSF and Children and Families Act);
- Manage the transition from the current to the future structure;
- Establish on-going monitoring for workforce arrangements through accurate and relevant management information for decision-making e.g. workforce, equality, productivity and financial data;

### Key outcomes

- A new workforce structure is in place supporting future service plans
- Appropriate organisational structures, including spans of control, are designed and implemented for each service area, reflecting best practice and local requirements

- Enhanced service delivery – as reported through the residents’ survey - through improved workforce planning practice, including better training needs analysis
- Review and consideration of modernised terms and conditions

## 5.2 Recruitment and retention

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

### What we want to achieve

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

### Why this is a priority

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

### Actions

- Implement the recommendations of the Recruitment Review 2013/14 ensuring that we optimise technological solutions, employer brand and embed the functionality of our applicant tracking system to meet hiring managers’ and candidates’ needs;
- Develop our employer brand, value proposition and talent wave to become an employer of choice, building on the success of recent awards;
- Analyse market trends, consider and find solutions for their impact on the current pay model, and communicate the value of the full benefits package;
- Sustain effective recruitment and retention of key staff groups, e.g. qualified social workers and children’s specialist functions;
- Work to reflect our communities profile: review potential initiatives to address where the workforce is insufficiently representative of the community. In the interim, provide skills development to equip staff with knowledge and insight to effectively and sensitively work with diverse communities;
- Collaborate with strategic partners to develop a mobile and agile workforce serving the residents of Merton, develop new models, such as inter-organisational

working, partnerships and volunteering;

- Develop career paths to support the optimum organisational design, build on opportunities for in-house professional development to grow leadership and strategic capacity e.g. apprenticeships, training contracts, secondments;

#### Key outcomes

- Balanced workforce in terms of skills, age and experience, addressing current concerns in workforce demographics and community representation;
- Merton Council perceived to be an employer of choice, attracting high quality candidates;
- Employees are more satisfied with opportunities to develop themselves and progress their employability;
- The structure and size of the Council meets current requirements and is adaptable to future needs
- Core professional and business critical skills are retained and available within the Council
- Reduction and better targeting in the use of agency staff – reduction in agency rates in social work roles;
- Talented people are delivering our services through direct employment or other service delivery models including partnership working, shared services or volunteering;

### 5.3 Organisational and workforce development

The workforce is equipped with the skills, competencies and infrastructure to achieve cultural change and the desired organisational behaviours when creating and delivering new and improved service delivery models (e.g. flexible working, customer service, IT). To support this the Council will provide new skills, abilities and competencies for the workforce including learning and development of key skills for future service delivery.

#### What we want to achieve

- Accurate mapping future workforce function, form, skills and behaviours to alternative business delivery models
- Ensure staff work in a modern, flexible way to improve productivity and efficiency and equip them with key future skills and behaviours to enable them to do so
- Provide first class customer service to meet our residents' needs, through new service channels where appropriate
- Best practice in safeguarding is embedded in all relevant roles and activities

#### Why this is a priority

It is crucial for Merton's success that our workforce has the right skills, behaviours and adaptability to meet the demands of the transformation and new service delivery models. Our managers need the skills and resources to effectively lead our teams and we need to be able to respond to organisational as well as legislative changes.

The requirements on organisational and workforce development are changing, with more focused and flexible options becoming the norm.

## Actions

- Engender the 'Good to Great' principles of disciplined thought and action through the organisation;
- Managers' capability development specifically on building strategic capacity through future planning, accurate workforce planning and designing spans of control
  - Train managers to strategically plan for service transformation and improvement i.e. TOM's including:
    - Train managers to map future workforce profile to business need
    - Train managers to undertake development needs analysis of the workforce to improve skills and behavioural competencies
- Develop first class customer service behaviours to meet our residents' needs, through new service channels where appropriate;
- Develop a workforce that's self-disciplined, enabled with both tools and skills to deliver excellence and held accountable for outcomes;
- Engender effective change management and communication practice to support the workforce to embrace changes and minimise the impact of changes;
- Embed the management behaviours across the organisation to support performance
  - Service inputs, outputs & outcomes – performance
  - People
  - Communication – stakeholder scanning
  - Resources – money, assets, technology
  - Change
  - Self-awareness and personal responsibility
- Maintain the golden thread of Council objectives – departmental objectives – team objectives – individual objectives to guide everyone's work;
- Provide a flexible and responsive suite of development options;
- Ensure that all statutory CPD requirements are met;
- Establish effective change management practices to support employees through the transformation;
- Prioritise learning and development spending to best support the Council's objectives and transformation;
- Leverage the opportunities for development arising from shared services and partnerships;

## Key outcomes

- Correlate the development of first class workforce to deliver resident satisfaction, reflective of the 'Good to Great' culture, as measured by improvements on the Mori residents' survey;
- Employees feel supported through organisational change and report that communication was effective;
- Learning needs are effectively identified and support the organisations' overall objectives in the most cost effective way;
- Leaderships competencies are clearly demonstrated and performance improved;

- Potential future leaders have been identified, the diversity profile of the group is representative of the workforce and people are engaged on a talent management programme (Bringing on Talent Programme);
- Outcomes of learning and development activity can be clearly linked to the delivery of our priorities and key workforce objectives;
- Learning and development accessible to all staff and partners where appropriate;
- Performance of staff is increased through development of key skills and behaviours supported through honest performance appraisal conversations;
- Staff understand the Council and their own priorities and know what they need to do to achieve these;
- Staff are more satisfied with the opportunities for them to contribute to how the Council works;
- Increased customer satisfaction with effectively delivered services.

## 5.4 Morale, health and wellbeing

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

### What we want to achieve

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

### Why this is a priority

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

### Actions

- Carry out a research project with Public Health on the root causes of sickness absence and consider its recommendations for implementation, including the option of using the London Workplace Charter
- Improve access to data and information for managers, to help them manage sickness better – embedding an attendance and performance culture
- Provide flexible working arrangements that support employee wellbeing
- Provide policies and practices that reflect the requirement for new ways of working and service delivery
- Effectively manage the impact of changes on the workforce, including appropriate supervision, direction and support from managers
- Review employee engagement initiatives and develop ways to increase engagement and Morale

- Release the capacity of staff and managers away from bureaucratic administrative practice using innovative technological solutions such as channel migration and self service.

#### Key outcomes

- A healthier workforce with a reduction in number of days lost through sickness – a stretch target of moving to the upper quartile from bottom quartile, with differential targets for frontline and back office
- Employees report that they feel supported in performing their roles in a day-to-day basis and through organisational changes
- Employees are more satisfied with their work / life balance
- Flexible working practices are effectively implemented and have a positive impact on morale
- Employees are aware of available support structures and make use of these as required e.g. Employee Assistance Helpline
- We have a culture of employee engagement: Staff Attitude Survey results improving each time with a stretch target of 80% satisfaction reported in 2018
- We have a culture of improved productivity as reflected in the Mori residents' survey

## B. PROCUREMENT PLAN

### Section 1 - Introduction

Procurement is defined in the National Procurement Strategy as:

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

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

This document sets out the Council’s strategic approach to procurement for the next 3 years. It is not intended to be a procurement manual; however, the principles should be applied to all procurement and commissioning, recognising that procurement must work closely with our health and social care colleagues to deliver value for money from all commissioning and procurement.

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

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

Cost reduction and efficiency targets will not be achieved if the Council fails to approach competition positively, taking full account of the opportunities for innovation and genuine partnerships which are available from working with others in the public, private and Voluntary, Community and Faith Sectors (“VCFS”).

This strategy provides a corporate focus for procurement. It embraces the Council’s commitment to strategic procurement and sets out the Council’s aspirations. It is not a ‘user manual’; more detail on procurement processes and issues will be found in the Contract Standing Orders and on the procurement intranet.

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

- The Business Plan 2016-20
- Community Plan
- Merton 2015 and beyond (good to great)

The principal means of disseminating detailed procurement guidance are the Commercial Services Team (CST), and the intranet.



## Section 2 – Objectives and Benefits

The overarching objectives of this strategy are:

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

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

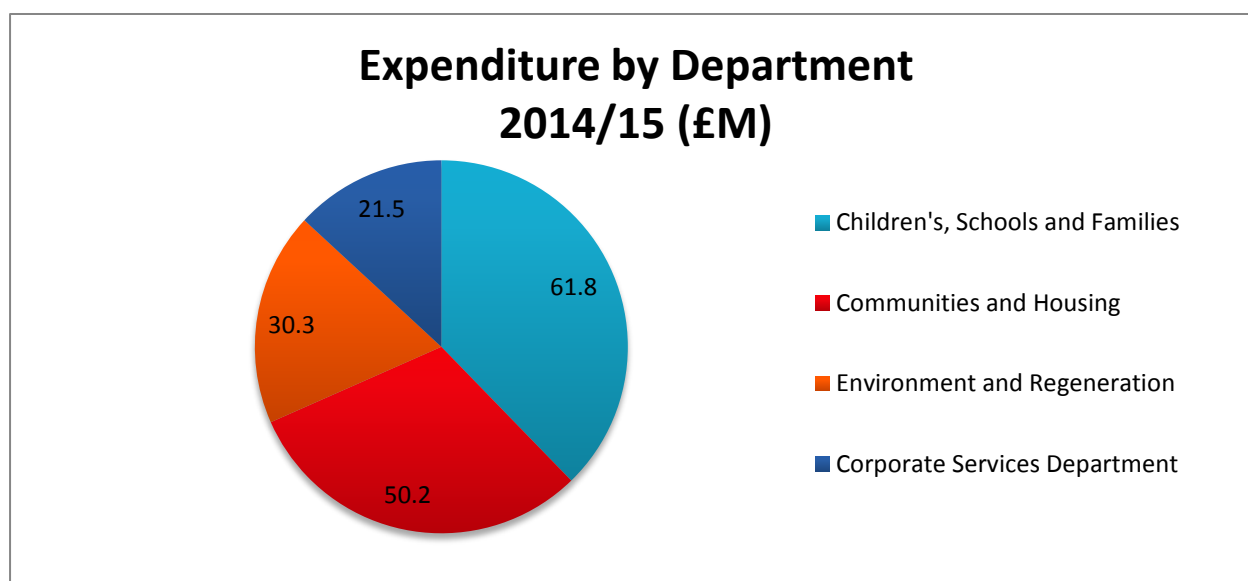
- Demonstrate continuous improvement and achieve value for money through the efficient procurement of goods and services
- Encourage communication and interaction with local and national suppliers to understand their views
- Develop relationships between the Council, the business community and the broader voluntary sector which create mutually advantageous, flexible and long term relations
- More efficient procurement processes
- Better risk management
- Strategic procurement planning
- Effective spend analysis and measurable cash savings
- Proactive contract management
- Greater use of standard processes and templates
- Compliance with appropriate legislation
- Compliance with Contract Standing Orders
- Collaboration, including with other authorities, local businesses and the VCFS
- Greater use of the E-Tendering system

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

## Section 3 - Overview of Procurement

The London Borough of Merton spends approximately £170M each year on goods and services on behalf of Merton's residents. The range of goods and services is varied, but includes services for schools, waste collection, care services for children and adults, maintaining the highways, parks and services, encouraging business growth and major construction works.

*Updated expenditure to 31<sup>st</sup> March 2015*



Procurement in the Council takes place across all departments and is undertaken in what is called a 'devolved' model. This means that responsible officers in the departments undertake day to day operational procurement.

CST has been set up specifically to provide procurement support, advice and guidance to the departments and responsible officers. The devolved system means that the responsibility and accountability for operational procurement decisions and actions remain firmly with each responsible officer in the departments. CST is part of the Resources division of Corporate Services department.

CST provides the following services:

- Provision of strategic commercial advice as requested
- Specific advice on EU Regulations and associated areas, including latest case law
- Benchmarking, identification and promulgation of best practice
- Involvement in high profile tender exercises as agreed
- Spend analysis and the Identification of potential savings opportunities and areas of collaboration
- Participation in key commercial exercises, such as make/buy reviews

- Maintenance of the contracts register. However, responsibility for entering information onto the contracts register and ensuring that the information is up to date and accurate, rests with the departments
- Undertaking a skills matrix and training of officers and elected members
- Engagement with partners and potential partners with the objective of streamlining the procurement process, i.e. making the Council an easier organisation with which to deal
- Providing up to date support via the intranet, toolkits, procurement guidance and advice.

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

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

A number of improvements have been made, including a strengthened Procurement Board, an enhanced Contracts Register and the implementation of a new E-Tendering system. May 2013 saw the launch of the Procurement Forum, which is designed to bring together all officers who are involved in procurement and commissioning, to disseminate information from the Procurement Board, to embed best practice and to ensure that officers are kept abreast of all relevant procurement matters including changes in law. This will also be used to discuss opportunities for cross cutting and joint procurement will be investigated.

Furthermore, in January 2012 the Council adopted a new Procurement Governance and Gateway process which comprises four key elements, the Procurement Board, the Procurement Gateways, the Operational Procurement Groups and the Risk Assessment Tool. These four elements work together to enable the Procurement Board to exercise effective oversight, control and to provide direction to procurement activity Council wide.

## Section 4 – Key Themes

### a. Value For Money (VFM)

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

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

#### ***Principal Objectives***

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

### b. Category Management

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

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

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

**Principal Objectives**

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

**c. Contract Management**

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

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

We will also work with operational contract managers in departments to build on best practice and provide training in contract management techniques. The outcome of this change will be measured by the monitoring of contract performance and by the identification of improvements in performance levels and additional efficiencies during the life of a contract. Furthermore, as we develop stronger relationships with our key suppliers, we will be recognised as their 'customer of choice' which may lead to increased market intelligence and therefore improve our opportunities for innovation in the marketplace.

Through a clear commercially led approach to contract management, we will ensure a greater focus is directed towards obtaining the required outcomes. This will include increased monitoring and management of supplier performance through robust SLA's and KPI's (including the delivery of

community benefits) and where performance is not being achieved, an action and improvement plan will be implemented.

***Principal Objectives***

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

**d. Partnering and Collaboration**

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

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

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

Collaboration describes the various ways in which councils and other public bodies come together to combine their buying power, to procure or commission goods, works or services jointly or to create shared services. Collaboration is a form of public partnership; its major benefits are economies of scale and accelerated learning.

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

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

#### ***Principal Objectives***

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

#### **e. Market Management**

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

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

### ***Principal Objectives***

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

## **f. Supplier Relationship Management**

The Council will build strong, long term, positive relationships with suppliers across all sectors, not just when actively procuring goods and services but also when considering alternative delivery models e.g. social enterprises. The Council will establish strategic relationships with suppliers to ensure that both parties are delivering against the commitments within the contract and also build upon mutual experience and knowledge to embed continuous improvement practices throughout the contracted period. Effective engagement with suppliers will also inform future specifications. This will ensure that the Council is approaching the market place with requirements which meet clearly defined needs and are commercially attractive to potential bidders.

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

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

### ***Principal Objectives***

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



## g. Developing People and Improving Skills

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

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

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

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

The forums will:

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

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

### **Principal Objectives**

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

## **h. Systems and Processes**

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

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

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

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

### ***Principal Objectives***

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

## Section 5 - Governance Framework

Merton's procurement is governed by EU law, UK Law and lastly by Merton's own rules for procurement which are the Contract Standing Orders. These laws and processes are mandatory for officers of Merton to follow.

### a. The Corporate Management Team

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

### b. Contract Standing Orders

The Council will comply with the wide range of legislation, regulation and guidance which governs procurement. The Council's Contract Standing Orders for procurement have been revised in line with the latest legal and operational requirements and came into effect on 1<sup>st</sup> April 2012.

Adjustments to the existing thresholds and delegations were made and provide the ability to improve the speed and simplicity of procurement activities and authorisations. Further revisions are planned during 2016/17. Adherence to the Contract Standing Orders will be enforced to ensure the highest standards of probity and compliance, one of Merton's principles underpinning procurement activity.

### c. The Procurement Board

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

The main functions of the Procurement Board are:

- Oversee the production and management of the procurement strategy
- Assure that procurement is managed competently and legally
- Ensure changes in legislation e.g. The Social Value Act (2013) and best practice are embedded in the Councils procurement practices
- Assessing whether procurement is achieving best value for the Council
- Ensuring that staff engaged in procurement have the required skills
- To be responsible for the Operational Procurement Groups (OPG)

#### **d. Departmental Management Teams**

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

#### **e. Operational Procurement Group**

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

#### **f. Procurement Gateway process**

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

Projects will automatically come to the Procurement Board for review where:

- the total value is over £3m (or annual value over £750k)
- or the decision to award the contract is to be made by Cabinet or
- three or more risk triggers are assessed at amber level or greater. These include; political or reputational risk, impact of failure on service user and maturity or volatility of the market.

#### **g. Financial Regulations and Procedures**

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

#### **h. Procurement Plans**

These plans identify the required strategic procurement activities for a period extending 1-3 years into the future. The departmental procurement plans inform the Corporate Procurement Plan, which will encompass all major

procurements due in the following 1-3 years. This will allow for enhanced planning and scheduling, improved visibility and improved risk management for the Council's major procurement activities. The Corporate Procurement Plan is overseen by the Procurement Board.

#### **i. Procurement Templates and Toolkits**

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

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

The CST will be working with departments to improve the current toolkit and templates.

#### **j. The Contracts Register**

The Contracts Register is a Council-wide record of all contracts that the Council has entered into above the value of £10,000.

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

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

#### **k. E-Procurement**

In January 2011 the Council invested in an E-Tendering system called Pro-Contract. The system provides officers and suppliers with an effective and efficient way to electronically manage tender and quote processes. The system is designed to allow staff to conduct requests for quotations and tenders online, much more quickly and also to allow potential suppliers to respond without the need to complete numerous paper forms.

We will ensure that the benefits of E-Tendering continue by the promotion and monitoring of the system. The use of the E-Tendering system was made mandatory in the new CSO's which came into effective on 1<sup>st</sup> April 2012.

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

## I. Looking to the Future

We are investigating the use of E-Auctions as a way of saving additional monies.

## Section 6 – Key Actions

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

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

1. Implement our people development plan, putting in place a new programme of training, coaching and mentoring
2. Roll out stronger contract and supplier management across the Council for key contracts, identifying clear roles and responsibilities and providing professional support for service teams
3. Develop a rolling three year corporate procurement plan, incorporating robust departmental plans
4. Provide an updated procurement toolkit and templates for responsible officers
5. Increased use of partnerships and collaboration with other organisations to drive greater efficiencies

By 2016, we will have:

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

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

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

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

## Contacting Us

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

E-mail: [procurement@merton.gov.uk](mailto:procurement@merton.gov.uk)

Phone: 020 8545 3736

Other useful websites

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

Comprehensive Performance Assessment

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

Department for Communities and Local Government

<http://www.communities.gov.uk>

Improvement and Development Agency, (I&DeA)

<http://www.idea.gov.uk>

Local Government Association

<http://www.lga.gov.uk>

Regional Centre of Excellence

<http://www.rcoe.gov.uk>



## B) INFORMATION TECHNOLOGY STRATEGY

The Information Technology strategy will be reviewed again following the completion of the Target Operating Model development process within the council. A refreshed draft will be ready in 2017 and in the meantime we will continue to deliver the actions identified in the current strategy.

### EXECUTIVE SUMMARY

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

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

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

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

The strategic priorities that this strategy seeks to deliver are:

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

All of these outcomes need to be delivered within an overarching strategic aim of **becoming a more efficient organisation and reducing operating costs.**

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

## **ABOUT THIS STRATEGY**

This document sets out Merton's vision and strategy for its Information, Communication and Technology infrastructure and systems architecture. In developing the strategy, officers have drawn on the target operating models (TOM) and associated delivery plans developed by the Council's businesses throughout 2013/4. This ensures that Merton continues to take a business-led (and therefore customer-led) approach to the development, improvement and maintenance of its IT assets.

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

In striking the balance between responding to business need and managing IT assets effectively and efficiently this strategy is designed to provide a broad strategic framework for the maintenance and improvement of the Council's IT and business systems. It is supported by a more detailed implementation plan that sets out the operational tasks associated with achieving the strategy. The implementation plan will be reviewed annually; the content of the plan and progress against it will be assured and managed through Corporate Services DMT and the Merton 2015 Board. The Assistant Directors of Infrastructure & Transactions and Business Improvement will be jointly accountable for its delivery.

## **BUSINESS CONTEXT**

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

The financial context in which we operate requires that the organisation finds ever more efficient ways to manage and improve its IT assets. Where judicious investment is required in order to transition the organisation towards more efficient ways of working on an 'invest to save' basis, the Council allocates funding from reserves earmarked specifically for this purpose. The Merton 2015 and Capital Programme Boards manage this process, awarding funding on the basis of sound business cases and overseeing their implementation to ensure benefits are realised.

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

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

- Flexible Working – a programme of coordinated activity designed to introduce modern working practices that make the most effective and efficient use of office space and officer time.

- Customer Contact – a three-year programme that will enable and drive channel shift, the transition of customer interaction to cheaper (usually online) channels and self-service wherever possible.
- Mobile working – the integration of systems and introduction of mobile devices and mobile-enabled systems so that officers can work from any location.
- SCIS – the re-procurement of the Council's social care information system.
- Financial systems – the re-procurement of the Council's financial information management systems.

## **STRATEGIC DESIGN PRINCIPLES**

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

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

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

## **STRATEGIC PRIORITIES**

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

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

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

All of these outcomes need to be delivered within an overarching strategic aim of **becoming a more efficient organisation and reducing operating costs.**

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

### **Customer focused systems**

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

### **Integrated and joined-up systems and infrastructure**

- System integration wherever possible and beneficial.
- Actively consider the potential for joint working with partnering boroughs and agencies in all IT decisions.
- Improved – through IT systems/infrastructure – information use and sharing with Merton partners.
- IT infrastructure and systems that support, enable and promote shared services.

- Support business transformation through end- to-end integration of processes, consolidated customer data bases and exploiting e-enabling services and improved service delivery within the council.
- Create and maintain a 'single version of the truth' with appropriate arrangements in place to improve and maintain primary data sources that feed secondary sets with minimal manual intervention.
- Maximise existing investments.

### **Fit for purpose now and into the future**

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

### **Operating from multiple locations and devices**

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

### **Increased self service**

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

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

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

## **CHANGE MANAGEMENT**

A key factor in delivering this strategy will be the introduction and maintenance of effective change management mechanisms. As the Council increases its reliance on technology through programmes such as Customer Contact and Flexible Working but also seeks, in parallel, to reduce the cost of maintaining and supporting systems and IT infrastructure, establishing effective governance and control of IT assets will become even more important. The uncontrolled and ungoverned development of systems and IT infrastructure risks not only confusing and disrupting the system and IT architectures, but also carries a cost implication: improvements will be inefficient where technical support and maintenance

resource implications have not been correctly understood. This could, in the longer term, counteract business benefit/efficiencies if not properly planned for.

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

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

The terms of reference for the group are appended to this strategy (Appendix 2). The first task of this group will be to develop – in conjunction with departments – a 'scheme of delegation' that clarifies the practical scope of the board and define the level of change that needs to be referred to the board and that which can be dealt with locally. This will mitigate against the risk of unnecessary bureaucracy and business interruption.

## **OPERATIONAL DELIVERY**

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

Prioritisation and sequencing of the programme will be managed through Merton 2015 Board to ensure that it takes account of pan-organisation imperatives and priorities. Regular reports on progress and resource management will be submitted to the Merton 2015 Board, in addition to Corporate Services DMT.

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

## **BUSINESS CONTINUITY**

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

It will also be enhanced through the provision of suitable Wide Area Network (WAN) links to the designated Business Continuity centre; and we will ensure that connectivity to Business Critical systems is maintained in the event that we were no longer able to occupy the Civic Centre.

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

Business continuity plans will be routinely reviewed and tested.

## **DISASTER RECOVERY**

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

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

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

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

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

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

**APPENDICES:**

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

**RELATED DOCUMENTS**

[Information Technology \(IT\) Policy \(November 2013\)](#)

[Social Media Protocol](#)

Information Strategy



## List of Agreed Schemes in the IT Implementation Plan

.Appendix 1

Project Name	Brief Description	Comment as at w/c 01/02/2016
<b>System improvements and implementations - AGREED and RESOURCED</b>		
In-Cab - specification devt and requirements gathering	Exercise to establish business requirements for functionality currently delivered through Confirm (street scene, asset mgt & waste mgt)	Completed, cost prohibitive and scaled down into EAMS project
(EAMS) - Environmental Asset Management system - specification devt and requirements gathering	Exercise to establish business requirements for functionality currently delivered through Confirm (street scene, asset mgt & waste mgt)	Completed and finalised and submitted to tender portal.
(EAMS) - Asset Management - procurement and implementation	Project to procure and implement new Environmental Asset Management System (EAMS).	Delayed, re-publish Tender documents early 2016
Customer Contact	Implement new transactional website, content management system, customer account functionality and customer relationship management system	Work in progress
EDRMS	Implement replacement EDRMS (to replace SMART)	As above
Implement room booking system (internal)	Room and Space management system	Completed
(SCIS) - Social Care Information System	Implement replacement system (replacing CareFirst)	Implementation in progress due to go live for both Adults and Children early 2016.
Inspire	Scope and initiate work to achieve new European INSPIRE standard for metadata for geospatial info.	Mostly completed and published.
Data labelling	Implementation of new system to categorise and label data for increased information security	Re-scoping in progress
(FIS) -Financial Systems Re-Engineer	Procure and implement replacement financial management information system	Procurement completed, New vendor on-board, implementation in progress
Implement phone system call control liberty system	Implement Liberty Parking Services	Completed

Project Name	Brief Description	Comment
Implement Planet Press	Implement new system for automated payment letters and printing	Completed for initial scope, further opportunities for automation to be investigated.
Automated Council Tax forms	Implement (pilot) new revenue and benefits ePayment portal solution to automate Council Tax payments	Completed
ANPR - Specification	A consultant to write the specification and provide expert advice and support in respect of the project to procure new ANPR CCTV cameras to be used for traffic enforcement.	Completed
GIS requirements review	A consultant to assess and prioritise the GIS requirements of the Authority.	Completed
Pop Up Libraries		Completed
NHS Number as URN	To introduce the NHS number as the URN within our Social Care System. Already under way and in CareFirst action plan	New connector to be implemented within the SCIS project - delayed due in future release (Jan 2016)
Tree Survey Remote Solution	Provision of remote survey solution for tree survey work <b>(underway)</b> .	IT hope to provide short-term solution (awaiting information from supplier), Confirm replacement will address in the longer term. This has been superceded by EAMS
Schools Admissions System	Procurement exercise and implementation of new schools admissions system (Currently Impulse system) as current contracts expire - No shared service, so use of Framework.	Implementation complete. Went live on 30th September 2015
Mapping and Data Improvement	Geocode and integrate a range of datasets into the GIS database - prioritised by business benefit.	In progress, procurement completed - Survey company started.

Project Name	Brief Description	Comment
Firmstep e-forms	Develop and implement a range of new eForms (using existing system) to provide automation for businesses pending replacement eForm solution becoming available through Customer Contact programme.	Work started on prioritised basis - Accident reporting completed, resource constraints may delay further work.
Libraries Self Service Machines	To replace the current self-service kiosks in libraries	Tender completed - implementation started
ANPR - Implementation	Following successful trial, Implement automatic number plate recognition system. Now to be combined with CCTV maintenance contract.	Delayed but now back in progress.
Library system Enhancements	A series of enhancements included within the LLC (London Libraries Consortium) development plan.	Relevant projects relate various TOM highlighted potential enhancements
ePayments re-procurement and implementation	Civica icon epayments contract expires 31st March 2016, Re-procure and implement new solution by 31st March 2016.	Procurement completed, implementation in progress.
<b>Infrastructure improvements and implementations - AGREED</b>		
Replace all photocopier / printers	Replace all MFD on floors and print room and install integrated system	Some issues with the print to print room software, software now tested in I&T planning taking place for full rollout
Replace corporate Storage Area Network and backup solution	Replace SAN and Backup to near zero downtime	Completed
Replace desktop devices	Replacement desktop devices	All XP machines removed, continuous replacement program replacement in progress
Replace out of warranty servers	Replace out of warranty servers	Servers are replaced as required
Replace UPS batteries	replace UPS batteries	Completed

Project Name	Brief Description	Comment
Renew Citrix licences	purchase more VDI licences	Works being discussed
Replace Core switches	Replace core network switches	Works being discussed
Retender Prism asset management system	Retender Asset management, patch management and deploy	have soft market tested, specification now being written for procurement start end of November, tender evaluation nearly completed
Purchase of additional tokens	Purchase additional tokens for remote working	Completed
Purchase of additional tapes	Purchase additional tapes for network backups	Completed
Replacement of lobby screens	Purchase replacement screens for lift lobby	Completed
Replace edge Network switches	replace Network edge switches	Works being discussed
RE-cable sites network cabling	Recable sites with new cabling	New fibre cable ordered and we are waiting on implementation
Proxy server replacement		
Infoblox replacement	Replace DHCP / DNS infoblox	Completed
Replace flukes	Replace flukes used for network testing	
Replace Netscaler remote access		Completed
Spam Filters	replace email spam filters	Works in progress
Upgrade PABX		
Replace VOIP phones		
Replace BTS call logging	Replace telephone call logging system	
Replace Voicemail System		Replacement system being tested
Replace internet packet shaper		
Replace Wifi	Replace corporate Wifi system	
Shared connection part of LOGO cloud	Enable computer use from other SW5 boroughs	
Replace NOF PC's	Replace Publix access terminals	
Consolidate Network management and Server management software		

Project Name	Brief Description	Comment
Replace PTC scheduling software		
Retender Source One email archiving		
Renew Microsoft Enterprise agreement		Annual renewal
Replace MASCOTT system with new product includes telephony and data		Procurement stopped being retendered
Re-open Dolliffe Close	A project to re-provide Merton IT infrastructure into Dolliffe Close to enable the use of that site by the Supported Living team. Work is already underway	Completed
Marine College	Implement Marine College at Wimbledon Park.	Completed

## 1. Purpose

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

The Technical Design Authority will;

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

## 2. Functions

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

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

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

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

The TDA defines significant change as;

- any new system, module or service

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

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

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

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

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

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

### **3. Membership**

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

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

The table below outlines the TDA membership and expected roles.

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

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

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

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

#### **4. Board support**

The Continuous Improvement Team will organise and service all TDA meetings. This will include scheduling meetings and circulation of documentation, maintaining an online document library, keeping a decision log and minutes of all meetings, and monitoring



actions arising from the meeting, including escalating issues / out of date actions to Merton Improvement Board as required.

Each meeting will adopt the following broad format:

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

## 5. Accountability

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

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

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

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

## 6. Meetings

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

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

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

## 7. Extraordinary Meetings

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

# **Section C**

# **Risk Management**

## **C. RISK MANAGEMENT STRATEGY**

### **Policy Statement**

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

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

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

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

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

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

We will achieve this by:

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

## **Risk Management Strategy**

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

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

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

### **What is risk?**

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

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

### **Definition of Risk Management**

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

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

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

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

### **The benefits of risk management**

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

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

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

### **Organisational awareness of risk and risk management**

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

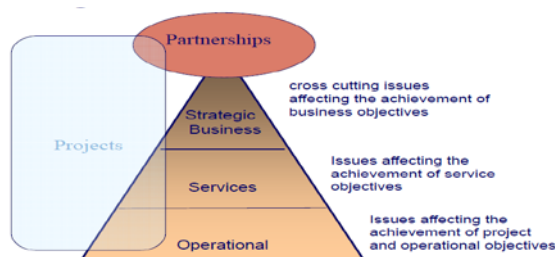
### **Risk Appetite**

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

It is also recognised that a higher level of risk may need to be accepted, for example to support innovation in service delivery. To offset this there are areas where the council will maintain a very cautious approach for example in matters of compliance with the law, and public confidence in the council, supporting the overall “informed and cautious” position on risk.

### **How does risk management integrate with other policies?**

Risk management links closely with Health and Safety, Business Continuity, Emergency Planning and Insurance; by ensuring close links we can enhance our resilience. Generally, a single issue or risk will fall into only one of these categories; however some may fall into two or more. As Business Continuity is a way of mitigating risk, its link with risk management is key to ensuring the continuous delivery of services which are important to the community.



## **Risk management in projects**

Risk management is a key part of the ongoing management of projects and partnerships and is clearly defined in [Merton's Approach to Projects \(MAP\)](#).

## **Risk management in partnerships**

The council is involved in a wide range of partnerships to achieve our ambitions, aims and objectives. It is vital we assess the risks to achievement within our key partnerships, and ensure that they are monitored regularly.

Our methodology for assessing and monitoring risks has been adopted by our key partnerships in order to ensure consistent scoring, and effective integration into our risk management system.

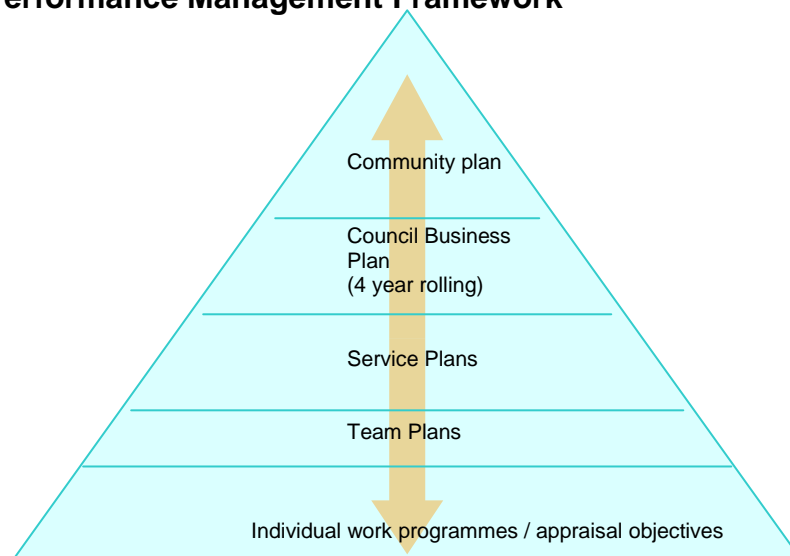
## **Risk management and financial planning**

Risk management is an important part of financial planning. As part of the budget setting process a robust risk assessment is completed, and then reviewed on a regular basis.

## **Corporate approach to risk management**

In order to formalise and structure risk management, it is recognised there is an obvious and clear link with the business planning process and therefore risk management sits within the Business Planning team. The overall council Business Plan, incorporating the individual service plans, sets out what a team, division, department, or the council as a whole, want to achieve within a specific time frame, as shown below.

## **Merton Performance Management Framework**



- CMT is ultimately accountable for delivering the council's Business Plan therefore they are responsible for monitoring and reviewing the KSRR.
- DMTs are responsible for their own services' risk registers.
- Divisions or teams are responsible for their own risk registers, if applicable.

It is important that risks identified and assessed at an operational level can be escalated to a departmental or corporate level. However, because a risk may have a great impact on a team it does not necessarily follow that it may have the same impact on the department, or the organisation as a whole.

Ultimately, it is the respective management team which decides if a risk is an appropriate inclusion on its risk register.

### Scoring Risk

In conjunction with this strategy, more detailed guidance will be issued to assist officers in identifying risks and issues, and the scoring, managing and reporting of those risks identified.

When determining a score for service level risks, definitions of likelihood and impact of risk (Service Level) should be used in conjunction with the matrix below. Therefore, if the likelihood of a risk is 4, significant, (occurs or likely to occur more than 25%, and up to 50% of the time) and the impact is 3, critical, (service provision - service suspended short term) – then the risk rating will be 12 (4x3) which is amber.

### Defining the Likelihood of Risk

Classification	Definition
6 - Very High	Occurs or likely to occur more than 90% of the time
5 - High	Occurs or likely to occur more than 50%, and up to 90% of the time
4 - Significant	Occurs or likely to occur more than 25%, and up to 50% of the time
3 - Possible	Occurs or likely to occur more than 5% and up to 25% of the time
2 - Low	Occurs or likely to occur more than 1% and up to 5% of the time
1 - Almost Impossible	Occurs or likely to occur up to 1% of the time

### Defining the Impact of Risk (Service Level)

Categories	1 Marginal	2 Significant	3 Critical	4 Catastrophic
<b>Financial Impact - FI</b>	Up to 15% gross budget or turnover	Over 15% and up to 50% of gross budget or turnover	Over 50% and up to 75% of gross budget or turnover	Over 75% of gross budget or turnover
<b>Service Provision - SP</b>	Reduced service	Significant reduction	Service suspended short term	Service suspended long term / statutory duties not delivered
<b>Health and Safety - HS</b>	Broken bones / illness	Major illness / threat not life threatening	Loss of life / major illness	Major loss of life / large scale illness (pandemic)
<b>Objectives - O</b>	Objectives of one service area not met	Departmental objectives not met	Corporate objectives not met	Statutory objectives not met
<b>Reputation - R</b>	Adverse local media lead story short term	Adverse local media story long term. Adverse national publicity short term.	Adverse national publicity longer term	Remembered for years



## Risk Matrix

**Likelihood**

6	= Very High
5	= High
4	= Significant
3	= Possible
2	= Low
1	= Almost Impossible

Likelihood	6	6	12	18	24
	5	5	10	15	20
	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
	1	2	3	4	
	Impact				

**Impact**

4	= Catastrophic
3	= Critical
2	= Significant
1	= Marginal

### Reporting and escalating risks

All risks on individual service risk registers are reviewed at Departmental Managers Team (DMT) meetings with particular attention given to red or increasing amber risks.

Risks are also checked for any cross cutting implications. If the risk is high scoring and/or could have an impact across the organisation, then it must be rescored using the Defining the Impact of Risk (corporate level) criteria below, prior to inclusion on the Key Strategic Risk Register.

### Defining the Impact of Risk (Corporate Level)

Categories	1 Marginal	2 Significant	3 Critical	4 Catastrophic
<b>Financial Impact - FI</b>	Up to £2.5m per annum or up to £10m one off	£2.5m up to £5m per annum or up to £20m one off	£5m up to £7.5m per annum or up to £30m one off	£7.5m up to £10m per annum or above £30m one off
<b>Service Provision - SP</b>	Reduced service	Significant reduction	Service suspended short term	Service suspended long term / statutory duties not delivered
<b>Health and Safety - HS</b>	Broken bones / illness	Major illness / threat not life threatening	Loss of life / major illness	Major loss of life / large scale illness (pandemic)
<b>Objectives - O</b>	Objectives of one service area not met	Departmental objectives not met	Corporate objectives not met	Statutory objectives not met
<b>Reputation - R</b>	Adverse local media lead story short term	Adverse local media story long term. Adverse national publicity short term.	Adverse national publicity longer term	Remembered for years

## Monitoring and Managing

During the year, new risks will arise that have not previously been considered and there may be changes to existing risks. Therefore the risk registers need to be regularly managed, with risk owners re-assessing their risks, re-scoring them if appropriate, and providing sufficient narrative in respect of the Control Measures they have in place (ie the actions which they are taking to mitigate against the risk). The reviews of risk registers should be managed by exception. The reporting cycle as detailed below, takes place during April, July, October and January.

1 <sup>st</sup> week	2 <sup>nd</sup> week	4 <sup>th</sup> week
DMT – review operational service risks and propose KSRs as per the definitions of likelihood and impact for crosscutting risks	Corporate Risk Management Group (CRMG) – review service risks and proposed KSRs	CMT – identify and review KSRs

All risks are reviewed according to the quarterly cycle shown above, with a particular focus upon red risks, and also upon amber risks which have increased their risk score since the previous quarterly review.

There are no rigid guidelines for dropping risks from the registers because clear parameters are not always possible. Removal of any risks from the registers must be approved by DMTs and then CRMG. A decision is sometimes taken to keep a low-scoring risk in view on the basis that its status might change over a short period, or so that those with an assurance role can be confident that mitigation against a risk can be sustained.

A flowchart showing how service, departmental, corporate and partnership risks are escalated and reported is shown on the final page of this Strategy.

## Roles, Responsibilities and Governance

### Councillors

Elected councillors are responsible for governing the delivery of services to the local community. Councillors have a responsibility to understand the key risks the council faces and will be made aware of how these risks are being managed through the annual business planning process. All Councillors will have a responsibility to consider the risks associated with the decisions they undertake and will be informed of these risks in the plans and reports submitted to them.

### Chief Executive and CMT

The Chief Executive and CMT are ultimately accountable in ensuring that risk management is fully embedded in the council's business planning and monitoring processes as well as having overall accountability and responsibility for leading the delivery of the council's Risk Management Strategy and Framework. CMT will take a leading role in the risk management process, ensuring that risk management is communicated, understood and implemented by Councillors, managers and staff. CMT will also play an important role in establishing a supportive culture.

CMT will submit an annual report on risk to the General Purposes Committee and Cabinet.

### **Directors**

Each Director is accountable for proper monitoring of their departmental risk register, action plans and the embedding of risk management into the business planning process of their directorate. They will need to be actively involved in the risk management process within their department and CMT, including nominating an appropriate Risk Champion for their department. Directors are also accountable and responsible for leading the delivery of the council's Risk Management Framework in their respective Directorate.

### **Section 151 Officer / Internal Audit**

The Section 151 officer and Internal Audit will be responsible for carrying out independent reviews of the risk management strategy and processes. They will provide assurance and give an independent and objective opinion to the council on the adequacy of its risk management strategy, control procedures and governance.

An annual Audit Plan, based on a reasonable evaluation of risk, will be carried out and an annual assurance statement will be provided to the council based upon work undertaken in the previous year. The section 151 officer will chair the CRMG group.

### **Risk Champions**

Risk champions will work with their Director, Heads of Service, Managers and Team Leaders to ensure the RM Strategy and Framework is embedded in the Directorate and departmental planning, performance, project and partnership management, offering support and challenge. They will also represent their directorate at CRMG meetings.

Risk Champions will ensure that risks are identified, assessed and scored correctly by the Risk Owners, offering advice and guidance where appropriate. They will also challenge risk scores where they do not appear to be reasonable, or where they contradict the Control Measures narrative or the corporate Risk Scoring Guidance.

All Risk Champions will receive appropriate training to ensure that they can perform their role effectively. Training needs will be regularly evaluated.

### **Service Managers**

Managers have a responsibility not only for the risks for which they are the risk owner, but are also accountable for those risks, within their service, which are owned / managed by others.

They are required to maintain an awareness of risk and ensure that any risks they identify are captured by the risk management process, understanding and responding to the key risks which could significantly impact on the achievement of their service and/or team objectives. Managers should encourage staff to be open about risk so that appropriate mitigation actions and control measures can be agreed.

### **Risk Owners**

Risk owners are responsible for identifying and implementing appropriate actions which will mitigate against risks they own and reduce these risks to an level acceptable to the organisation. They are required to regularly review the effectiveness of their control measures and provide a formal update to DMTs and CRMG on a quarterly basis as part of the risk review cycle.

### **Individual Employees**

Individual employees need to have an understanding of risks and consider risk management as part of their everyday activities, identifying risks deriving from their everyday work, processes and environment. Risks which could impact on service delivery, the achievement of objectives, or their own or others' wellbeing must be identified and actively managed, with mitigating actions in place where appropriate.

### **Business Planning team**

The business planning team is responsible for ensuring that risk management is embedded throughout the council, as well facilitating and supporting the risk management process and supporting risk owners.

The team will ensure risk management documentation and intranet pages remain up to date and relevant, as well as updating the KSRR with emerging risks, new risks and updating existing risks.

In addition the Business Planning team will ensure risk is part of the annual service planning process, facilitate the CRMG meetings, and submit strategic updates and reports on risk management to CMT, Cabinet, Audit and Assurance Committee etc. as required.

### **Corporate Risk Management Group**

The Corporate Risk Management Group will provide strategic direction and leadership to ensure our risk strategy is maintained and updated and that risks are appropriately identified and managed within the organisation. It will provide a forum for the detailed discussion and monitoring of organisational risks for the benefit of the council, its staff and the wider community.

CRMG will strive to ensure that the risk management framework is embedded within the council's overall strategic and operational policies, practices and processes in a consistent and standardised manner.

In addition it will provide assurance that all risk systems and processes are operating effectively to minimise the Council's overall exposure to risk. The headline departmental risks and planned mitigation activity reported by each department will be discussed by CRMG on a quarterly basis. CRMG will then report its conclusions and recommendations for discussion at CMT.

### **Cabinet**

Cabinet will receive reports on the risk management strategy to determine whether corporate risks are being actively managed. They are responsible for agreeing the strategy on an annual basis, or when significant changes are made, and to report to full Council on the adequacy of the risk management framework.

### **General Purposes Committee**

To provide an independent oversight of the adequacy of the risk management framework and the associated control environment. The committee will receive an annual review of internal controls and be satisfied it properly reflects the risk environment and any actions required to improve it. Reports will also be provided regarding the KSRR in order that the committee can determine whether strategic risks are being actively managed.

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

### **Risk management in committee reports**

When a report is submitted to a committee the author is required to complete a section on Risk Management and Health and Safety Implications. The committee should be informed of any significant risks involved in taking a recommended course of action, or if it decides not to follow the recommended course of action. The risk assessment should follow the corporate risk management procedures and be scored using the risk matrix. The report should also give details of any control measures (either proposed or existing) to manage any significant risks identified. Where appropriate, reference should be made to any existing risk(s).




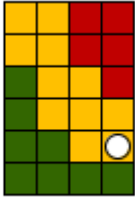




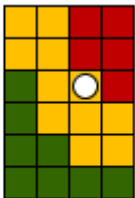



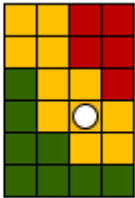




Report authors are advised to consult with the Business Planning team or their departmental Risk Champion, for further advice and to propose any risks to be considered for inclusion in the departmental or KSRR.

Attached are Merton Council's Key Strategic Risks and Issues Registers as at December 2015.

## Risk Register ~ Key Strategic Risks ~ December 2015

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
Sophie Ellis	BI18 / KSR68 Inability to deliver TOM's across the organisation	Key Strategic Risk	Inadequate delivery planning for TOM's across the organisation. Unanticipated changes in delivery context including additional financial reductions.	Ambition set out in TOM is not achieved.		4  14-Dec-2015	O	1. Delivery planning coordinated through Prog Office and M2015. Likelihood reduced as delivery arrangements now embedded. 2. Business Partners leading on departmental delivery assurance. 3. Savings proposals for 17/9 to articulate TOM impact.	26 Mar 2015
						4  17-Sep-2015			
						6  24-Jun-2015			
						6  26-Mar-2015			
Page 84 Catherine Stanley	CSF01 / KSR35 Safeguarding children	Key Strategic Risk	Potential for less effective inter-agency working. Changing expectations & updated regulatory framework. Ongoing budget pressures across all agencies could undermine Merton Model.	Child protection & safeguarding issues including possible child death or serious harm. Possible increase for high cost interventions.		12  21-Dec-2015	R	LSCB Business Plan & refreshed CYPP. Reconstituted CYP partnership board. Strengthened MSCB governance.	14 Oct 2015
						12  08-Oct-2015			
						12  06-Jul-2015			
						12  10-Apr-2015			
Kris Witherington	CS17 / KSR74 Failure to consult in general	Key Strategic Risk	Failure to adequately consult over changes to Council services and policies, and/or the design and implementation of projects etc	Inadequate consultation carries the risk of increasingly robust scrutiny and challenge, including Judicial Reviews.		6  21-Jan-2016	R, FI	The standards expected for consultation are described in the Community Engagement Strategy ("Get Involved") which was agreed by the Merton Partnership in 2010 and refreshed in 2014. All Council consultations should be listed on the Council's online consultation database, having been approved by the Consultation and Community Engagement Team. Support for services is available including training around the need for consultation, design, and legal obligations.	21 Jan 2016

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
Charles Baker; Cormac Stokes	ER112 / KSR73 NEW KSR - Waste disposal overarching risk (sub risks ER 113 to ER 117)	Key Strategic Risk	1. Increase in waste disposal costs 2. Increase of waste to landfill 3. Construction work at Beddington Lane Sub-risks ER113 to ER117 provide additional detail to this overarching risk	1. Increased costs for waste disposal 2. Operational difficulties 3. Performance may be affected (more landfill, less recycling and more missed bins) 4. Political fallout		12  15-Dec-2015	Fi/Rep/P/ Op	The increase in disposal cost is being monitored closely and strategy being developed to address all areas of known risk.  Waste profiling will need to be revisited following preferred bidder of the Phase C procurement (Q3 2016). The preferred solution will have a direct impact on the level of commercial and domestic waste requiring disposal through our Phase A &B contracts with Viridor.	18 Dec 2015
						12  06-Oct-2015			
Paul McGarry; James McGinlay	ER118 NEW KSR Impact of Crossrail 2	Key Strategic Risk	Impact on councils income, commercial activity in Wimbledon Town centre and Weir Road	1. Financial impact on council and services 2. Economic impact on Wimbledon Town Centre and the borough (potential loss of businesses and jobs) 3. Council reputation		12  08-Jan-2016	F	Addition of this risk onto the Key Strategic Risk Register agreed at CRMG on 13 January 2016 and approved by CMT on 26 Jan 2016.  Awaiting consultation response. Working with Crossrail 2 at a senior level. Production and delivery of Wimbledon Town Centre masterplan	27 Jan 2016
Kim Brown	HR09 / KSR42 Single status	Key Strategic Risk	Post single status challenge	Cost of settlement; cost of litigation & resources to contest; impact on staff morale; reputational & political impact		6  15-Dec-2015	R	Discussions are currently being undertaken with the unions to finalise any outstanding allowances and mitigate any further risk. Risks are mitigated through COT3 signings with staff concerned. Some further work outstanding on allowances in C&H and E&R in particular. An equality impact assessment will also be conducted between September and December 2015 in order to manage risk further. The risk rating remains as before.	26 Oct 2015

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
						6  17-Sep-2015			
						6  23-Jun-2015			
						6  14-Apr-2015			
Mark Humphries	IT03 /KSR48 IT Systems	Key Strategic Risk	Major disruption in the civic centre causing 6th floor data centre to become unusable	IT failure leading to unavailability of IT services impacting on organisational service delivery.	 Likelihood Impact	8  08-Dec-2015	SP	Testing of new IT Disaster Recovery arrangements were due to be tested in September but unfortunately this was delayed and has now been rescheduled for completion in March 2016. (Comment revised 04/12/15 and direction of travel adjusted due to the delayed testing)	08 Dec 2015
						8  17-Sep-2015			
						8  17-Jun-2015			
						8  23-Mar-2015			
Caroline Holland	MPF11 / KSR72 Failure to procure replacement investment managers in good time and so not improving Fund performance	Key Strategic Risk	Failure to procure replacement investment managers within appropriate timescales resulting in failure to improve performance of investments.	Investment performance does not improve, investment performance falls, fund may fail to meet its investment and funding objectives in the short and medium term.	 Likelihood Impact	12  11-Dec-2015	FI, R	Corporate Services DMT agreed on 23-09-15 that there should be an overarching Pensions risk on the Key Strategic Risk Register centred upon the failure to procure. The wording of the risk is being reviewed by the Interim Treasury and Insurance Manager. The scoring of this risk has also been re-assessed. Existing control measures: Engage manager with complementing strategies. Passive investments.	22 Oct 2015
						12  02-Oct-2015			
						16  24-Jul-2015			
Paul Dale; Caroline Holland	RE02 / KSR49 Developing corporate Business Plan & setting a balanced budget for 16/20 & beyond	Key Strategic Risk	Reduced budgets may impact negatively on service delivery levels	Impact on service provision, reputation, staff morale & internal & external customers satisfaction	 Likelihood Impact	9  14-Dec-2015	FI	Risk has been updated to reflect Business Planning Period 16-20, and a timetable is in place.	21 Sep 2015
						9  21-Sep-2015			
						9  19-Jun-2015			
						9  07-Apr-2015			



Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
Simon Williams	RE03 / KSR21 Failure to adhere to Public Contract Regulations 2006 and Contract Standing Orders	Key Strategic Risk	Lack of awareness in some areas that procurement is a tightly regulated area of council activity.	Impact on strategy and time for procurement exercises. Adverse budget and service implications if not carried out correctly in accordance with regulations and standing orders such as legal challenges and slower identification, capture and delivery of savings.		15  14-Dec-2015	R	New EU Procurement Regulations came into force in February 2015 and while these affect social care areas primarily, there are implications for all Council procurement. Training and guidance for all officers engaged in procurement has already begun. Comprehensive departmental procurement plans are in place and reviewed regularly by Procurement Board. The risk rating has increased as there were delays in providing a substantial proportion of exemption reports in Community & Housing. However C&H is finalising the development of a commissioning plan, which includes a strategy for processing and prioritising these exemptions. This will be reviewed by the project's board and the Procurement Board.	15 Dec 2015
						15  21-Sep-2015			
						15  01-Jul-2015			
						12  19-Jun-2015			
Caroline Holland	RE16 / KSR61 Failure to deliver 2014-18 Savings Programme	Key Strategic Risk	Savings of £19m have been agreed for the period 2014/15 to 2018/19, the period of budget decisions required by this council. There is a budget gap of £21m after this.	Non achievement of any significant saving would adversely impact on the authorities ability to balance its budget in the medium to long term if larger than the contingency.		15  14-Dec-2015	F	A significant part of the 2014/15 programmed savings were not achieved which had a very detrimental effect upon the savings for the forthcoming year. It is imperative that future years' savings are delivered, and that monitoring is put in place to ensure this. Greater emphasis needs to be placed upon the delivery and monitoring of savings for 2014/15 and 2015/16 as part of the monthly monitoring report.	03 Jul 2015
						15  21-Sep-2015			
						15  01-Jul-2015			
						10  19-Jun-2015			

## Issues Register ~ Key Strategic Issues ~ December 2015

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
Yvette Stanley	CSF04 / KSR55 Changing Borough Demographics	Key Strategic Issue	Increases in both the total population in the borough, including in particular families with young children, & also in the mix of the population with respect to ethnicity, disability & deprivation.	Additional demand for services for children with special educational needs & disabilities, as well as pressure for growth in children's social care & child protection interventions including support for families with no recourse to public funds.		12  21-Dec-2015	O	CSF Service Plans identify current control measures, these include reviewing eligibility criteria and consistently managing demand. Specifically to address this there is SENDIS Improvement plan in place which is regularly reviewed with clear actions set out.	14 Oct 2015
						12  08-Oct-2015			
						12  06-Jul-2015			
						12  30-Mar-2015			
Page 88 Paul Ballatt; Yvette Stanley	CSF05 / KSR34 School places	Key Strategic Issue	Although primary numbers are now expected to plateau, the increase in birth-rate & numbers of children reaching secondary puts continued pressure on special school places.	Lack of land availability for secondary expansion prevents LA delivering in the major growth years, resulting in insufficient capacity to meet demand.		9  21-Dec-2015	R	CSP Service Plan and recent council paper outlines recommendations to address this. Secondary and special school places strategy in place - working with EFA.	26 Oct 2015
						9  08-Oct-2015			
						9  06-Jul-2015			
						9  30-Mar-2015			
Children, Schools & Families	CSF06 / KSR56 CS&F funding changes, budget savings & resource management	Key Strategic Issue	Continued uncertainty regarding changes to funding regimes & external grants, & concurrent additional statutory duties & demographic pressures. Changes to national funding formula for DSG expected from 2016/17 onwards, & the impact of any maintained schools becoming academies. Funding associated with C&F Act, & detailed requirements for CYP with SEND remain uncertain, as do youth justice and adoption changes. Demand on "no recourse to public	Impact on ability to provide statutory services, possibility of undermining the Merton Model, causing additional spend pressures in targeted services. Low staff morale, difficulties in managing the impact of the Workforce Management Strategy. Time & effort required to manage change & meet expectations of members & central government may lead to failures in the management of ongoing operational work.		15  21-Dec-2015	FI	Monitor Government proposals, consultation response & implications fed into budget & MTFS. Budget savings identified & analysed for impact including equality assessments, TOM & Service Planning work. All CSF Divisional Service Plans, School Improvement Strategy, NRTPF Working Group Strategy Plan, and Children and Family Act Implementation Plan. Likelihood - still waiting on national changes being announced. NRTPF demand management plan in place. TOMS and MTFS savings all progressing.	14 Oct 2015
						15  08-Oct-2015			
						15  06-Jul-2015			
						15  30-Mar-2015			

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
			funds" cases is increasing. Requirement to make significant savings over the next 3-4 years. Need to balance competing & increasing demands at a time of contracting resources & extensive change.						
Paul Ballatt	CSF09 / KSR62 Recommissioning Early Intervention and Prevention (Partnership)	Key Strategic Issue	Likely reduction in contracting with local third sector leads to reputational & political risk.	Destabilisation of the Local Strategic Partnership & Children's Trust Board partnership arrangements.	 Likelihood Impact	10  21-Dec-2015	R	CSP Service Plan highlights area of high risk and continuation of commissioned services.	08 Oct 2015
						10  08-Oct-2015			
						10  06-Jul-2015			
						10  30-Mar-2015			
Kim Brown	HR13 / KSR44 Change to staff terms & conditions	Key Strategic Issue	Impact of review of T&Cs & ongoing staffing reductions	Impact on staff morale, recruitment & sickness - this will also lead to more financial implications.	 Likelihood Impact	8  15-Dec-2015	SP	T & C's To be reviewed as part of the new workforce strategy and options to be considered in line with the TOM refresh. Support for staff and services going through change is available as part of the ongoing learning and development offer.	15 Dec 2015
						8  17-Sep-2015			
						8  23-Jun-2015			
						8  23-Mar-2015			
Yvette Stanley; Evereth Willis	RE11 / KSR53 Failure to comply with equalities duties	Key Strategic Issue	Failure to evidence how equalities implications have been considered in developing new policy, designing services & decision making	Reputational impact for council, risk of judicial review & litigation, negative impact on service users and loss of savings.	 Likelihood Impact	9  14-Dec-2015	O/R/FI/SP	Equality Analysis has been incorporated into the budget process and the equalities impact assessment of savings proposals are systematically undertaken.	21 Sep 2015
						9  21-Sep-2015			
						9  01-Jul-2015			
						9  19-Jun-2015			

# **Section D**

# **Performance Management Framework**

## **D. PERFORMANCE MANAGEMENT FRAMEWORK**

### **Introduction**

Merton launched its Performance Management Framework in 2004. Whilst the main principles of performance management remain the same, the framework undergoes annual review and updating when required, to ensure that it remains up to date and reflects changes within the organisation and outside.

We are committed to delivering customer-focused services. To achieve this, it is essential that we measure our performance, both against our own intentions, and the performance of others, and that we use that information to improve local services.

Performance management enables us to ensure that we are constantly meeting our goals, whilst simultaneously allowing us to identify best practice and address areas of concern. It provides the framework for consistently planning and managing improvements to our services to ensure continuous improvement in line with Lean principles. Sustainable improvements in services are unlikely to happen without this framework.

Everyone in the organisation has a part to play in monitoring our services and achieving our ambition.

### **Why measure performance?**

- It highlights areas where we are doing well, and areas which need improving;
- It enables our managers to monitor performance, manage effectively, and plan for the future of the service;
- Performance data assists the decisions makers within the council and helps to inform their decisions;
- Timely and accurate performance data allows for early identification of problems and enables us to put actions in place to address / rectify the situation;
- It assists improvement by telling us where we are now and ensuring that we are doing the right things for the right reasons;
- Performance Management provides the evidence required for change and improvement, and lastly;
- What gets measured is more likely to be actioned

### **Why do we need a Performance Management Framework?**

Central Government introduced the Single Data List in April 2011. This reduced the burden of performance monitoring and audit and inspection by central government, placing greater responsibility for this on local government. As a result, it becomes even more important that we manage and monitor our performance. We must ensure that our Performance Measures are robust, challenging and realistic, enabling us to achieve and deliver our priorities.

### **What is our Performance Management Framework?**

Our Performance Management Framework has been created to clarify the overall approach the council takes to managing performance. The Framework should also be considered alongside the council's Risk Management and Data Quality Strategies.

Our framework will help us all to understand:

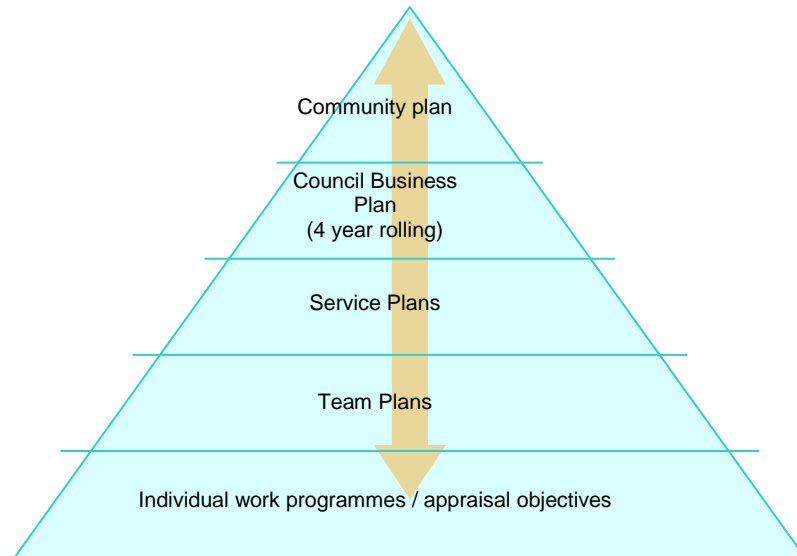
- what we are trying to achieve as an organisation
- how we are going to achieve this
- how we will monitor and report progress
- how the contribution of staff, managers, teams and departments relate to each other to help deliver the targets set for the whole organisation

The framework has three parts

1. The planning framework
2. The planning, monitoring and review cycle
3. Taking responsibility for results

***The planning framework - how the plans fit together, the 'Golden Thread'***

The performance management framework is represented by the performance triangle

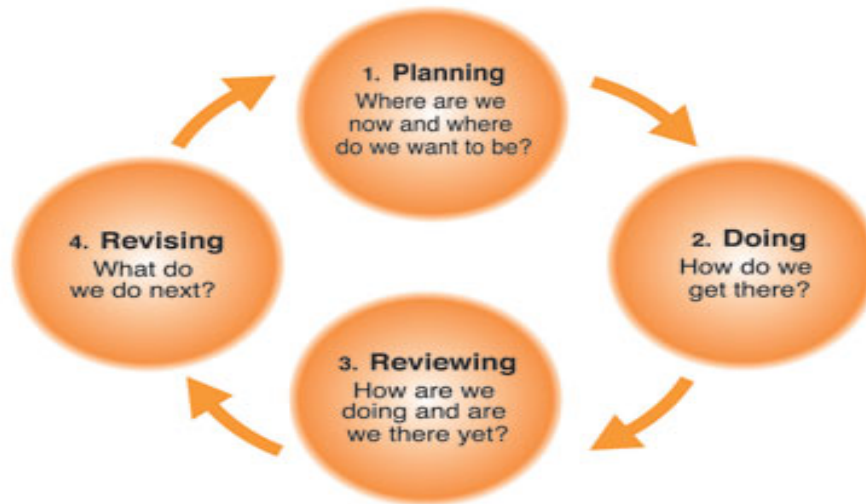


The key aspects of the Golden Thread are:

- [The Community Plan](#) has been developed by the Merton Partnership and sets the overall direction and vision for the borough until 2019.
- [Business Plan](#) sets out the council's priorities for improvement over the next four years. The plan is reviewed every year to ensure that it always reflects the most important improvement priorities.
- [Service Plans](#) are reviewed every year to ensure they outline the key issues and priorities for the department.
- [Medium Term Financial Strategy](#) (MTFS) outlines how much money we expect to receive over the next four years and in broad terms what we expect to be spending this on.
- [Workforce Development Plan](#) is focused on making the best use of the skills of staff to deliver the services residents demand and deserve
- [Individual Appraisals](#) take place twice a year and are used to agree individual work programmes and targets.

***The planning, monitoring and review cycle - what happens, when and how?***

The planning, monitoring and review cycle shows how we continuously review and revise our performance in order to improve our services.



The cycle has four phases and takes place on an annual basis as part of the development of the next four year rolling Business Plan and agreement of the next year's budget.

**Planning** - Where are we now and where do we want to be?

Where we are now is provided by our results against our performance indicators detailed in our service plans, the results of satisfaction surveys such as the Annual Residents Survey (ARS), and other inspection results. Our corporate ambitions and objectives describing where we want to be are laid out in the Community Plan and the Business Plan, and are reflected at a more local level in service plans, and targets in annual appraisals.

**Doing** - How do we get there?

To get to where we want to be, we need to maximise our capacity to deliver the actions laid out in the various plans, and use our performance management and appraisals systems to ensure that we remain on course.

**Reviewing** - How are we doing and are we there yet?

By monitoring and managing performance, consulting with our partners and service users, and benchmarking against other providers, we can assess our progress towards achieving our ambitions and learn from the good practice of others.

**Revising** - What do we do next?

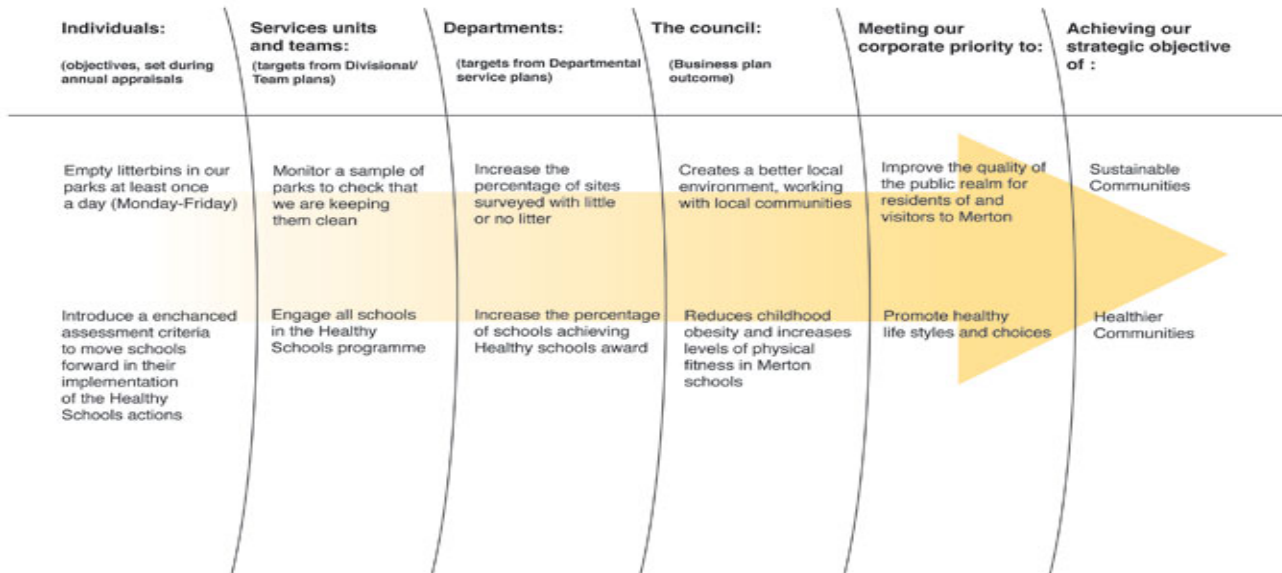
It is important that our services evolve to meet the needs of our residents. Having reviewed our performance we may find that we need to change what we are doing, or that we need to revise our ambitions and objectives so that we can continuously improve as an organisation.

To maximise the cycle's effectiveness we have an agreed timetable for the process which takes into account both performance and financial considerations. This timetable enables Councillors to agree priorities and allocate resources based on community views and needs, and accurate performance information. These priorities are translated into planned outcomes and performance targets to make sure that the right things get done.

**Taking responsibility for results – how we go about doing it**

Everyone has a responsibility to contribute towards improving Merton, working within and using the performance management framework. This ensures that measurable activities at individual, team and service levels translate into outcomes.

It is the responsibility of the owner of each performance measure to ensure that details of the measure are clearly defined. They must also ensure that adequate collection, recording and validation processes are in place to enable effective monitoring and reporting in line with the council’s Data Quality Strategy.



**Performance Management Systems and Collection Arrangements**

Since June 2013, performance against service plan measures has been captured and reported via our Performance Management System (Covalent).

On the first day of each month departmental performance leads are notified that performance data must be uploaded onto the system by a specified deadline.

Performance Monitoring reports are presented to CMT on the fourth Tuesday of every month, Cabinet receives quarterly reports and Full Council an annual report. In addition, a monthly performance dashboard is published on both the internet and intranet giving staff, Members, residents and the public access to up to date performance data detailing how the council is performing against its targets.

**Roles and responsibilities**

The roles and responsibilities are outlined below:

<b>Individuals</b>	All staff have a responsibility to deliver the tasks / actions which have been agreed in their appraisal, and to understand how their work contributes to team, departmental and council goals.
<b>Managers</b>	All managers have responsibility for supporting their staff through the appraisal process and reporting on progress. They must also show commitment



	and accountability by leading through example. Managers should ensure that their team have regular meetings to share information, review progress of their divisional and team plans, develop ideas, identify areas for the next plan and agree the way forward on a variety of team and work issues. Managers should use these meetings to raise issues around corporate priorities, tell staff about developments within the department and the council, and to cascade information about performance to staff.
<b>Heads of service</b>	Heads of service report to Directors and are responsible for overseeing the performance of service units within their remit. They take a key role in the development and monitoring of their service plan at their DMT. They may also take on or contribute to wider corporate projects.
<b>Departmental Management Teams (DMT's)</b>	DMT's monitor their department's performance information and are responsible for taking action to deal with under-performance. DMT's make sure that every manager in the department knows and understands the planning cycle and performance management framework
<b>Directors</b>	Each Director is responsible for the performance of their department. They must make sure that appropriate reporting arrangements are in place with their DMT's to enable them to monitor performance. Directors demonstrate commitment to the performance management framework by leading its implementation within their department. They make sure their service plans are monitored at least every two months and regularly provide progress reports to the Chief Executive and appropriate Cabinet portfolio holder(s). Directors also have collective responsibility for corporate improvement as members of Corporate Management Team (CMT)
<b>Corporate Management Team (CMT)</b>	CMT is made up of the Chief Executive and Directors of the four departments. Its role is to focus on the 'big issues' facing the council and develop the organisation's strategic approach and service delivery. CMT reviews performance monthly and it can ask DMT's to review areas of concern and agree management action to address under-performance.
<b>Cabinet and Elected Members</b>	Ultimately, councillors are responsible for setting the direction of the Council and developing priorities. They do this by developing policy, setting strategic targets, monitoring progress, and agreeing the framework for continuous improvement.
<b>Full Council</b>	Members receive regular reports on progress against the strategic themes, including any relevant performance information and can use these meetings as an opportunity to ask Cabinet members questions about performance issues.
<b>Overview and Scrutiny</b>	Overview and Scrutiny panels have regular performance monitoring task groups to examine performance data, detect trends and identify key areas of concern. They are responsible for challenging Cabinet to ensure that they are fulfilling their responsibilities. If they have areas of concern then they can ask Cabinet members and officers to attend meetings to answer questions. If they have wider concerns about the performance of a service area then they could carry out a scrutiny review into a particular area.

## Help and advice

If you require any guidance or advice with regards to Performance Management or have any queries please contact a member of the [Business Planning team](#).

## Corporate Indicator Set

The Corporate Indicator set is a set of key measures from each of the four departments, which are monitored on a monthly basis by the Corporate Management Team (CMT). The corporate set for 2016/17 is shown in the table below. Included in the table are the 2015/16 and 2016/17 performance targets.

Indicators shaded grey represent new additions to the corporate set.

### Corporate Indicator Set for 2016/17 – Monthly

Dept.	PI Code & Description	Polarity	2015/16 target	2016/17 target
Children, Schools & Families	CRP 069 / SP 078 % outcome of Ofsted Inspection schools rated Good or Outstanding	High	86%	86%
Children, Schools & Families	CRP 64SP075MP030 % of children who become subject of a Child Protection Plan for a second or subsequent time	Low	13%	16%
Children, Schools & Families	CRP 65SP095MP012 Number of special guardianship orders and adoptions finalised during the year ending 31 March	High	13	13
Children, Schools & Families	CRP 72SP319MP034 % 16-19 year olds Not in Education, Employment or Training (NEET)	Low	5	4.7
Children, Schools & Families	(Code TBC) % Looked After Children (2.5 years or more) in same placement for 2 years	Low	n/a	66
Community & Housing; Adult Social Care	CRP 054 / SP039 % People with 'long term' services receiving Self-Directed Support (SDS)	High	95%	95%
Community & Housing; Adult Social Care	CRP 055 / SP275 The rate of delayed transfers from care from hospital (both Merton & NHS responsible)	Low	5	5
Community & Housing; Adult Social Care	CRP 056SP054MP21 No. of Carers receiving services and / or information and advice	High	930	996
Community & Housing; Adult Social Care	CRP 057 / SP274 % people receiving 'long term' community services	High	71%	72%
Community & Housing; Housing Needs & Enabling	CRP 062 / SP 035 Number of homelessness preventions	High	550	450
Community & Housing; Housing Needs & Enabling	CRP 61SP036MP045 Number of households in temporary accommodation	Low	130	225
Community & Housing; Libraries	CRP 059 / SP 008 No. of people accessing the library by borrowing an item or using a peoples network terminal at least once in the previous 12 months	High	55,000	56,000
Community & Housing; Libraries	CRP 060 / SP 009 No. of visitors accessing the library service on line	High	170,000	200,000
Corporate Services	CRP 013 % of positive and neutral coverage tone	High	92%	92%

Dept.	PI Code & Description	Polarity	2015/16 target	2016/17 target
Corporate Services	CRP 014 % of ombudsman complaints answered in time (monthly in arrears)	High	90%	90%
Corporate Services	CRP 018 % Council Tax collected	High	97.25%	97.25%
Corporate Services	CRP 036 / SP 155 % of Business Rates collected	High	97.5%	97.5%
Corporate Services	CRP 041 / SP 192 % FOI requests dealt with in time (Monthly in arrears)	High	90%	90%
Corporate Services	CRP 080 / SP 413 Number of working days per FTE lost to sickness absence excluding schools	Low	8	8
Corporate Services	SP 410 / CRP TBC % of on-line transactions (HB Claims)	High	60%	60%
Corporate Services	SP 411 / CRP TBC Time taken to process new Housing Benefit claims	Low	21	21
Corporate Services	SP 412 / CRP TBC Time taken to process Housing Benefit change of circumstances	Low	11	11
Corporate Services	(Code TBC) % of customers satisfied with our ( <i>new</i> ) website	High	n/a	TBC
Environment & Regeneration; Parking Services	CRP 044 Parking services estimated revenue	High	£15.4m	TBC
Environment & Regeneration; Development & Building Control	CRP 051 / SP 114 % Major applications processed within 13 weeks	High	55%	55%
Environment & Regeneration; Development & Building Control	CRP 052 / SP 115 % of minor planning applications determined within 8 weeks	High	60%	60%
Environment & Regeneration; Development & Building Control	CRP 053 / SP 116 % of 'other' planning applications determined within 8 weeks (Development Control)	High	81%	82%
Environment & Regeneration; Development & Building Control	CRP 045 / SP 118 Income (Development and Building Control)	High	£2.05m	£2.1m
Environment & Regeneration; Street Cleaning	CRP 048 % of sites surveyed on local street inspections for litter that are below standard	Low	9.5	9
Environment & Regeneration; Street Cleaning;	CRP 049 / SP 059 Number of fly tips reported in streets and parks	Low	3,700	3,600
Environment & Regeneration; Waste	CRP 047 / SP 068 Number of refuse collections including recycling and kitchen waste missed per 100,000	Low	55	50

## Corporate Indicator Set for 2016/17 – Quarterly

Dept.	PI Code & Description	Polarity	2015/16 target	2016/17 target
Community & Housing	CRP 063 / SP 242 Number of enrolments funded by SFA on non-accredited courses	High	4,000	TBC
Children, Schools & Families	CRP 066 / SP 290 % Looked After Children in external foster care placements	Low	46%	42%
Children, Schools & Families	CRP 068 / SP 084 % of Good or outstanding Ofsted inspections in children's centres	High	100%	100%
Children, Schools & Families	CRP 077 / SP 374 Number of in-house foster carers recruited	High	20	15
Children, Schools & Families	SP 404 / CRP tbc % of new EHCP requests completed within 20 weeks	High	85%	85%
Corporate Services	(Code TBC) % of FOI refusal notices which are not upheld at review stage	Low	n/a	TBC
Corporate Services	(Code TBC) % of Ombudsman complaints partially or fully upheld	Low	n/a	TBC
Corporate Services	CRP 016 / SP 401 The level of CO2 emissions from Corporate buildings including (from 2016) Leisure Centres (tonnes)	Low	3,900	8,045
Corporate Services	CRP 037 % complaints progressed to stage 2	Low	9%	9%
Corporate Services	CRP 074 Number of staff working from Civic Centre	High	1,400	1,400

## Corporate Indicator Set for 2016/17 – Annual

Dept.	PI Code & Description	Polarity	2015/16 target	2016/17 target
Community & Housing	CRP 078 / SP 335 % Retention rate MAE	High	88%	TBC
Community & Housing	CRP 079 / SP 334 % Achievement rate MAE	High	96%	TBC
Children, Schools & Families	CRP 073 / SP 109 % vacancies in reception year of primary school	Low	5%	5.5%
Children, Schools & Families	CRP 075 / SP 077 5 GCSE A-C including English and maths	High	64%	61%
Children, Schools & Families	SP 288 (CRP Code TBC) Secondary School Year 7 surplus places inc Academies	Low	5%	5%

# **Section E**

## **Service Planning**

## **E) SERVICE PLANNING**

Currently being updated update to be provided 5pm 29/1/16

## **E. SERVICE PLANNING 2016/20**

Our 27 Service Plans, agreed by service departments during the 2016/20 Business Planning process, are set out in the following pages.

During this process Service Plans were considered by Cabinet on 7 December 2015 and 18 January 2016. The proposed Final Service Plans were approved by Cabinet on 15 February 2016, and will be considered and agreed by Council on 2 March 2016.

Second Draft Service Plans, which were incorporated into the Consultation Pack, were scrutinised by the Overview and Scrutiny Commission and Panels during the January 2016 cycle of meetings.

The service plan is designed to be a two page document. The first page summarises key resources, drivers, performance and budgets and the second page focusses on the outcomes and benefits of major projects.

Departmental managers were issued with guidance to clarify their understanding of the process and to ensure quality and consistency of submitted plans, and each department reviewed the appropriateness of their service plans during the process. An overview of this guidance is provided below:

### **Front Page**

- Service description: Concise description of the service's key activities and how they might change over the next four years.
- Anticipated demand: Details of the demands on the service.
- Anticipated non-financial resources: Details of the key resources used to deliver the service.
- Corporate strategies: The key strategies the service contributes to.
- Performance indicators: The key monthly, quarterly, or annual performance indicators for the service, including their targets.
- Budget Information: Full details of previous, current and future years' budget, including future anticipated budgetary changes.

### **Back page**

- Details of major projects and or procurement being undertaken during 2016/20, including:
  - Project timeframe
  - Project description
  - Major expected benefits of the project (consistent with the benefit categories used by the Merton Improvement Board.)
  - Risk assessment relating to the project's completion.

The following pages display our Service Plans for 2016/20 in departmental order.

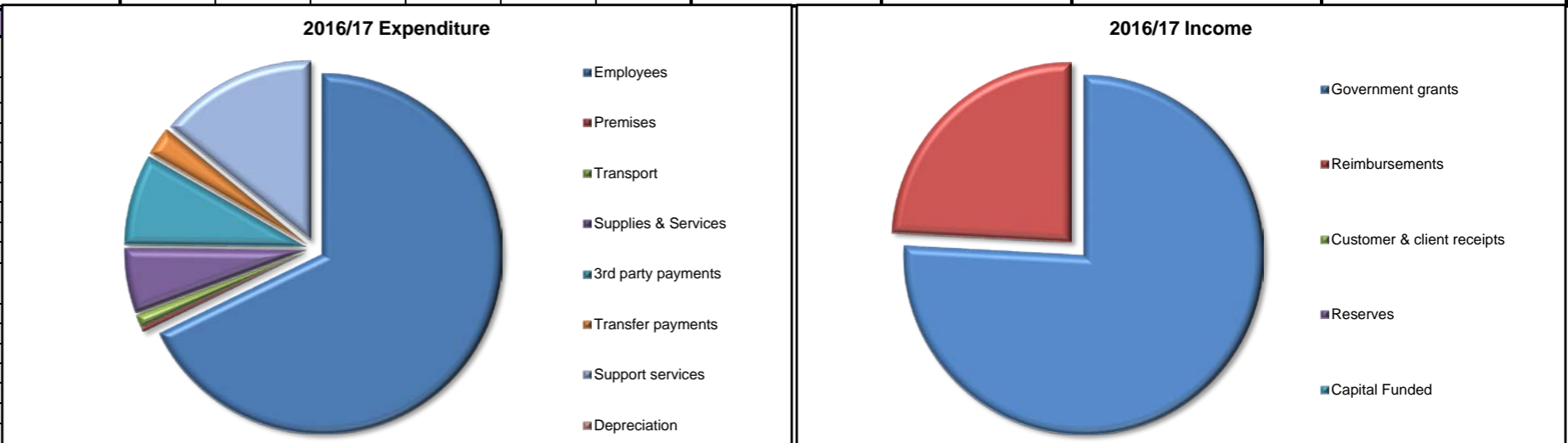
<b>Children, Schools and Families</b>	<b>Community and Housing</b>	<b>Corporate Services</b>	<b>Environment and Regeneration</b>
Children's Social Care	Adult Social Care	Business Improvement	Commercial Services (Waste)
Commissioning, Strategy & Performance	Housing Needs & Enabling	Corporate Governance	Development & Building Control
Education	Libraries	Customer Services	Future Merton
	Public Health	Human Resources	Leisure & Culture Development
		Infrastructure & Transactions	Parking
		Resources	Parks & Green Spaces
		Shared Legal Services	Property
			Regulatory Service Partnership
			Safer Merton
			Street Cleaning
			Traffic & Highways
			Transport
			Waste Management



# Children Schools & Families

Children's Social Care Cllr Maxi Martin, Cabinet Members for Children Services & Education	Planning Assumptions						The Corporate strategies your service contributes to			
	Anticipated demand	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20			
Enter a brief description of your main activities and objectives below Children's Social Care (CSC) delivers a range of government prescribed & legislated functions to children at risk of harm, children in care, care leavers & young offenders, as well as wider services for families. CSC works within an integrated context co-ordinating multi agency support to those families at all levels of Merton's Child & Young Person (CYP) Well-being Model. The service works with approximately 1,300 children at any one time who have the greatest needs in the borough across a range of outcomes: safety, well-being, health, education & life chances. Merton's CYP Well-being Model sets out Merton's approach to supporting families which seeks to provide services at the time they are needed to prevent further need arising & escalation up the model. This is the most efficient use of resources & CSC undertakes a range of family support activity to prevent children entering either child protection or care systems at every stage of childhood. This necessitates a strong commitment to robust assessment & thresholds, which require a quality assurance function to ensure on-going success of the model. Merton has lower numbers of children subject to child protection plans in the care system than the majority of London Boroughs, as well as lower numbers of first time entrants, and seeks to continue this approach, therefore ensuring that we minimise the use of costly high end interventions with our families & promote family strengths to enable them to care for their own children. Youth Inclusion provides a targeted service to support vulnerable young people & their parents to prevent offending & re-offending. It also supports the transforming families programme, helping targeted families to get back into work, & improve the outcomes for their children by preventing reoffending or going into care. It also leads on participation for CSF.	Population growth - looked after children & Care leavers			15-30				Children & Young person's Plan		
	Population growth - Child Protection Plans			30-60				Anti Social Behaviour		
Increase in 0-19 population			3180					Health & Wellbeing		
								Social Inclusion Strategy		
								Community Plan		
								Corp Equality Scheme		
								Family Poverty		
								LAC Strategy & Care Leavers		
								Youth Crime		
Performance indicator	Performance Targets (T) & Provisional Performance Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
	2014/15(T)	2015/16(T)	2016/17(P)	2017/18(P)	2018/19(P)	2019/20(P)				
% single assessments completed within agreed timescales	92	82	85	85			High	Monthly	Business critical	Safeguarding issues
Care application average duration (national target 26 weeks)	35	37	35	33			Low	Monthly	Quality	Safeguarding issues
Children in care adopted or receiving a Special Guardianship Order	13	13	13	13			High	Monthly	Outcome	Reduced customer service
% CYP on Child Protection Plan for 2nd or subsequent time	10	13	16	16			Low	Monthly	Quality	Safeguarding issues
% NEET aged 16-19	6	5	4.7	4.7			Low	Monthly	Outcome	Social exclusion
Number YJS first time entrants	80	80	70	70			Low	Monthly	Outcome	Social exclusion
% LAC (2.5 years or more) in same placement for 2 years	n/a	n/a	66	66			High	Monthly	Outcome	Social exclusion
% LAC experiencing 3 or more placements moves	n/a	n/a	12	12			Low	Monthly	Outcome	Social exclusion

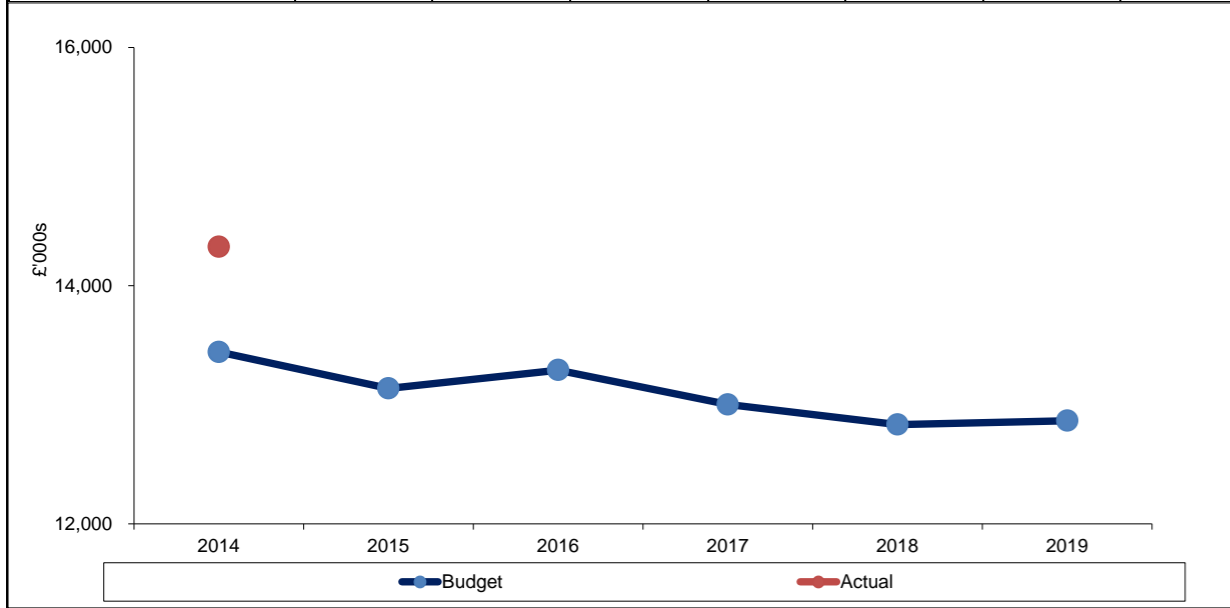
DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>15,023</b>	<b>16,095</b>	<b>14,544</b>	<b>14,269</b>	<b>13,980</b>	<b>13,811</b>	<b>13,844</b>
Employees	10,243	10,633	9,841	9,678	9,357	9,157	9,158
Premises	103	108	93	53	55	56	57
Transport	201	181	188	165	168	171	173
Supplies & Services	1,376	1,489	1,084	833	843	853	863
3rd party payments	954	1,323	1,242	1,161	1,179	1,196	1,214
Transfer payments	398	510	341	369	369	369	369
Support services	1,738	1,841	1,744	2,010	2,010	2,010	2,010
Depreciation	11	11	11	0	0	0	0
<b>Revenue £'000s</b>	<b>Final Budget 2014/15</b>	<b>Actual 2014/15</b>	<b>Budget 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>
<b>Income</b>	<b>1,580</b>	<b>1,769</b>	<b>1,408</b>	<b>978</b>	<b>978</b>	<b>978</b>	<b>978</b>
Government grants	1,021	1,062	881	741	741	741	741
Reimbursements	559	707	526	236	236	236	236
Customer & client receipts							
Reserves							
Capital Funded							
<b>Council Funded Net Budget</b>	<b>13,444</b>	<b>14,326</b>	<b>13,137</b>	<b>13,291</b>	<b>13,002</b>	<b>12,834</b>	<b>12,866</b>



Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
	0	0	0	0	0	0	0

**2016/17**

Staff reductions in Family and Adolescent Services stream: £100,000  
 Serious case reviews: £70,000  
 Service management review across the CSF dept: £23,000



**2018/19**

Review of CSF staffing structure beneath management level: £201,000

**2019/20**

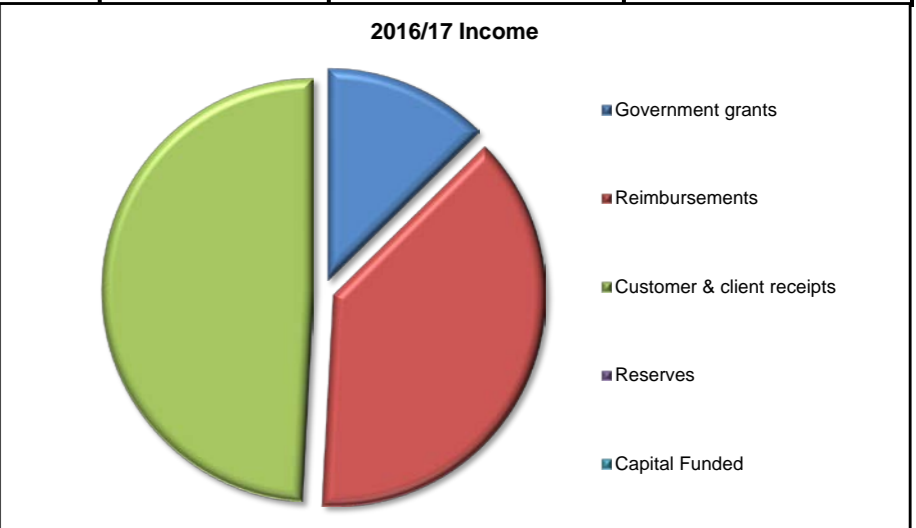
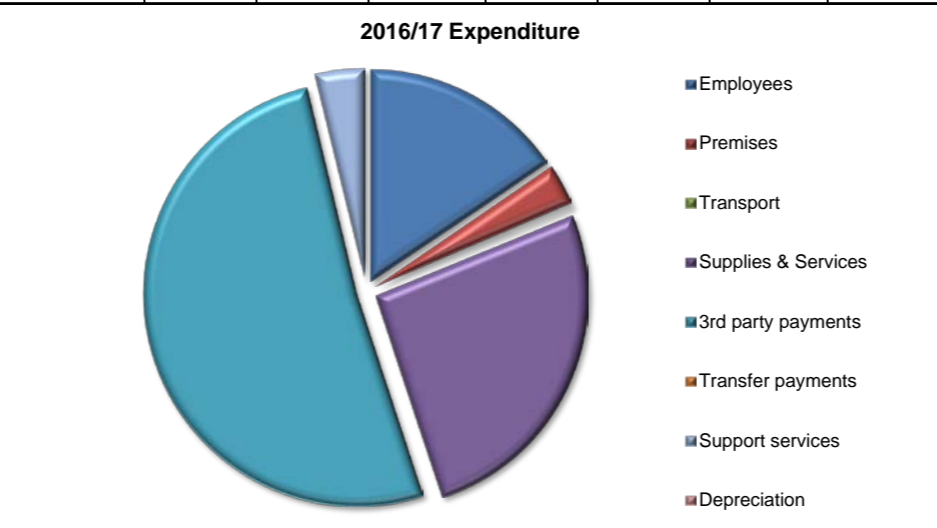
**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Children's Social Care**

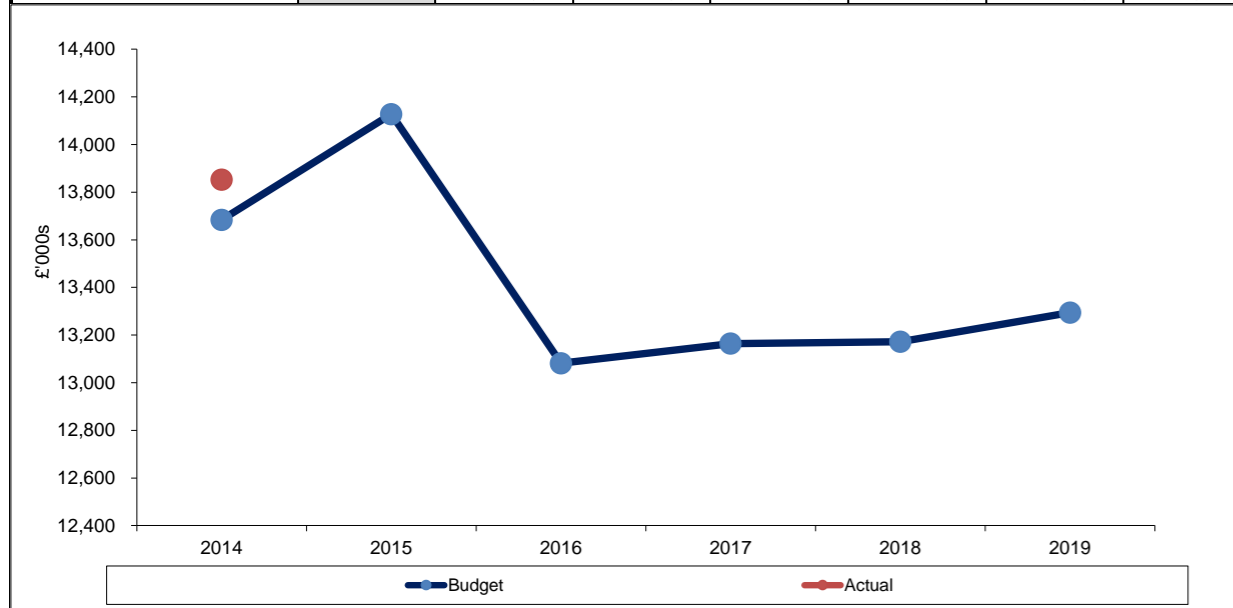
PROJECT DESCRIPTION		MAJOR PROJECT BENEFITS			Risk			
					Likelihood	Impact	Score	
<b>Project 1</b>		Project Title:	<b>Deliver transforming families year 2 &amp; year 3 programme (CYPWB &amp; TOM)</b>			Improved efficiency (savings)		
Start date	2013-14	Project Details:	Continues programme of TF programme and claiming of performance based grant funding. Implementation of TF exit strategy & realigning TF team into CSF family intervention for the future. 2015-16 - Claim Transforming Families performance by results funding.			2	3	6
End date	2016-17							
<b>Project 2</b>		Project Title:	<b>MOSAIC (CYPWB &amp; TOM)</b>			Improved effectiveness		
Start date	2013-14	Project Details:	Cross-cutting project to provide system for both CSF & C&H casework, including financial aspects; led by Corporate Services. Will encompass capability to deal with new statutory requirements including C&F Bill in relation to CYP with SEND, management information & reporting for inspection purposes. Implementation phase will include extensive work to improve associated processes. Also interim improvements re data quality & reporting in CF. Involves parts of Education Division dealing with casework. System also used by R&I & ART within CSP.			3	3	9
End date	2016-17							
<b>Project 3</b>		Project Title:	<b>Preparation for new inspection regime</b>			Improved effectiveness		
Start date	2013-14	Project Details:	To improve data quality, case records & management, filing & retention, & reporting to provide required information for inspection purposes. To improve assessment, case management & associated quality assurance. Primarily CSC project but also involves parts of Education Division & requires substantial input from CSP Division. Includes Joint Targeted Inspection Preparation.			4	3	12
End date	2017-18							
<b>Project 4</b>		Project Title:	<b>Youth Justice</b>			Improved efficiency (savings)		
Start date	2014-15	Project Details:	Development of policy framework in response to regulation and likely funding changes.			3	2	6
End date	2016-17							
<b>Project 5</b>		Project Title:	<b>CSC &amp; CYPWB/TOM</b>			Improved effectiveness		
Start date	2013-14	Project Details:	To deliver the CSC and EH Tom programme through a range of projects and programmes including: recruitment and retention strategy; restructuring of central teams; implementation of QA framework; Flexible working ; Care proceedings as outlined in the relevant TOM; rationalising access points; raising thresholds; increased targeting and practice.			4	3	12
End date	2019-20							
<b>Project 6</b>		Project Title:	<b>CYPWB Model Workforce Strands</b>			Improved staff skills and development		
Start date	2015-16	Project Details:	Develop and deliver Signs of Safety, recruitment and retention and practice developments to support TOM delivery.			4	3	12
End date	2019-20							

Commissioning, Strategy and Performance Cllrs Maxi Martin & Martin Whelton, Cabinet Members for Children's Services & Education	Planning Assumptions						The Corporate strategies your service contributes to			
	Anticipated demand	2014/15	2015/16	2016/17	2017/18	2018/19		2019/20		
<p><b>Enter a brief description of your main activities and objectives below</b></p> <p>The Commissioning, Strategy &amp; Performance Division provides strategic services for the Children, Schools &amp; Families Department (CSF):</p> <ul style="list-style-type: none"> <li>policy, planning &amp; performance management;</li> <li>commissioning, procurement &amp; contract management;</li> <li>access to resources for looked after children/pupils with SEN;</li> <li>pupil place planning;</li> <li>school admissions;</li> <li>school expansion &amp; overall CSF capital programme management;</li> <li>some departmental business support.</li> </ul> <p>Main activities include:</p> <ul style="list-style-type: none"> <li>i) leading on strategic &amp; operational planning for CSF;</li> <li>ii) leading on local Children's Trust &amp; partnership development;</li> <li>iii) production of management information for internal performance management &amp; external reporting Inc. Statutory returns;</li> <li>iv) production of policy documents &amp; procedural guidance for professional staff;</li> <li>v) commissioning operational services &amp; leading on joint commissioning with partners;</li> <li>vi) managing schools' Private Finance Initiative contract &amp; other service contracts;</li> <li>vii) procuring placements for looked after children/pupils with SEN;</li> <li>viii) planning sufficient school places;</li> <li>ix) co-ordination of pupil admissions to Merton schools;</li> <li>x) project managing school expansions &amp; other capital schemes.</li> </ul>	Increased demand for primary school (total across all schools)	2fe	1fe				Capital Programme			
	Increased demand for secondary school (total across all schools)			1-3fe	4-6fe (cumulative)	10-14fe (cumulative)	Children & Young person's Plan			
	Increased demand for special school places (total across all schools)					100 more SEN places by 18-19	Community Plan			
	Overall demographic					3180 increase in 0-19 population by 2018-19	Core Planning Strategy			
	Anticipated non financial resources	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20			
	Staff (FTE)	54	45	46	42	38		Corp Equality Scheme		
	Contractors							Corp Procurement Strategy		
								Local Development Framework		
								Performance Management Framework		
								Social Inclusion Strategy		
Performance indicator	Performance Targets (T) & Provisional Performance Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
	2014/15(T)	2015/16(T)	2016/17(T)	2017/18(P)	2018/19(P)	2019/20(P)				
% reception year surplus places	2	5	5.5	6	8		Low	Annual	Business critical	parental choice
% secondary school Yr7 surplus places Inc. Academies	8	5	5	5	5		Low	Annual	Business critical	parental choice
% major capital projects green/amber to time	90	90	90	90	90		High	Quarterly	Business critical	Increased costs
% spend on approved capital programme		80	80	80	80		High	Quarterly	Business critical	Increased costs
% fostered LAC in external agency foster care placements	36	46	42	42	40		High	Quarterly	Business critical	Increased costs
Numbers of in-house foster carers recruited	20	20	15	15	15		High	Quarterly	Quality	Increased costs
% completion rates for parenting programmes	80	80	70	70	70		High	Quarterly	Business critical	outcomes not improved
% commissioned services quarterly monitoring completed	100	100	100	100	100		High	Quarterly	Business critical	reduced contract compliance
% statutory returns to government on time	100	100	100	100	100		High	Quarterly	Business critical	Reputational risk

DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>16,440</b>	<b>17,594</b>	<b>14,713</b>	<b>13,622</b>	<b>13,704</b>	<b>13,712</b>	<b>13,834</b>
Employees	2,240	2,048	2,208	2,113	2,073	1,958	1,958
Premises	603	503	418	420	426	432	438
Transport	84	55	36	35	35	36	36
Supplies & Services	6,442	7,511	4,317	3,549	3,613	3,676	3,740
3rd party payments	6,495	6,877	7,262	6,993	7,046	7,098	7,151
Transfer payments	0	0	0	0	0	0	0
Support services	576	601	472	511	511	511	511
Depreciation							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Income</b>	<b>2,756</b>	<b>3,742</b>	<b>585</b>	<b>540</b>	<b>540</b>	<b>540</b>	<b>540</b>
Government grants	284	309	77	68	68	68	68
Reimbursements	394	426	283	206	206	206	206
Customer & client receipts	2,078	3,007	225	265	265	265	265
Reserves							
Capital Funded							
<b>Council Funded Net Budget</b>	<b>13,684</b>	<b>13,853</b>	<b>14,127</b>	<b>13,082</b>	<b>13,164</b>	<b>13,172</b>	<b>13,294</b>



Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Primary Schools Expansions		21,760	10,478	4,102			
Secondary School Expansions			270	7,945	14,230	8,690	4,200
SEN Expansions		391	2,325	1,095	4,844	3,650	0
Inflation							
Devolved Formula Capital/FSM		767	362				
Schools Capital Maintenance		577	777	752	650	650	650
Other			407	104	104		105
	<b>0</b>	<b>23,495</b>	<b>14,619</b>	<b>13,998</b>	<b>19,828</b>	<b>12,990</b>	<b>4,955</b>



**2016/17**

Reduce expenditure on LAC and SEN placements: £50,000  
 Reduce expenditure on post 16 LAC/Care Leavers placements: £50,000  
 Reduce early intervention commissioning budgets: £340,000  
 Commissioning part of youth saving: £279,730  
 Increased income from schools and/or reduced LA service offer to schools: £56,630

**2017/18**

Data review & centralisation: £40,000

**2018/19**

Commissioning rationalisation: £60,000  
 Property and contracts: £55,000

**2019/20**

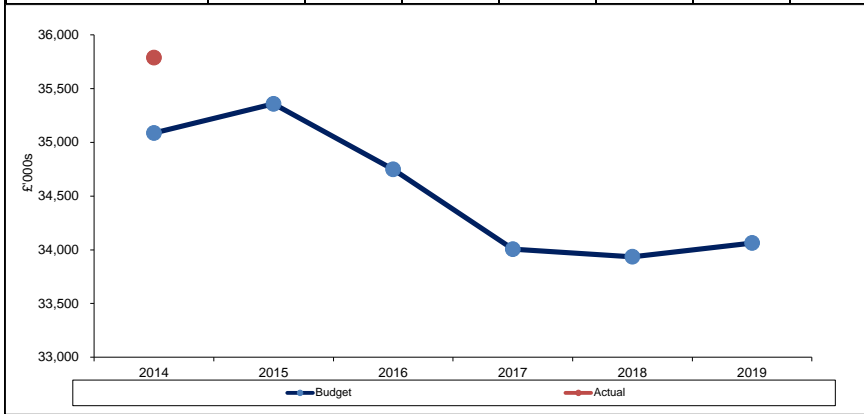
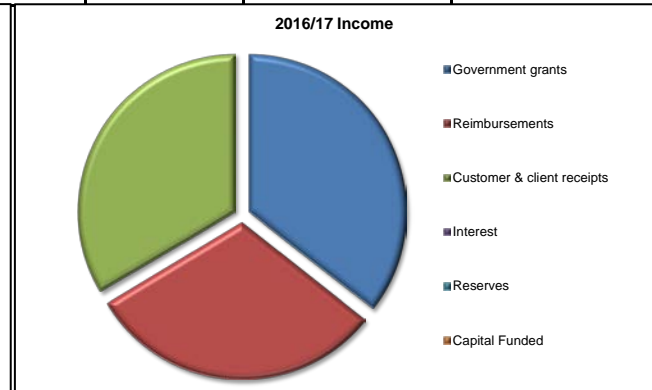
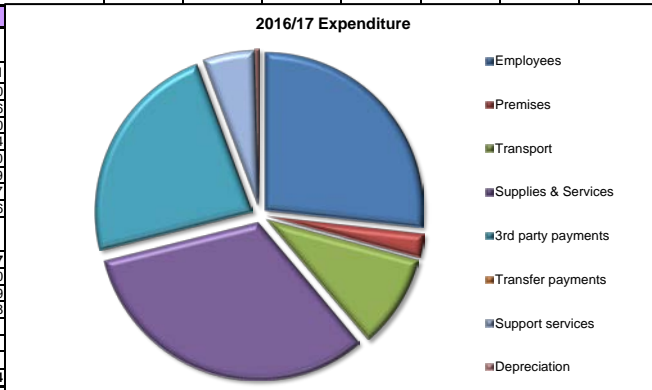
**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Commissioning, Strategy and Performance**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFITS			Risk			
					Likelihood	Impact	Score	
<b>Project 1</b>		Project Title:	<b>Commissioning (Departmental TOM)</b>			Improved effectiveness		
Start date	2015-16	Project Details:	Further development of joint commissioning with Public Health and Merton CCG. Ensure effective mobilisation of new community health contract from April 2016. Drive implementation of new CAMHs strategy. Progress work with PH and CCG to explore and implement more integrated models for the future commissioning of services for CYP & families.	3	2	6		
End date	2017-18							
<b>Project 2</b>		Project Title:	<b>Children's Home Procurement (Departmental TOM)</b>			Improved effectiveness		
Start date	2015-16	Project Details:	Secure mandate from MIB and Procurement Board to tender for provision of a small children's home in Merton for adolescent LAC. Progress procurement during 2016-17.	3	2	6		
End date	2016-17							
<b>Project 3</b>		Project Title:	<b>Implementation of Secondary School Places Strategy (EducationTOM)</b>			Infrastructure renewal		
Start date	2014-15	Project Details:	Continue liaison with Education Funding Agency and Harris Federation to deliver a new secondary (Free) school in the Wimbledon area. Implement expansion of 2/3 secondary schools in east of the borough to achieve overall additional places needed. Undertake statutory processes and procure/plan/deliver construction contracts.	4	2	8		
End date	2018-19							
<b>Project 4</b>		Project Title:	<b>Implementation of Special School (SEN) Places Strategy (Education TOM)</b>			Infrastructure renewal		
Start date	2015-16	Project Details:	Develop overall strategy for provision of sufficient and suitable SEN places in Merton; undertake capital bidding and procure/plan/deliver construction contracts.	3	2	6		
End date	2018-19							
<b>Project 5</b>		Project Title:	<b>Release of Assets (Departmental TOM)</b>			Improved efficiency (savings)		
Start date	2015-16	Project Details:	Implementation of flexible working for CSP services in the Civic Centre; review of asset release possibilities inc CSF current delivery sites and school caretakers' houses.	3	1	3		
End date	2016-17							
<b>Project 6</b>		Project Title:	<b>Departmental Restructure (Departmental TOM)</b>			Improved efficiency (savings)		
Start date	2015-16	Project Details:	Undertake preparatory work for the major departmental restructure planned for 2017-18 in respect of CSP Division services.	2	2	4		
End date	2017-18							
<b>Project 7</b>		Project Title:	<b>Frameworki/MOSAIC (Departmental TOM)</b>			Improved effectiveness		
Start date	2015-16	Project Details:	Continue to support implementation of new system across CSF. Ensure capability to deliver statutory returns post implementation and support further development of internal performance reporting from new system.	2	2	4		
End date	2016-17							
<b>Project 8</b>		Project Title:	<b>Personal Budgets (Education TOM/C+F Act)</b>			Improved customer experience		
Start date	2014-15	Project Details:	Progress further rollout of Personal Budgets for families of children subject to education, health and care plans (ex SEN Statements). Work with SENDIS service to maintain focus of encouraging PBs for SEN travel assistance and support implementation of next phase of PBs for Short Breaks services.	3	2	6		
End date	2016-17							

Education Cllrs Maxi Martin & Martin Whelton, Cabinet Members for Children's Services & Education	Planning Assumptions						The Corporate strategies your service contributes to			
	Anticipated demand	2014/15	2015/16	2016/17	2017/18	2018/19		2019/20		
Enter a brief description of your main activities and objectives below Merton School Improvement (MSI) will improve outcomes for all pupils in Merton Schools by: - monitoring, analysing & evaluating pupil & school performance - developing skills in planning, teaching, assessment, leadership & management - working with schools to reduce inequality & improve achievement for vulnerable groups strengthening partnership working and school to school support Special Education Needs & Disabilities Integrated Service (SENDIS) will improve outcomes for CYP with SEND by: - building early help capacity in schools & settings, families & the community - focus on safeguarding, early intervention as well as direct support for families - implementing the requirements of the Children and Families Act ensuring that families are central and receive a joined up service Early Years Services will improve outcomes for all children aged 0-5 by: - managing the childcare market to ensure the supply of good quality funded early education provision for children aged 2, 3 and 4 in accordance with statutory duties - delivering Children's Centre services through a locality model with a focus on early help & targeted services for vulnerable families using the CASA to inform robust planning and case work for identified families - working with the early years sector to improve quality, reduce inequality and improve outcomes for vulnerable children and their families - developing the work force to work more holistically with vulnerable families and young children introducing a more robust performance management framework Youth Inclusion will improve outcomes for Young People by: - providing universal & targeted in house & commissioned services for YP & schools - providing support to prevent bullying, substance misuse & teenage pregnancy, to improve attendance & to encourage emotional & social development - developing alternative education offerings to enable YP to stay in education, training & employment - leading on the council's partnership with the police & CAMHS for education - improving attendance and reduce PA in Merton schools	Forecast increase in population 5-19				2400		Children & Young person's Plan			
	Increase in compulsory education to 18						Community Plan			
Forecast increase in targeted SEND services					200 - 400		Corp Equality Scheme			
Forecast increase in population 0 - 4					780		Performance Management Framework			
Anticipated non financial resources	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Social Inclusion Strategy			
Staff (FTE)	253	270	269	257	251		LAC & Care Leavers			
Performance indicator	Performance Targets (T) & Provisional Performance Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
	2014/15(T)	2015/16(T)	2016/17(P)	2017/18(P)	2018/19(P)	2019/20(P)				
% 5 or more GCSE graded A*-C including English & maths	65	64	64	65			High	Annual	Outcome	Reputational risk
% outcome of Ofsted school inspections good or outstanding	85	86	89	91			High	Monthly	Outcome	Inspection outcomes
% Level 4 and above in reading, writing and maths	82	79	73*	75*			High	Annual	Outcome	Reputational risk
% secondary school attendance	94.5	94.0	95.1	95.2			High	Quarterly	Outcome	Increased costs
% primary school attendance	95	95	96.1	96.1			High	Quarterly	Outcome	Breach statutory duty
% of new EHCP requests completed within 20 weeks	85	85	85	85			High	Annual	Outcome	Reputational risk
% Good or Outstanding children's centres per Ofsted	100	100	100	100			High	Monthly	Outcome	Inspection outcomes
<i>*this indicator is changing in academic year 2015/16</i>										

DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>41,514</b>	<b>43,290</b>	<b>44,692</b>	<b>42,440</b>	<b>41,848</b>	<b>41,952</b>	<b>42,081</b>
Employees	10,815	10,698	10,955	11,355	10,709	10,709	10,710
Premises	851	804	908	1,026	1,029	1,033	1,036
Transport	3,091	4,226	3,150	4,101	4,147	4,193	4,240
Supplies & Services	14,602	13,544	15,369	13,681	13,666	13,725	13,784
3rd party payments	9,743	11,536	11,761	9,835	9,855	9,850	9,870
Transfer payments	19	7	19	19	19	19	19
Support services	2,175	2,257	2,358	2,247	2,247	2,247	2,247
Depreciation	218	218	172	176	176	176	176
<b>Revenue £'000s</b>	<b>Final Budget 2014/15</b>	<b>Actual 2014/15</b>	<b>Budget 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>
<b>Income</b>	<b>6,427</b>	<b>7,503</b>	<b>9,335</b>	<b>7,692</b>	<b>7,842</b>	<b>8,017</b>	<b>8,017</b>
Government grants	951	991	3,243	2,740	2,740	2,740	2,740
Reimbursements	3,160	3,864	3,292	2,369	2,369	2,369	2,369
Customer & client receipts	2,316	2,648	2,800	2,583	2,733	2,908	2,908
Interest							
Reserves							
Capital Funded							
<b>Council Funded Net Budget</b>	<b>35,086</b>	<b>35,787</b>	<b>35,356</b>	<b>34,748</b>	<b>34,006</b>	<b>33,935</b>	<b>34,064</b>



2016/17
Reduce Early Years service to paid-for childcare with very limited targeted service for highly vulnerable families: £271,000 Reduced youth service to VCS provision: £200,270 Public Health: £400,000 Increased income from schools/ reduced LA service offer: £343,370
2017/18
Substantial reduction in EY budgets whilst retaining existing Children's Centres targeted work in areas of higher deprivation: £546,000 Reduced service offer from school improvement: £75,000 Increased income from schools/ reduced LA service offer: £200,000
2018/19
Increased income from schools/ reduced LA service offer: £200,000
2019/20

**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Education**

PROJECT DESCRIPTION		MAJOR PROJECTS BENEFITS			Risk		
					Likelihood	Impact	Score
<b>Project 1</b>		Project Title:	<b>Improving pupil outcomes at KS2 &amp; KS4 (Edn TOM)</b>		Improved effectiveness		
Start date	2013-14	Project Details:	Rigorous support and challenge for schools in RI or vulnerable to RI including maintenance of Securing Good Schools Programme. Training and briefings on Ofsted, assessment, curriculum and improving teaching. New outstanding teacher courses for primary and secondary teachers.		2	3	6
End date	2017-18						
<b>Project 2</b>		Project Title:	<b>School Improvement through partnership (Edn TOM)</b>		Improved effectiveness		
Start date	2013-14	Project Details:	Ongoing support for the development of the Merton Education Partnership and brokerage of school to school support through Merton Leaders of Education, primary expert teachers and liaison with Teaching Schools. Partnership with schools on redefining LA functions as part of Education TOM.		3	2	6
End date	2019-20						
<b>Project 3</b>		Project Title:	<b>Transforming Early Years (EY's TOM)</b>		Improved efficiency (savings)		
Start date	2013-14	Project Details:	Securing supply of good quality sufficient number of funded education places for 2, 3 and 4 year olds.; On-going development of the Locality Model to reorganise Children's Centre provision to maximise outcomes within available funding. Service realignment and standardisation across back office functions. Develop further alternative / shared / mixed use for the centres to include an accommodation review and ICT infrastructure review. To increase income and develop a charging framework across the service, includes customer contact and self serve options for fee paying customers.		3	2	6
End date	2019-20						
<b>Project 4</b>		Project Title:	<b>Implementation of requirements of Children &amp; Families Act (Edn TOM &amp; CYPWB)</b>		Improved customer experience		
Start date	2013-14	Project Details:	Implementation of legislative requirements including assessment framework, Ed, Health & Care Plan, development of the local offer, preparation for adulthood pathways, secure web portal, personal budgets for those families that want them. Related to SCIS Programme. Addressing new statutory duty for age 19-25. Develop plan and manage process within available funding streams.		4	3	12
End date	2019-20						
<b>Project 5</b>		Project Title:	<b>Development of AltED &amp; linked provision</b>		Risk reduction and compliance		
Start date	2013-14	Project Details:	Development of Melbury College and commissioning of AltEd provision. Including addressing new statutory duty for age 19-25. Develop plan and manage process within available funding streams.		3	2	6
End date	2016-17						
<b>Project 6</b>		Project Title:	<b>Youth transformation phases 3 &amp; 4 (Edn TOM)</b>		Improved efficiency (savings)		
Start date	2013-14	Project Details:	Implementation of new funding models for PB & PH.		4	3	12
End date	2017-18						
<b>Project 7</b>		Project Title:	<b>Education TOM/CYPWB Model</b>		Improved efficiency (savings)		
Start date	2015 -2016	Project Details:	Develop and deliver the Education TOM & CYPWB Model across CSF Services, Including implementation of MOSAIC phases 1 & 2		4	3	12
End date	2019 -2020						





# Community & Housing



**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Adult Social Care**

PROJECT DESCRIPTION		MAJOR PROJECTS BENEFITS			Risk				
					Likelihood	Impact	Score		
<b>Project 1</b>		Project Title:	<b>ASC re-structure / service redesign (2016/17 - CH04,CH20,CH21,CH22,CH23,CH58,CH59&amp;CH64 2017/18 - CH37 &amp; 2018/19 - CH20&amp;CH54)</b> The proposed structural changes will support the focus on the customer, the customer journey and the customer experience. It will also complement the Merton Agile approach for social care. The approach represents a change from current service delivery models and structures, requiring a move from defined job roles to skills based flexible working, with wider and deeper partnership working with other parts of the Council, the Voluntary sector and the Private Sector.	Improved efficiency (savings)			2	3	6
Start date	01/04/2016	Project Details:							
End date	01/06/2016								
<b>Project 2</b>		Project Title:	<b>Grant Funded Prevention Programme (2016/17 - CH05 &amp; 2017/18 - CH53)</b> Older people supported to live behind their own front doors for as long as possible, in a way that is inclusive, personalized, inter generational as far as possible locality based, and enables them to make whatever contribution they can.	Improved effectiveness			1	2	2
Start date	01/06/2015	Project Details:							
End date	2017-18								
<b>Project 3</b>		Project Title:	<b>Reablement (CH02)</b> Review of the new Reablement Service to optimise its cost effectiveness.	Improved effectiveness			4	2	8
Start date	2015-16	Project Details:							
End date	2017-18								
<b>Project 4</b>		Project Title:	<b>Equipment and Adaptations</b> Review of equipment and adaptation pathways to promote/maximise independence within available resources.	Improved customer experience			3	2	6
Start date	2015-16	Project Details:							
End date	2017-18								
<b>Project 5</b>		Project Title:	<b>Transition</b> Review, redesign and deliver improved processes and approaches for supporting people in transition from childhood to adulthood	Improved customer experience			3	2	6
Start date	2015-16	Project Details:							
End date	2017-18								
<b>Project 6</b>		Project Title:	<b>Challenging Behaviour Offer</b> Review, redesign and deliver an improved local offer to meet the needs of adults with behaviour that challenges services.	Improved customer experience			3	3	9
Start date	01/11/2015	Project Details:							
End date	2016-17								
<b>Project 7</b>		Project Title:	<b>LD Day Activities</b> Review and continuous improvement of LD day/evening activities and associated transport	Improved effectiveness			4	2	8
Start date	01/06/2015	Project Details:							
End date	2016-17								
<b>Project 8</b>		Project Title:	<b>MH Accommodation and Support (CH62)</b> Option appraisals of the possible accommodation and support offer identified in review of MH Accommodation and Support by Alder.	Improved efficiency (savings)			4	2	8
Start date	2015-16	Project Details:							
End date	2016-17								
<b>Project 9</b>		Project Title:	<b>Social capital / Access to Universal Services</b> Increased use of social capital to meet eligible needs as opposed to funded specialist support services	Improved effectiveness			4	3	12
Start date	2016-17	Project Details:							
End date	2016-17								
<b>Project 10</b>		Project Title:	<b>Good Neighbours/Volunteers Review (CH61)</b> Redesign and deliver a plan to promote "good neighbours" whereby neighbours/ volunteer's increasingly help to support each other rather than being dependent on formal support services.	Improved effectiveness			2	3	6
Start date	2016-17	Project Details:							
End date	2017-18								

**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Adult Social Care**

PROJECT DESCRIPTION		MAJOR PROJECTS BENEFITS		Risk				
				Likelihood	Impact	Score		
<b>Project 11</b>		Project Title:	<b>Dementia Friendly Community</b>	Improved customer experience		4	2	8
Start date	01/08/2015	Project Details:	Make Merton a more "Dementia Friendly" place for adults and older people who live with dementia.					
End date	2018-19							
<b>Project 12</b>		Project Title:	<b>Information Portal</b>	Improved customer experience		3	3	9
Start date	2015-16	Project Details:	Evaluate the options available to provide a comprehensive information portal accessible all who live in Merton.					
End date	2016-17							
<b>Project 13</b>		Project Title:	<b>Face to Face/Telephone Contact</b>	Improved customer experience		3	3	9
Start date	2015-16	Project Details:	Review, redesign and deliver a plan to ensure people seeking 1 to 1 advice are consistently provided with relevant, accurate and up to date information.					
End date	2016-17							
<b>Project 14</b>		Project Title:	<b>Developing a workforce fit for the future</b>	Improved effectiveness		4	3	12
Start date	2015-16	Project Details:	Identify skills and other capacity gaps in the care and support workforce in Merton and plan how to close each gap identified.					
End date	2016-17							
<b>Project 15</b>		Project Title:	<b>Income Generation (CH51)</b>	Economic outcomes		4	3	12
Start date	30/11/2015	Project Details:	Identify current and potential new income sources and maximise income levels. Productivity and Efficiency					
End date	2016-17							
<b>Project 16</b>		Project Title:	<b>Assessment &amp; Care Management Processes</b>	Improved effectiveness		2	3	6
Start date	01/07/2015	Project Details:	Review, redesign and deliver a plan to ensure that all assessment and care management processes including those related to safeguarding, the Mental Capacity Act and DOLS are efficient, effective, consistently promote independence and adequately resourced.					
End date	2016-17							
<b>Project 17</b>		Project Title:	<b>Financial Assessment and Debt Minimisation</b>	Improved effectiveness		4	3	12
Start date	30/06/2015	Project Details:	Review, redesign and deliver a plan to ensure that processes for financial assessment, invoicing services users and debt collection are efficient, effective and contribute to maximising income levels.					
End date	2016-17							
<b>Project 18</b>		Project Title:	<b>Shared Services</b>	Improved efficiency (savings)		4	3	12
Start date	2016-17	Project Details:	Generate and evaluate options for a shared service with a neighbouring local authority or NHS organisation					
End date	2017-18							
<b>Project 19</b>		Project Title:	<b>In-House Organisational Structures</b>	Improved efficiency (savings)		5	2	10
Start date	2016-17	Project Details:	Generate/evaluate options to outsource in-house services into a non-profit making organisational form such as a community trust, LA trading company etc.					
End date	2017-18							
<b>Project 20</b>		Project Title:	<b>SCIS</b>	Improved effectiveness		3	4	12
Start date	2014-15	Project Details:	Ensure that the new Core Logic Mosaic social care information system (SCIS) is fit for purpose for the foreseeable future. Achieve this by ensuring that the needs of adult social care are fully in scope when decisions are made and by having oversight of its implementation for adult social care.					
End date	2016-17							

Page 14

**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Adult Social Care**

PROJECT DESCRIPTION		MAJOR PROJECTS BENEFITS			Risk				
					Likelihood	Impact	Score		
<b>Project 21</b>		Project Title:	<b>Customer Profiling</b>	Improved effectiveness					
Start date	2015-16	Project Details:	Use data about the population in Merton and about service users and carers to ensure the right resources are in the right place at the right time and that customers can more easily be matched (or match themselves) to services or service providers in an open/transparent market.			4	3	12	
End date	2017-18								
<b>Project 22</b>		Project Title:	<b>Carers Support (CH60)</b>	Improved customer experience					
Start date	2015-16	Project Details:	Review, redesign and deliver an improved local offer to meet the needs of carers in Merton.			3	4	12	
End date	2016-17								
<b>Project 23</b>		Project Title:	<b>Rebalanced Homecare Services Portfolio</b>	Improved efficiency (savings)					
Start date	2015-16	Project Details:	Shift of emphasis to outcomes based services, Pay-for-Results, and Restorative Care for agency delivered services. More shared data & systems to enable an optimised Agile Social Care System. More coordinated and integrated end-to-end hospital to home system with predictive analytics.			3	3	9	
End date	2017-18								
<b>Project 24</b>		Project Title:	<b>Micro-Direct Commissioning System</b>	Improved efficiency (savings)					
Start date	2016-17	Project Details:	Micro-direct commissioning allows service users to commission their own services. It is a cashless system connecting people needing care with people who can provide it. Providers may be individuals, working full or part time, agencies, voluntary and other orgs. The system electronically matches users and providers.			3	4	12	
End date	2017-18								
<b>Project 25</b>		Project Title:	<b>Bed based care</b>	Improved efficiency (savings)					
Start date	2016-17	Project Details:	Fully evaluate the case for developing 2 x 80 bed careunits for older people outside the borough. Look at potential for hybrid capitalisation, 3rd party management /operator business model.			3	4	12	
End date	2017-18								
<b>Project 26</b>		Project Title:	<b>Senior 'AIR BNB' System</b>	Improved efficiency (savings)					
Start date	2016-17	Project Details:	For matching homeowners needing care and individuals who can provide it in exchange for accommodation.			3	4	12	
End date	2017-18								
<b>Project 27</b>		Project Title:	<b>Shared data/systems/metrics</b>	Improved effectiveness					
Start date	2015-16	Project Details:	With market providers for quality, value and performance. Quality as an integral part of the value equation together with customer feedback.			3	4	12	
End date	2016-17								
<b>Project 28</b>		Project Title:	<b>Procurement Efficiencies &amp; Savings (2016/17 - CH63 2017/18 CH2,CH35,CH36&amp;CH52 2018/19 - CH36&amp;CH39)</b>	Improved efficiency (savings)					
Start date	2015-16	Project Details:	More contracts focused on 'pay for results' and 'outcome'. Contractual obligations to share a wider range of data for performance, value and quality.			3	4	12	
End date	2017-18								
<b>Project 29</b>		Project Title:	<b>Integration</b>	Improved effectiveness					
Start date	2015-16	Project Details:	Merton Integration Board (BCF Project) has the following key interfaces with ASC Redesign: - Improving reactive provider response services incl. the reablement restructure - Establishing 7 day working and proactive case management e.g. by locality teams including Home from Hospital - Increasing the use of Telecare and Telehealth			3	4	12	
End date	2016-17								
<b>Project 30</b>		Project Title:	<b>Control 3rd Party Spend (2016/17 - CH24,CH25,CH26,CH27,CH28,CH29,CH30,CH31,CH32,CH33,CH34, CH38 &amp; 2017/18 - CH1,CH3 &amp; 2018/19 - CH55)</b>	Improved efficiency (savings)					
Start date	2015-16	Project Details:	Control authorisation of new packages of support and implement review processes for existing cases cases to improve service user outcomes and deliver savings in line with MTFs and ensure on-going support promotes independence.			3	4	12	
End date	2018-19								

Page 15



**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Housing Needs and Enabling Services**

PROJECT DESCRIPTION		MAJOR PROJECTS BENEFITS			Risk				
					Likelihood	Impact	Score		
<b>Project 1</b>		Project Title:	<b>Deliver on-line self-assessment tools</b>	Improved effectiveness			3	1	3
Start date	2016-17	Project Details:	Implement on-line Housing Register pre-application assessment tool.	3	1	3			
End date	2017-18								
<b>Project 2</b>		Project Title:	<b>Homeless Placement Policy</b>				Risk reduction and compliance		
Start date	2016-17	Project Details:	Implement and monitor the Homeless Placement policy	2	2	4			
End date	2017-18								
<b>Project 3</b>		Project Title:	<b>CHMP Regeneration</b>				Improved reputation		
Start date	2014-15	Project Details:	Input to CHMP regeneration with Future Merton.	1	2	2			
End date	2018-19								
<b>Project 4</b>		Project Title:	<b>Housing Service Review</b>				Economic outcomes		
Start date	2015-16	Project Details:	Consider any actions arising from the review on whether or not to keep the Housing Needs and Enabling Service in house or outsource, whilst also considering the place of Environmental Health (Housing).	3	1	3			
End date	2016-17								
<b>Project 5</b>		Project Title:	<b>Shared Lives Development</b>				Improved effectiveness		
Start date	2015-16	Project Details:	Explore ways to potentially develop the Shared Lives range of services, considering the business case for any service developments and liaise with the appropriate referring agencies to provide any additional funding where necessary	3	1	3			
End date	2017-18								
<b>Project 6</b>		Project Title:	<b>Technology Review</b>				Improved effectiveness		
Start date	2016-17	Project Details:	Review whether to retain Capita Housing and Home Connections in light of any procurement rules and operating environment. Work with IT / E&R on re-procurement / replacement of M3PP.	2	1	2			
End date	2017-18								
<b>Project 7</b>		Project Title:	<b>Selective Licencing</b>				Improved effectiveness		
Start date	2015-16	Project Details:	Produce a business case to consider selective licencing and/or additional licencing in parts of the borough and progress any actions arising where necessary.	2	1	2			
End date	2016-17								
<b>Project 8</b>		Project Title:	<b>EDRMS Workflow</b>				Improved effectiveness		
Start date	2015-16	Project Details:	Work with Corporate to implement EDRMS in Housing and then update workflow processes accordingly	2	2	4			
End date	2016-17								
<b>Project 9</b>		Project Title:	<b>Service re-structure</b>				Improved efficiency (savings)		
Start date	2016-17	Project Details:	Develop plans in 2016/17 to re-structure the service in 2017/18 in light of the need to continue to provide a service with a reduced workforce.	2	3	6			
End date	2017-18								





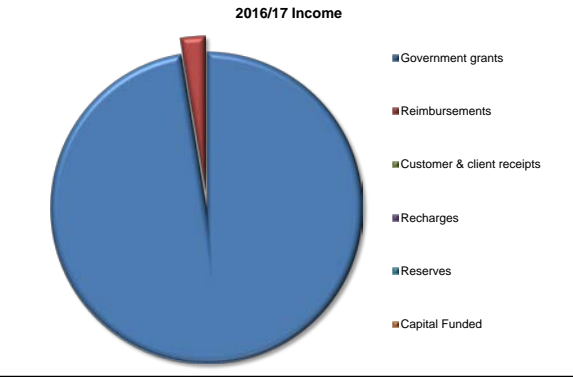
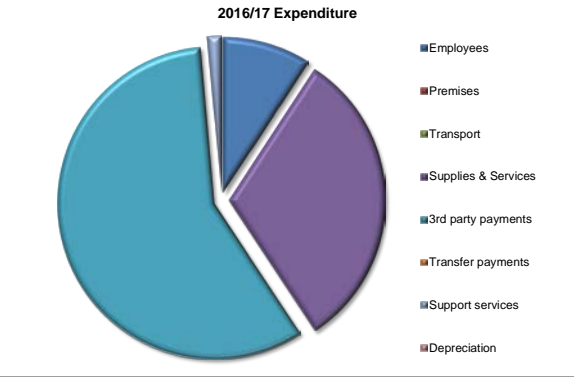
**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Libraries**

PROJECT DESCRIPTION		MAJOR PROJECTS BENEFITS			Risk			
					Likelihood	Impact	Score	
<b>Project 1</b>		Project Title:	<b>E-communications</b>			Improved customer experience		
Start date	2015-16	Project Details	Continue to channel shift communication through digital methods: 1. Channel shift more customers towards receiving e-mail and SMS notifications; 2. Develop social networking tools and replace current e-newsletter structure; 3. Continue to develop library website; 4. Support with channel shift as part of the Customer Contact project	2	1	2		
End date	2017-18							
<b>Project 2</b>		Project Title:	<b>Heritage Strategy</b>			Improved effectiveness		
Start date	2015-16	Project Details	Promote the new Heritage Strategy and increase community participation in heritage activities. Continue to draw in external funding and improve income streams.	3	1	3		
End date	2019-20							
<b>Project 3</b>		Project Title:	<b>Stock efficiency program</b>			Improved efficiency (savings)		
Start date	2015-16	Project Details	Continue to deliver efficiencies in the way that stock is managed. Deliver media fund savings for 2016/17 and consolidate team structure. Maximise usage of e-resources.	3	1	3		
End date	2017-18							
<b>Project 4</b>		Project Title:	<b>Children &amp; Young People's projects</b>			Improved customer experience		
Start date	2013-14	Project Details	Complete the rollout of the universal library membership scheme for all school children and students in Merton.	3	1	3		
End date	2017-18							
<b>Project 5</b>		Project Title:	<b>Outreach and Community Engagement plan</b>			Improved customer experience		
Start date	2013-14	Project Details	Deliver an annual outreach plan to increase usage of libraries including the rollout of Library Connect (pop up library solution). Complete annual user surveys and conduct research and engagement work with under represented groups to shape services accordingly.	2	1	2		
End date	2017-18							
<b>Project 6</b>		Project Title:	<b>IT Projects</b>			Improved efficiency (savings)		
Start date	2013-14	Project Details	Implement new self-service technology and develop payment services online. Rollout new hall booking system in line with corporate systems. Implement self-service libraries at off peak times in branch libraries.	3	2	6		
End date	2017-18							
<b>Project 7</b>		Project Title:	<b>Assisted digital support</b>			Improved customer experience		
Start date	2013-14	Project Details	Increase volunteer numbers and skills in supporting customers with more complex IT needs. Support national initiatives such as National Numeracy Challenge and 6 Book Reading Challenge to improve residents skills.	2	1	2		
End date	2016-17							
<b>Project 8</b>		Project Title:	<b>Security services contract</b>			Improved efficiency (savings)		
Start date	2015-16	Project Details	Re-tender of contract and on-going monitoring of performance.	3	2	6		
End date	2018-19							
<b>Project 9</b>		Project Title:	<b>Library redevelopments</b>			Improved customer experience		
Start date	2013-14	Project Details	Progress redevelopment plans for West Barnes and Donald Hope libraries. Investigate co-location opportunities with other council services and partners.	3	2	6		
End date	2017-18							
<b>Project 10</b>		Project Title:	<b>London Libraries Consortium</b>			Improved efficiency (savings)		
Start date	2015-16	Project Details	Work with LLC to improve systems and drive through efficiencies. Implement actions in LLC Strategy and procure new solution.	3	2	6		
Projects	2018-19							

Public Health		Planning Assumptions							The Corporate strategies your service contributes to		
<b>Cllr Caroline Cooper-Marblich Cabinet Member for Adult Social Care &amp; Health</b>											
Our vision for the public's health in Merton over the next five years is to stem the increase in the significant inequalities in health outcomes between the East and West of Merton, providing more equal opportunities for all residents of Merton to be healthy.											
Our vision for the public health team is to make health everyone's business, working with partners in the Council, Merton Clinical Commissioning Group and the voluntary sector to increase understanding of their contribution to and involvement in prevention and in reducing health inequalities, using evidence of best practice.											
Public Health services comprise <ul style="list-style-type: none"> <li>Mandatory: sexual health, NHS health checks, Healthy Child 0-5 services (from October 2015), National Child Measurement Programme, Support to Clinical Commissioning groups, and assurance of health emergency preparedness</li> <li>Universal: Smoking cessation, drugs and alcohol, obesity</li> <li>Other</li> </ul>											
Anticipated demand		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Health & Wellbeing Strategy			
Sexual health		20,201	20,554	20,913	21,243	21,667	TBC				
Drugs & alcohol		438 Drugs/205 alcohol	452 Drugs/253 Alcohol	467 Drugs/280 Alcohol	502 Drugs/345 Alcohol	TBC	TBC				
Support to CCG		40% of PH staff capacity	40% of PH staff capacity	40% of PH staff capacity	40% of PH staff capacity	40% of PH staff capacity	40% of PH staff capacity				
NHS Health Checks		5723	6211	6300	6300	6300	6300				
National Child Measurement Programme		Reception Cohort : 2,526 Year 6 Cohort: 2,006	Reception Cohort : 2,610 Year 6 Cohort: 2,012	Reception Cohort : 2,655 Year 6 Cohort: 2,068	Reception Cohort : 2,700 Year 6 Cohort: 2,125	Reception Cohort : 2,745 Year 6 Cohort: 2,182	TBC				
NHS Smoking Cessation		1580	1168	1000	TBC	TBC	TBC				
Health Visiting New Birth Visits: estimated new births		3274	3237	3170	3104	3037	2971				
NEW: Number of residents who are referred to tier 2 weight management services		N/A	N/A	TBC	TBC	TBC	TBC				
Anticipated non financial resources		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20				
Staff (FTE)		14.77	14.77	15.43	15.43	TBC	TBC				
Staff (Trainees)		2	1	2	2	TBC					
Performance indicator		Performance Targets (T) & Provisional Performance Targets (P)					Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
		2014/15(T)	2015/16(T)	2016/17(T)	2017/18(P)	2018/19(P)					2019/20(P)
Chlamydia diagnosis		2200	2200	2200	2300	2300	2300	High	Quarterly	Output	Failure to meet PHOF target
Late diagnosis of HIV rate		43.2%	42%	42%	40%	38%	38%	Low	Annual	Outcome	
Successful completion of drug treatment (TBC)		52%	54.2%	56.2%	60.2%	TBC	TBC		Quarterly	Outcome	Reduced ability to undertake HNAs, reputational risk
Signed Memo Of Understanding (MOU) with MCCG		Yes	Yes	Yes	Yes	Yes	Yes		Annual	Business critical	
% NHS health checks uptake of those offered service		58.5%	58.5%	50%	50%	52%	54%	High	Quarterly	Output	Increase prevalence of long term conditions
% excess weight in children age 10 - 11 years		35.4%	35.5%	35.8%	35.7%	TBC	TBC	Low	Annual	Outcome	
Number of successful 4-week smoking quits		790	584	TBC	TBC	TBC	TBC	High	Quarterly	Outcome	
NEW: Health Visiting – Percentage of New Birth Reviews within 14 days of birth		N/A	N/A	TBC	TBC	TBC	TBC		Quarterly	Outcome	Poor childhood outcomes
% of participation in National Child Measurement Programme (Sep - Aug)		84%	95%	95%	TBC	TBC	TBC	High	Annual	Outcome	Breach statutory duty

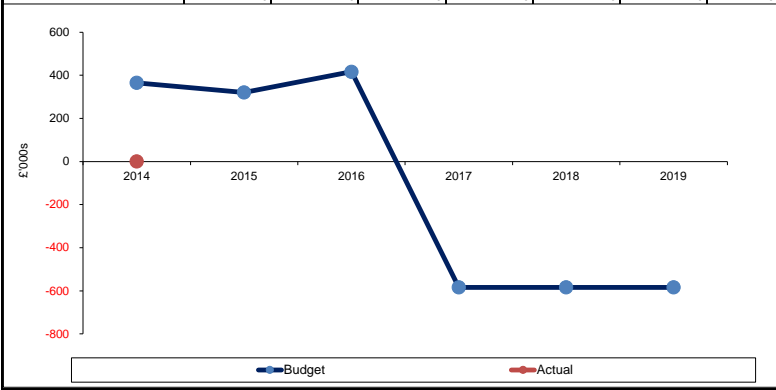
DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>10,092</b>	<b>10,016</b>	<b>10,047</b>	<b>11,897</b>	<b>10,863</b>	<b>10,851</b>	<b>10,851</b>
Employees	993	856	995	1,090	1,090	1,090	1,090
Premises	2	-1	2	2	2	2	2
Transport	2	2	2	2	2	2	2
Supplies & Services	5,317	5,417	4,721	3,750	2,716	2,704	2,704
3rd party payments	3,668	3,628	4,155	6,886	6,886	6,886	6,886
Transfer payments	0	0	0	0	0	0	0
Support services	110	110	172	167	167	167	167
Depreciation	0	0	0	0	0	0	0
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Income</b>	<b>9,727</b>	<b>10,016</b>	<b>9,727</b>	<b>11,481</b>	<b>11,447</b>	<b>11,435</b>	<b>11,435</b>
Government grants	9,236	9,236	9,236	11,181	11,147	11,135	11,135
Reimbursements	491	415	491	300	300	300	300
Customer & client receipts	0	0	0	0	0	0	0
Recharges	0	0	0	0	0	0	0
Reserves	0	365	0	0	0	0	0
Capital Funded	0	0	0	0	0	0	0
<b>Council Funded Net Budget</b>	<b>365</b>	<b>0</b>	<b>320</b>	<b>416</b>	<b>(584)</b>	<b>(584)</b>	<b>(584)</b>



Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20

#### Summary of major budget etc. changes 2016/17

Dependent on Government grant, exact figures to be confirmed (CSR in Nov 2015 announced: Ring Fence remains; to 2017/18 Recurrent 6.2% savings (from 2015/16) plus additional 2.2% in 2016/17. In summary, PH funding will be cut by 9.6 per cent between 2015/16 and 2020/21 in cash terms, this represents average real terms cut of 3.6 per cent per annum)  
Council savings targets of £400k (contribution to CSF)  
Re-specification and re-procurement of two large Public Health services, contracts to start during 2016/17 (integrated healthy lifestyles and weight management; substance misuse services); procurement process will include target setting with the successful bidder. New contract for Healthy Child 0-19 and CASH services to start 2016/17.  
New DPH starts in Feb 2016, and it has been agreed corporately that revision of the Public Health TOM is on hold until the new DPH is in post. It may therefore make sense to align the Service Plan with this process, particularly in light of the above.



#### 2017/18

Dependent on Government grant, exact figures to be confirmed (CSR in Nov 2015 announced: Ring Fence remains to 2017/18 Recurrent 6.2% savings (2015/16) plus 2.2% in 2016/17 plus additional 2.5% in 2017/18)  
The government announced in the Spending Review it will consult in 2016 on options to fully fund local authorities' public health spending from their retained business rate receipts  
Council savings targets of £600k (For contribution to C&H) - may be reviewed in light of significant national savings announced in Nov 2015 Spending review

#### 2018/19

Dependent on Government grant, exact figures to be confirmed (CSR in Nov 2015 announced: Ring Fence removed; from 2018/19 Recurrent 6.2% savings (2015/16) plus 2.2% in 2016/17 plus 2.5% in 2017/18 plus additional 2.6% in 2018/19)  
Recurrent council savings of £1 million (£400k CSF & £600k C&H) - may be reviewed in light of significant national savings announced in Nov 2015 Spending review

#### 2019/20

Dependent on Government grant, exact figures to be confirmed (CSR in Nov 2015 announced: Ring Fence removed from 2018/19; Recurrent 6.2% savings (2015/16) plus 2.2% in 2016/17 plus 2.5% in 2017/18 plus 2.6% in 2018/19 plus additional 2.6% in 2019/20). In summary, PH funding will be cut by 9.6 per cent between 2015/16 and 2020/21 in cash terms, this represents average real terms cut of 3.6 per cent per annum.  
Recurrent council savings of £1 million (£400k CSF & £600k C&H) - may be reviewed in light of significant national savings announced in Nov 2015 Spending review

**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Public Health**

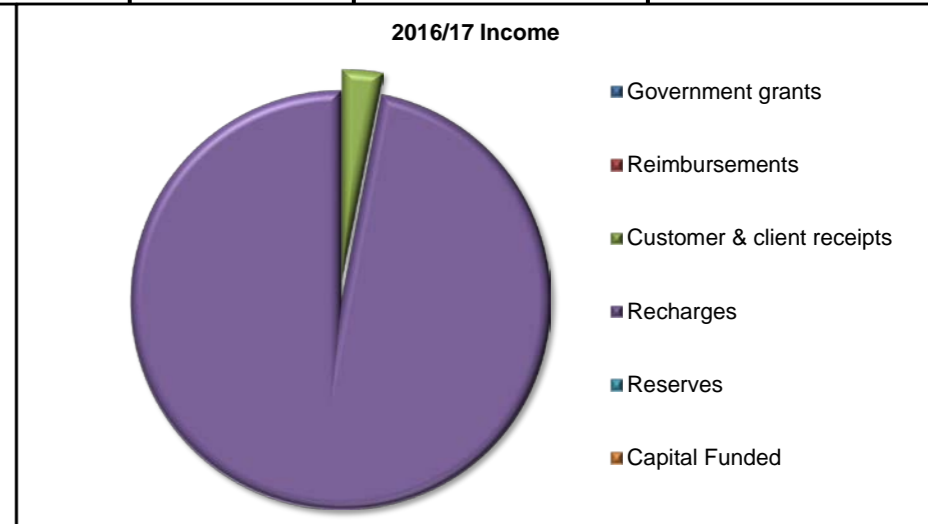
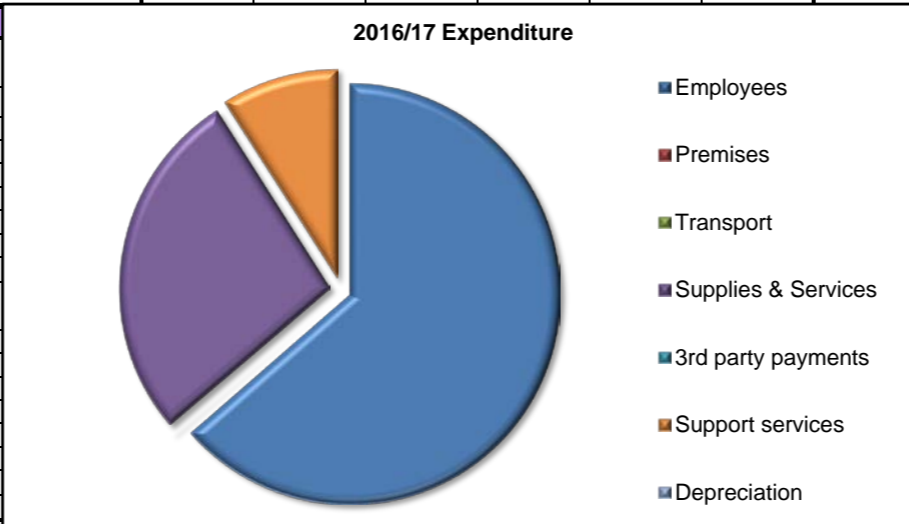
PROJECT DESCRIPTION		MAJOR PROJECTS BENEFITS			Risk				
					Likelihood	Impact	Score		
<b>Project 1</b>		Project Title:	<b>Integrated sexual health service</b>	Improved effectiveness					
Start date	2014-15	Project Details:	Commissioning an integrated tier 2 sexual health service which incorporates existing provision in Contraceptive and Sexual Health (CaSH) and extends this provision to tier 2 testing and treatment of sexually transmitted infections. This service would be commissioned on a Payment by Results or tariff basis and allowing for cross-charging of non-Merton residents.			3	3	9	
End date	2016-17								
<b>Project 2</b>		Project Title:	<b>Review of local HIV services</b>	Improved effectiveness					
Start date	2014-15	Project Details:	Analyse local need in relation to HIV, review existing services which are funded through pan-London and South London partnerships to ensure they are fit for purpose and meet local need, and increase HIV testing in the community. Re-commission HIV prevention and support services to more effectively meet the changing needs relating to HIV and late diagnosis.			3	3	9	
End date	2016-17								
<b>Project 3</b>		Project Title:	<b>NEW: Befriending Scheme pilot</b>	Improved effectiveness					
Start date	2014/15	Project Details:	The Merton Befriending Scheme Pilot started in January 2015 for 2 years, and provides a mixture of face-to-face and telephonic services, operating on a one-to-one basis with Merton residents over the age of 65 years in order to reduce social isolation and loneliness in the people who receive this service.			2	2	4	
End date	2016/17								
<b>Project 4</b>		Project Title:	<b>Integrated Health Improvement service (LiveWell) - procurement</b>	Improved effectiveness					
Start date	2015-2016	Project Details:	This evidence based service covers health improvement, stop smoking, tier 2 weight management for adults, tier 3 weight management for adults, tier 2 weight management for children and training for front line workers. It is currently being procured and will start mobilisation in early 2016.			2	1	2	
End date	2017-2018								
<b>Project 5</b>		Project Title:	<b>Prevention</b>	Improved effectiveness					
Start date	2014-15	Project Details:	Public Health work with a range of partners on the prevention agenda, ranging from the direct commissioning of programmes (e.g. LiveWell, Healthy Workplace Outreach) to the influencing of local policy to create an environment that supports healthy choices (e.g. alcohol licensing policy). Work from across the council e.g. the contract to manage the boroughs leisure centres, complements the public health led activity and has an important role to play in reducing the health inequalities between east and west Merton.			2	1	2	
End date	2017-18								
<b>Project 6</b>		Project Title:	<b>Development of Healthy Child 0-19 Services</b>	Improved effectiveness					
Start date	2015-16	Project Details:	Responsibility for Health Visiting Services transferred from NHS England to LB Merton in October 2015. The service has now been recommissioned and a new contract will commence on 1st April 2016. Work will be required to ensure the development and transformation of the service towards a Healthy Child 0-19 years service, linking health visiting and school nursing locality teams to provide seamless care pathways for children and young people.			3	3	9	
End date	2016-17								
<b>Project 7</b>		Project Title:	<b>NEW: Proactive GP pilot</b>	Improved effectiveness					
Start date	2015-16	Project Details:	The Proactive GP pilot was designed and launched in November 2015 in the more deprived areas of Merton. The pilot aims to embed prevention in primary care and to reduce variation in long-term conditions between GP practices. Initially the pilot focuses on smoking and COPD. If successful, other long-term conditions and lifestyle prevention initiatives will be added.			2	2	4	
End date	2016-17								
<b>Project 8</b>		Project Title:	<b>NEW: Development of the East Merton Model of Care</b>	Improved effectiveness					
Start date	2015/16	Project Details:	Public Health, Merton CCG and the East Merton GP locality group are working to develop a model of care for East Merton that addresses the specific health needs of residents of East Merton. Public Health is working with MCCG to examine the evidence, views and current provisions for health and social care and co-produce a model of care for East Merton, that informs the development of a health centre on the Wilson Hospital site.			2	2	4	
End date	2016/17								
<b>Project 9</b>		Project Title:	<b>Substance Misuse Prevention and Treatment - procurement</b>	Improved efficiency (savings)					
Start date	2015/16	Project Details:	The substance misuse service is being redesigned in partnership with Merton CCG to cover the entire pathway from prevention to treatment. The service will include a component of shared care that, over time, will provide a more cost effective and local service to residents. It is about to go out to procurement, with new service to be in place from 01 October 2016.			3	3	9	
End date	2016/2017								
<b>Project 10</b>		Project Title:	<b>Support to Merton Clinical Commissioning Group</b>	Improved effectiveness					
Start date	2015/16	Project Details:	Public Health is required to provide up to forty per cent of its staff capacity to support the work of the MCCG. Public Health staff participate in 5 of the 6 work streams that represent MCCG priorities, providing data analysis, needs assessment and evidence of best practice.			2	2	4	
End date	2017/18								



# Corporate Services

Business Improvement Cllr Mark Allison Cabinet Member for Finance Enter a brief description of your main activities and objectives below	Planning Assumptions							The Corporate strategies your service contributes to			
	Anticipated demand	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20				
<p>- Operate as a Centre of Excellence for Project and Programme Management (PPM), raising the capacity of the organisation to consistently plan and deliver projects/programmes successfully.</p> <p>- Support DMTs to embed a culture of continuous business improvement within the organisation through the provision of tools, techniques, advice and support – including but not limited to lean.</p> <p>- Manage and deliver adhoc Projects and Programmes of work at the direction of CMT and Merton Improvement Board.</p> <p>- Through the Programme Management Office (PMO), ensure that the corporate improvement portfolio is directed and monitored through DMTs, MIB and CMT so that resources, dependencies, risks and issues are managed effectively and benefits – aligned to organisational objectives (especially LBC 2020) are realised.</p> <p>- Ensure change is effectively managed across the organisation and strong change management principles and methodologies are embedded within improvement projects and programmes.</p> <p>- Work with businesses and I&amp;T to establish – under the direction of CMT – the strategy for IT, an associated implementation plan and manage its delivery.</p> <p>- Lead and coordinate the Technical Design Authority (TDA), ensuring the organisation takes a coordinated and planned approach to systems implementation that complies with and drives agreed corporate strategy, standards and supportability.</p> <p>- Proactively advise businesses of opportunities to exploit emerging technologies and to leverage existing systems investments for improved business efficiency and service.</p> <p>- Provide support to the business for operational and maintenance related tasks for applications including upgrades, housekeeping, periodic scheduled tasks and batch processing, thus sustaining business continuity: availability, performance, and capability of the systems.</p>	Core service request (days)	4493	4023	3555	3355	3355	3355	Customer Services Strategy			
	Non Core service requests (days)	1800	1620	1450	1450	1350	1350	ICT Policy			
	Support for continuous/business improvement (days)	880	880	880	880	880	880	Capital Programme			
	Project/Programmes	11 FTE	21 FTE	19 FTE	0 FTE	0 FTE	0 FTE	Children & Young person's Plan Information Governance Policy			
	Anticipated non financial resources	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20				
	Staff - Management & Programme Office (FTE)	4	6.46	6	3.5	2.5	2.5				
	Staff - Business Systems Team (FTE)	26	25	23	21	21	21				
	Staff - Programmes and projects (fixed term)	11	21	19	0	0	0				
	Performance indicator	Performance Targets (T) & Provisional Performance Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
		2014/15(T)	2015/16(T)	2016/17(P)	2017/18(P)	2018/19(P)	2019/20(P)				
Systems availability	95%	97%	98%	99%	99%	99%	High	Monthly	Business critical	Reduced service delivery	

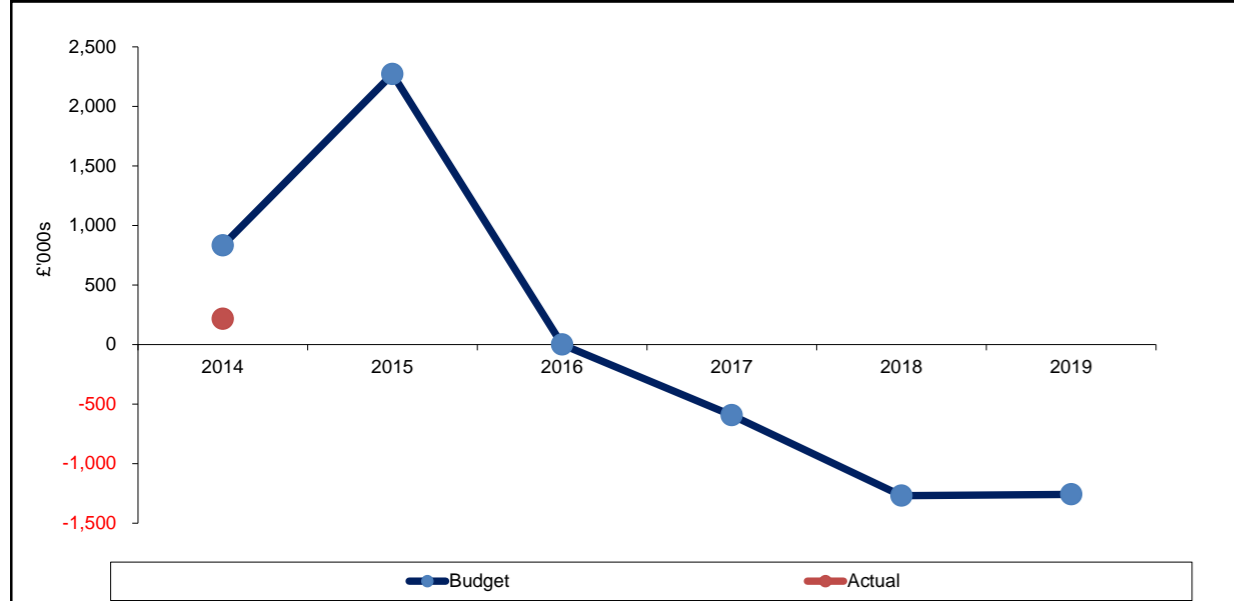
DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>3,554</b>	<b>3,649</b>	<b>5,196</b>	<b>3,713</b>	<b>3,119</b>	<b>2,444</b>	<b>2,455</b>
Employees	2,368	2,380	3,576	2,363	1,759	1,076	1,076
Premises				0			
Transport	3	1	3	3	3	4	4
Supplies & Services	860	791	1,230	1,011	1,022	1,029	1,040
3rd party payments				0			
Support services	323	476	386	335	335	335	335
Depreciation							
<b>Revenue £'000s</b>	<b>Final Budget 2014/15</b>	<b>Actual 2014/15</b>	<b>Budget 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>
<b>Income</b>	<b>2,722</b>	<b>3,433</b>	<b>2,924</b>	<b>3,713</b>	<b>3,713</b>	<b>3,713</b>	<b>3,713</b>
Government grants		8					
Reimbursements		12					
Customer & client receipts	84	133	84	114	114	114	114
Recharges	2,638	3,280	2,840	3,599	3,599	3,599	3,599
Reserves							
Capital Funded							
<b>Council Funded Net Budget</b>	<b>832</b>	<b>215</b>	<b>2,272</b>	<b>(0)</b>	<b>(594)</b>	<b>(1,269)</b>	<b>(1,258)</b>



Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Document management system			342	398			
Plan Web/Capita Housing			42		100	42	
Customer contact programme			215	570			
Data Labelling		124	36	134			
Replace Social Care System		226	220	525			
Electronic Asset Management				50			190
Public Protection&Mapinfo Sys				550	75		
Revenues & Benefits						400	
	<b>0</b>	<b>350</b>	<b>855</b>	<b>2,227</b>	<b>175</b>	<b>442</b>	<b>190</b>

**Summary of major budget etc. changes 2016/17**

Reorganisation of systems development and support arrangements CS63 £88k.  
 CSD37 PO Restructure 64k  
 CSD38 Reduction in hardware/software costs 5k  
 CSD39 Phase 2 of Business Systems team restructure 50k  
 CSD40 Additional income from Gazetteer 30k  
 CSD41 Consolidation of systems support 20k



**2017/18**

Reorganisation of systems development and support arrangements CS63 £74k.  
 CSD42 Restructure functions, delete 1 AD and other elements of management 170k  
 CS2015-08 Staffing support savings 13k

**2018/19**

**2019/20**

CS2015-01 Rationalisation of IT systems, removal of support for some systems 3k  
 CS2015-02 Expiration of salary protection 16k

**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

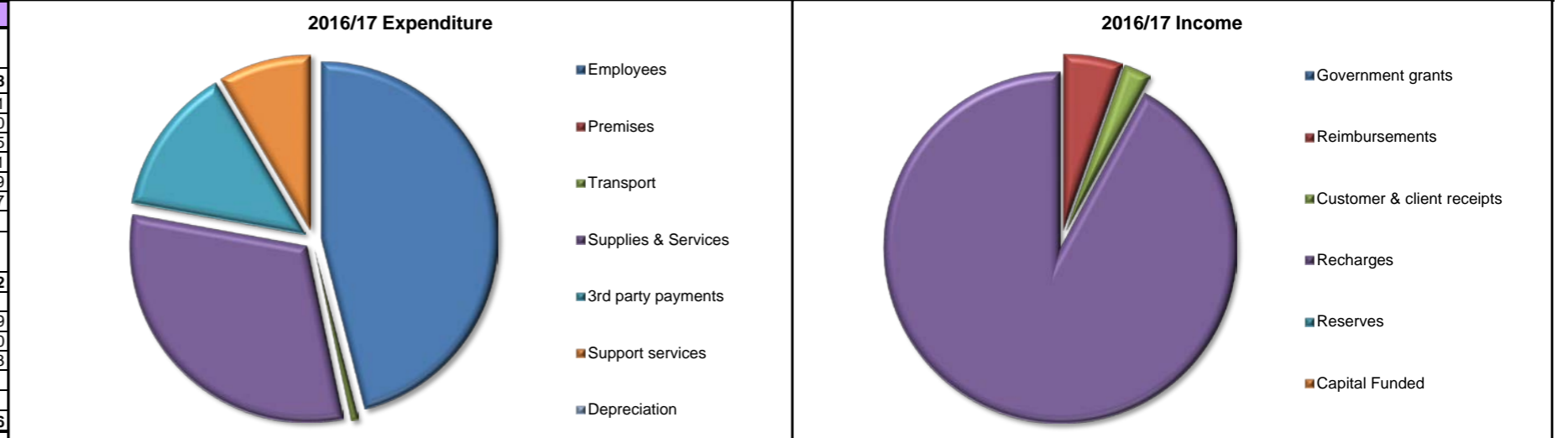
**Business Improvement**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT			Risk				
					Likelihood	Impact	Score		
<b>Project 1</b>		Project Title:	<b>Customer Contact programme</b>	Improved customer experience					
Start date	01/04/2013	Project Details:	Lead and deliver CC programme; to deliver improvements (technology and service redesign) set out in CC Strategy.	The programme is part of the move to a 21st Century organisation, with technology that supports a more comprehensive and cohesive service to customers and recognises the new, modern ways in which they wish to access services. Through channel shift and a reduction in avoidable contact/failure demand we expect the programme to support and enable the achievement of savings and efficiencies within individual services.	2	2	4		
End date	31/09/2016								
<b>Project 2</b>		Project Title:	<b>Electronic document and records management system</b>	Improved efficiency (savings)					
Start date	01/04/2013	Project Details:	Procure and implement a replacement EDRMS to support and enable flexible/remote working and Customer Contact.	EDRMS will enable flexible and remote working, more efficient and cost effective storage and retrieval of documentation.	3	2	6		
End date	31/07/2016								
<b>Project 3</b>		Project Title:	<b>Social Care Information System</b>	Improved efficiency (savings)					
Start date	01/06/2014	Project Details:	Procure and implement a Social Care Information system to support adults social and children and families integrated care.	A fit for purpose system that supports efficient business practices and care management now and into the future	1	3	3		
End date	31/06/2016								
<b>Project 4</b>		Project Title:	<b>Data Labelling System</b>	Risk reduction and compliance					
Start date	01/06/2014	Project Details:	Introduce technology to automatically and retrospectively assess and protectively mark (for security) all Council data and to provide the facility to protectively mark all documents and emails for security going forward.	Ensures compliance with legislative requirements on categorisation and storage of data and information.	2	1	2		
End date	31/06/2016								
<b>Project 5</b>		Project Title:	<b>SCIS Phase 2</b>	Improved efficiency (savings)					
Start date	01/04/2016	Project Details:	Expand the new SCIS solution into other business areas and develop integration with EDRMS and Customer Contact solutions.	A fit for purpose system that supports efficient business practices and care management now and into the future	1	2	2		
End date	31/12/2016								
<b>Project 6</b>		Project Title:	<b>EAMS</b>	Improved efficiency (savings)					
Start date	01/01/2015	Project Details:	Reprocure and implement the council's Asset Management solution and ensure end-to-end channel shift is achieved.	A fit for purpose system that supports channel shift and end-to-end process improvement	1	2	2		
End date	31/12/2016								
<b>Project 7</b>		Project Title:	<b>MADI</b>	Improved effectiveness					
Start date	01/07/2015	Project Details:	Cleansing and geocoding the council's geospatial data and establishing arrangements for the ongoing maintenance of data.	Customers can access and interact with geospatial data to achieve online reporting.	1	2	2		
End date	31/09/16								

Corporate Governance Cllr Mark Allison Cabinet Member for Finance	Planning Assumptions							The Corporate strategies your service contributes to	
	Anticipated demand	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20		
<p>Enter a brief description of your main activities and objectives below</p> <p>Corporate Governance is made up of 7 core services: Information Governance - manages complaints, MP &amp; Member enquiries, Freedom of Information requests, ensuring organisational compliance with Data Protection Act and the Transparency agenda, including maintaining the Publication Scheme. Also provides the Local Land Charges function.</p> <p>Democracy Services - maintains independent scrutiny function, support to Councillors and Mayor &amp; ensures council has robust decision making arrangements.</p> <p>Electoral Services - maintains registers of electors whilst managing the move to individual electoral registration, administers elections &amp; referendums and undertakes boundary &amp; electoral reviews.</p> <p>There is also the shared Legal service with the London Borough of Richmond, which has its own Service Plan.</p> <p>Corporate Governance attends the shared Audit Investigations service hosted by Richmond and Wandsworth</p> <p>Internal Audit and Investigations- are an outsourced service. Investigations covered under SWLFP and Internal Audit by SWLAP (covering Merton, Kingston and Richmond- &amp; Sutton from 1st April 2016) They provide independent, objective appraisal of risk management, governance &amp; internal control processes and fraud risks including planned &amp; unplanned audits. Investigates allegations of poor control and conflicts of interest. Co-ordinates the Annual Governance Statement. Reviews and updates anti fraud policies. Reports poor practice/weak controls to members.</p>	Residents	208,822	211,569	214,229	216,806			Corp Equality Scheme	
	Officers	4081	↓	↓	↓			Customer Services Strategy	
	Councillors	60	60	60	60			Risk Management Strategy	
	<b>Anticipated non financial resources</b>								Information Governance Policy
	Staff (FTE)	47	39.05	30.7 (excl. Invest&audit)	29.7	29.7	29.7		Corp Procurement Strategy
	Staff - Election	900	800	800	800				Performance Management Framework
	Staff - Canvas	150	150	150	150				Select Strategy delivery
									Central Government

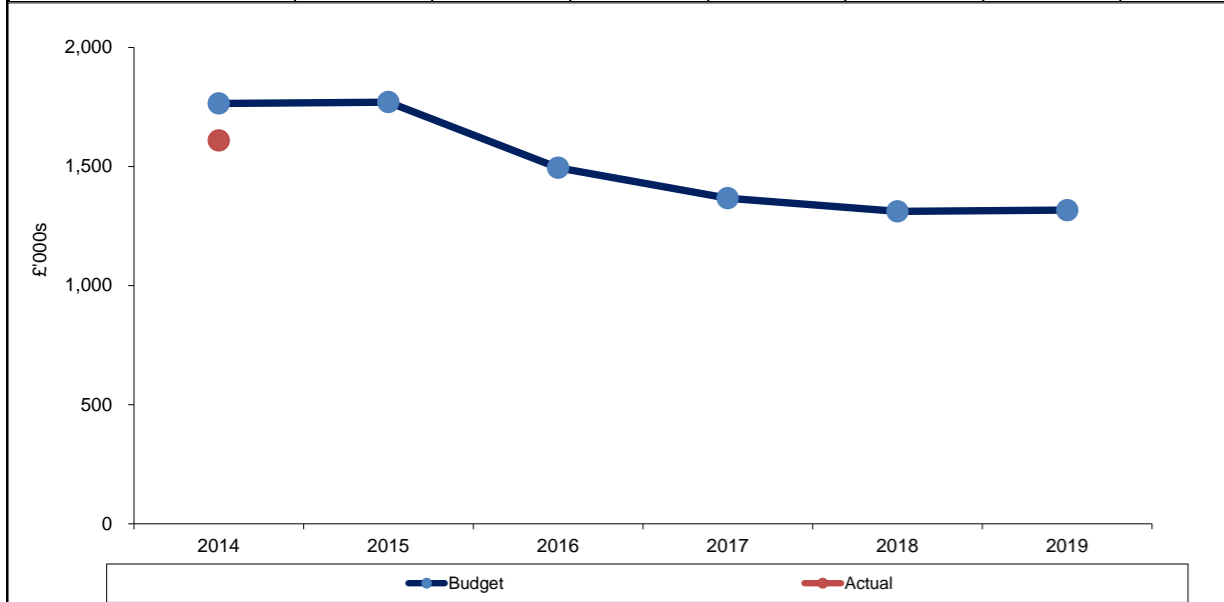
Performance indicator	Performance Targets (T) & Provisional Performance Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
	2014/15(T)	2015/16(T)	2016/17(P)	2017/18(P)	2018/19(P)	2019/20(P)				
Audit actions implemented by agreed date	90%	90%	90%	90%			High	Quarterly	Business critical	Increased fraud
Audits completed against plan	90%	90%	90%	90%			High	Quarterly	Business critical	Increased fraud
Complaints - dealt with in time	90%	90%	90%	90%			High	Monthly	Perception	Reduced customer service
Complaints progressed to stage 2	9%	9%	9%	9%			High	Quarterly	Perception	Reduced customer service
FOI requests - dealt with in time	90%	90%	90%	90%			High	Monthly	Perception	Reduced customer service
Number of supplementary agendas issued	26	24	22	20			High	Monthly	Perception	Government intervention
Ombudsman complaints answered in time	90%	90%	90%	90%			Low	Quarterly	Quality	Rework
Ombudsman complaints partially or fully upheld	N/A	N/A	40%	TBC			Low	Monthly	Perception	Government intervention
% of FOI refusal notices not upheld at review	N/A	N/A	4%	TBC			Low	Monthly	Perception	Government intervention

DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>4,303</b>	<b>4,027</b>	<b>3,789</b>	<b>3,616</b>	<b>3,488</b>	<b>3,433</b>	<b>3,438</b>
Employees	2,302	2,376	2,289	1,664	1,551	1,491	1,491
Premises	14	11	1	0	0	0	0
Transport	26	30	23	24	25	25	25
Supplies & Services	1,259	1,158	1,123	1,127	1,112	1,116	1,121
3rd party payments				493	493	493	493.19
Support services	703	452	352	307	307	307	307
Depreciation							
<b>Revenue £'000s</b>	<b>Final Budget 2014/15</b>	<b>Actual 2014/15</b>	<b>Budget 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>
<b>Income</b>	<b>2,539</b>	<b>2,418</b>	<b>2,019</b>	<b>2,121</b>	<b>2,122</b>	<b>2,122</b>	<b>2,122</b>
Government grants	202	181					
Reimbursements	59	105	99	114	99	99	99
Customer & client receipts	213	289	54	54	70	70	70
Recharges	2,065	1,843	1,866	1,953	1,953	1,953	1,953
Reserves							
Capital funded							
<b>Council Funded Net Budget</b>	<b>1,764</b>	<b>1,609</b>	<b>1,770</b>	<b>1,495</b>	<b>1,366</b>	<b>1,311</b>	<b>1,316</b>



Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
	0	0	0	0	0	0	0

Summary of major budget etc. changes	
Year	Changes
2016/17	CSD44 Stop web casting meetings, remove scrutiny support fund and other supplies 35k CSD45 Share audit and investigation service 60k
2017/18	CSD43 Share FOI and information governance policy £40k CSD45 Share audit and investigation service 20k CS2015-13 Shared Investigation Service 40k CS2015-14 Shared audit service 33k
2018/19	CSD43 Share FOI and Information Governance policy 10k CS2015-06 Delete auditor post and fees 50k
2019/20	





**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Corporate Governance**

PROJECT DESCRIPTION		MAJOR PROJECTS BENEFITS	Risk			
			Likelihood	Impact	Score	
<b>Project 1</b>		Project Title: <b>2013/17 Implement individual electoral registration</b>  Project Details: Introduce new system of Individual Electoral Registration by implementing new processes to register residents, whilst undertaking data matching and public awareness strategies to seek to maximise the accuracy and completeness of the register of electors.	Risk reduction and compliance			9
Start date	01/04/2013		3	3		
End date	31/12/2016					
<b>Project 2</b>		Project Title: <b>2013/17 Administer statutory elections, referendums and ballots.</b>  Project Details: Administer GLA elections in 2016, and European Referendum before the end of 2017, plus Wimbledon BID ballot in 2016, together with any other referendums and ballots that may be required.	Risk reduction and compliance			9
Start date	01/04/2013		3	3		
End date	31/03/2017					
<b>Project 3</b>		Project Title: <b>Committee report workflow</b>  Project Details: To improve workflow through implementation of features within new software system. Will enable report authors to submit electronically, receive deadline reminders and get legal and finance comments as well as sign off by Directors and Cabinet Members. 2015/16 rolled out to Cabinet and Council. 2016/17 rollout to other committees.	Improved effectiveness			2
Start date	01/06/2014		2	1		
End date	01/10/2017					
<b>Project 4</b>		Project Title: <b>Scrutiny Improvement Programme</b>  Project Details: To continue to improve effectiveness and impact of the scrutiny function and to engage new councillors in scrutiny activities. Programme comprises objectives and actions agreed by the Overview and Scrutiny Commission each year when it receives the Annual Member Survey.	Improved customer experience			2
Start date	01/04/2014		2	1		
End date	31/03/2018					
<b>Project 5</b>		Project Title: <b>LLC service delivery</b>  Project Details: Review of LLC service delivery; dependent on national directive	Improved customer experience			3
Start date	01/04/2014		3	1		
End date	31/03/2017					



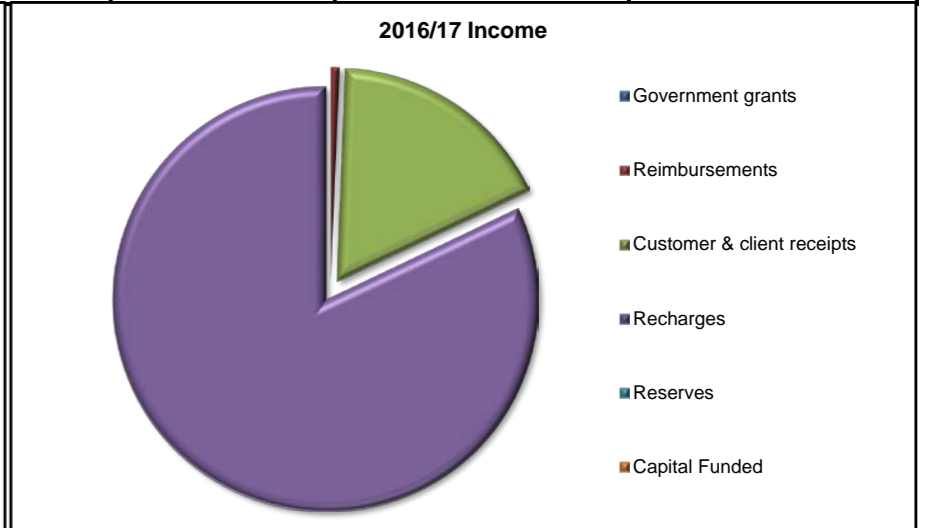
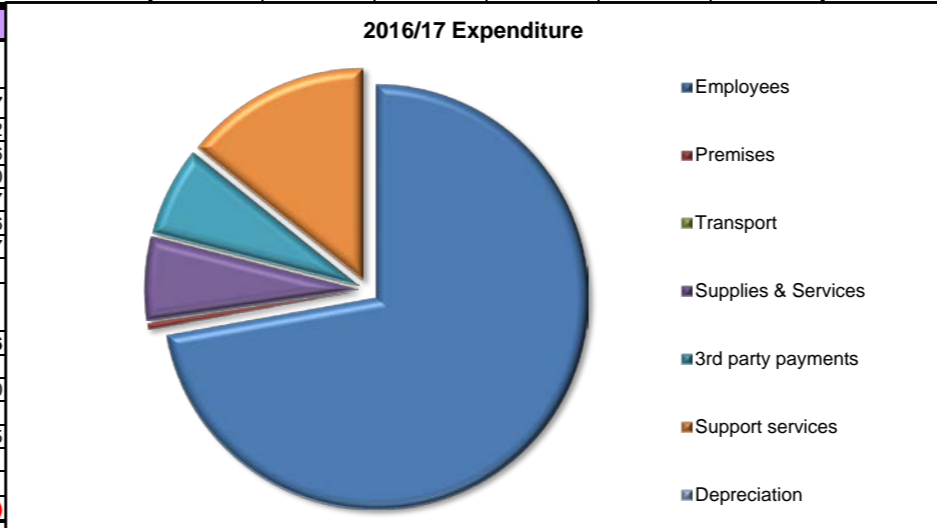
**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Customer Services**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT	Risk		
			Likelihood	Impact	Score
<b>Project 1</b>		Project Title: <b>Universal Credit Implementation</b>  Project Details: Implement the role out of UC in Merton and provide a support framework to assist claimants claim UC and receive budgeting advice	Economic outcomes		
Start date	01/01/2016		2	1	2
End date	31/03/2019				
<b>Project 2</b>		Project Title: <b>Implement an Outside Wedding Venue</b>  Project Details: Seek planning permission and implement outside wedding venue at Morden Park House.	Improved efficiency (savings)		
Start date	01/04/2013		1	1	1
End date	31/03/2017				
<b>Project 3</b>		Project Title: <b>Council Tax support scheme</b>  Project Details: During 16/17 options for a revised scheme will be reviewed for Council decision and possible implementation for 17/18	Economic outcomes		
Start date	01/04/2016		2	1	2
End date	31/03/2017				
<b>Project 4</b>		Project Title: <b>Review Debt Collection Processes</b>  Project Details: With the implementation of the new Financial management computer systems a review of the existing debt collection processes will be undertaken as part of the system implementation.	Improved effectiveness		
Start date	01/04/2015		2	1	2
End date	31/03/2017				
<b>Project 5</b>		Project Title: <b>Redesign of Merton Link</b>  Project Details: Implement the re-design of Merton Link area to improve the customer experience and increase self service	Improved customer experience		
Start date	01/10/2015		2	1	2
End date	31/03/2017				

Human Resources Cllr Mark Allison Cabinet Member for Finance Enter a brief description of your main activities and objectives below	Planning Assumptions						The Corporate strategies your service contributes to				
	Anticipated demand	2014/15	2015/16	2016/17	2017/18	2018/19		2019/20			
1) Support effective people management across the organisation through development of a workforce strategy/TOM people layer 2) Implement and maintain efficient HR transactions for recruitment, induction, employee data, payroll, performance management, appraisal, learning and development 3) Provide HR business partner support across the Council 4) Produce HR metrics, analyse people-related problems and take appropriate actions 5) Produce HR strategies, policy frameworks and systems to support effective people management 6) Support and develop capacity building in Members	Employees in Merton for HR, payroll, advice, L&D, EAP etc.	4,400	4,400	4,400	4,200	4,000	Workforce Development Plan				
	New recruits to be appointed	160	160	160	150	140		Economic Development Strategy			
	New Apprentices to be appointed			33	33	33					
	Anticipated non financial resources	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20				
	Staff (FTE)			43.5	TBC	TBC					
	Performance indicator	Performance Targets (T) & Provisional Performance Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
		2014/15(T)	2015/16(T)	2016/17(P)	2017/18(P)	2018/19(P)	2019/20(P)				
	Time to hire	90	90	90	88	86		Low	Monthly	Outcome	Increased costs
Average number of working days lost to sickness, excluding schools	8	8	8	7	7		Low	Monthly	Outcome	Increased costs	
% Appraisals completed	98%	98%	98%	98%	98%		High	Annual	Outcome	Poor decision making	
% Members L&D satisfaction	82%	83%	83%	83%	83%		High	Quarterly	Outcome	Poor decision making	

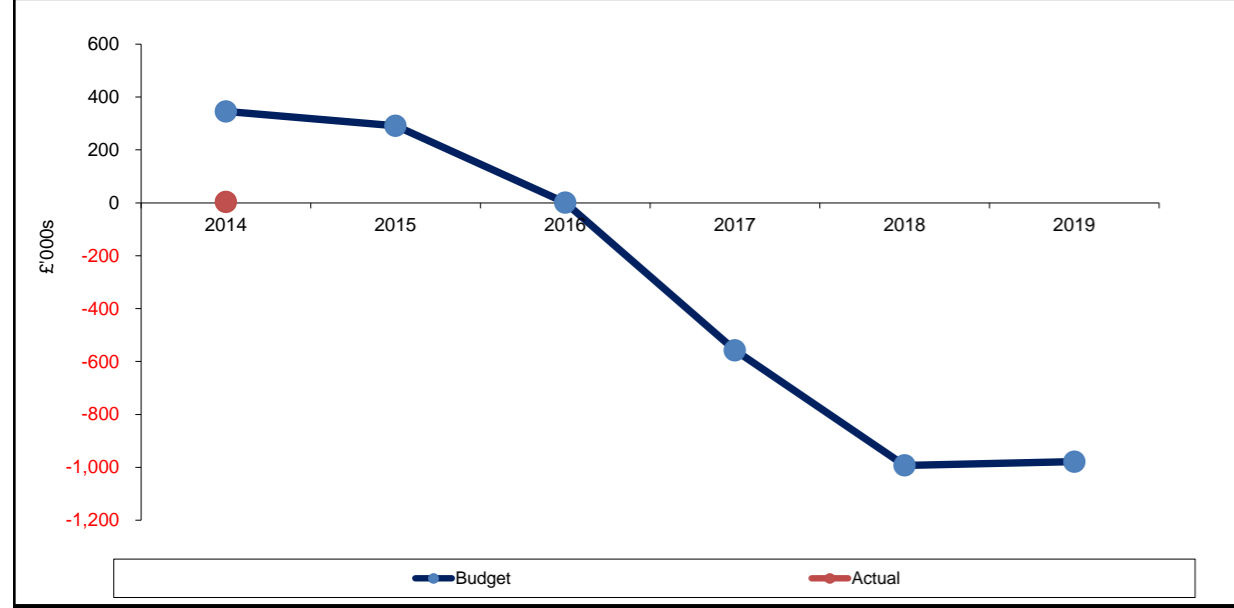
DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>3,473</b>	<b>3,472</b>	<b>3,442</b>	<b>3,284</b>	<b>2,878</b>	<b>2,444</b>	<b>2,457</b>
Employees	2,455	2,431	2,463	2,372	1,958	1,516	1,522
Premises	15	21	15	15	15	16	16
Transport	5	4	5	0	0	0	0
Supplies & Services	294	292	216	208	211	214	217
3rd party payments	259	347	263	224	228	232	236
Support services	447	377	480	467	467	467	467
Depreciation							
<b>Revenue £'000s</b>	<b>Final Budget 2014/15</b>	<b>Actual 2014/15</b>	<b>Budget 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>
<b>Income</b>	<b>3,128</b>	<b>3,469</b>	<b>3,151</b>	<b>3,284</b>	<b>3,436</b>	<b>3,436</b>	<b>3,436</b>
Government grants							
Reimbursements		70	20	20	20	20	20
Customer & client receipts	569	560	569	569	721	721	721
Recharges	2,559	2,839	2,562	2,695	2,695	2,695	2,695
Reserves							
Capital Funded							
<b>Council Funded Net Budget</b>	<b>345</b>	<b>3</b>	<b>291</b>	<b>0</b>	<b>(558)</b>	<b>(992)</b>	<b>(979)</b>



Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
	0	0	0	0	0	0	0

**Summary of major budget etc. changes 2016/17**

CS49 Introduction of new application tracking system 10k  
 CS50 Occupational Health & Employee Assistance programme 40k  
 CS74 Review of L&D spend 69k  
 CSD32 Review of HR business support 5k,  
 CSD35 L&D Budget 18k  
 HR staffing savings deferred to 2018/19 due to HR redesign programme.



**2017/18**

CS75 Review of COT staffing 58k  
 CSD30 Schools COT support (delivery of schools buy-back service) £152k  
 CSD34 L&D Admin Support 18k  
 CSD35 L&D Budget 134k

**2018/19**

CS48 Further rationalisation of HR services 130k  
 CS51 HR Transactions including COT 90k  
 CS49 HR Business Partners - Further consolidation of HR advisory work 140k  
 CSD17 COT Review 38k  
 CSD29 Recruitment and DBS review 50k

**2019/20**

**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Human Resources**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT	Risk		
			Likelihood	Impact	Score
<b>Project 1</b>		Improved staff skills and development	3	3	9
Start date	01/04/2014				
End date	31/03/2017	Improved staff skills and development	3	4	12
Start date	01/04/2015				
End date	31/03/2017	Improved effectiveness	3	3	9
Start date	01/04/2015				
End date	31/09/2016				



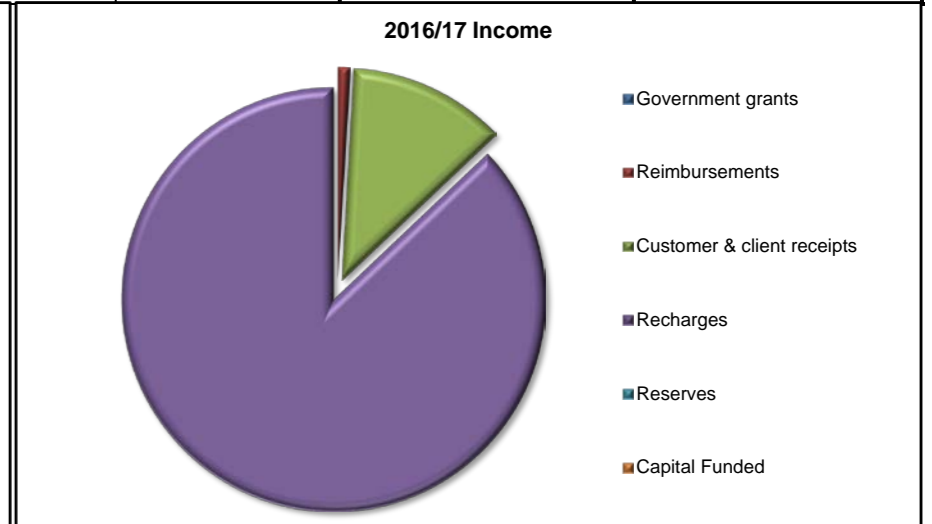
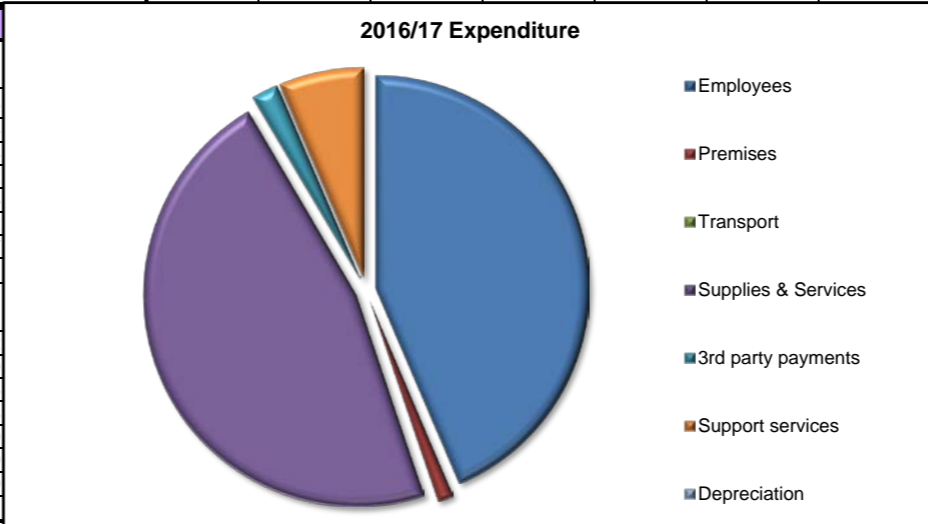
**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Infrastructure and Transactions**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT		Risk		
				Likelihood	Impact	Score
<b>Project 1</b>		Project Title:	<b>Implementation of IT Strategy &amp; Plan</b>	Improved efficiency (savings)		6
Start date	01/11/2014	Project Details:	Implementation of corporate IT Strategy & Plan which has been developed on the basis of information derived from departmental Target Operating Models.	3	2	
End date	31/03/2017					
<b>Project 2</b>		Project Title:	<b>Digital Archiving of existing paper records</b>	Improved efficiency (savings)		2
Start date	01/06/2014	Project Details:	Scanning of paper records into a digital format which will be prioritised in order to support the roll out of the Flexible Working Programme. This project also links directly to the Customer Contact programme which includes the implementation of a new Electronic Documents and Records Management System (EDRMS).	1	2	
End date	31/03/2018					
<b>Project 3</b>		Project Title:	<b>Upgrading of IT Disaster Recovery Arrangements</b>	Risk reduction and compliance		6
Start date	01/12/2013	Project Details:	Replacement of Storage Area Network (SAN) equipment and associated hardware to provide improved disaster recovery arrangements for the Councils main IT systems and minimise any potential loss of service in the event of a major incident or IT equipment failure.	2	3	
End date	30/09/2016					
<b>Project 4</b>		Project Title:	<b>Flexible Working Programme</b>	Improved efficiency (savings)		4
Start date	01/04/2012	Project Details:	The Flexible Working Programme is the innovative use of modern IT technology, infrastructure and office accommodation to enable the council to deliver services in the most efficient and cost effective manner possible.	2	2	
End date	30/06/2016					
<b>Project 5</b>		Project Title:	<b>Refurbishment of 4 main passenger lifts at Civic Centre</b>	Risk reduction and compliance		2
Start date	01/01/2014	Project Details:	Project to refurbish the 4 main passenger lifts at the Civic centre which were installed in 1960 and that are now 'Life Expired' in terms of maintenance and obtaining spare parts in the event of a breakdown or mechanical failure. The project is essential to ensure that the premises are safe and compliant with statutory requirements.	1	2	
End date	30/06/2016					
<b>Project 6</b>		Project Title:	<b>Energy "Invest to Save" Initiatives</b>	Improved efficiency (savings)		1
Start date	01/04/2007	Project Details:	Completion of a range of projects across the councils entire portfolio of properties which will reduce energy consumption and associated CO2 emissions and that are designed to have a maximum financial pay back of between 7 and 10 years.	1	1	
End date	01/04/2018					
<b>Project 7</b>		Project Title:	<b>Process review of Accounts Payable and Receivable functions</b>	Improved efficiency (savings)		2
Start date	01/04/2015	Project Details:	Review the Councils current processes and procedures for managing the AR and AP functions in order to maximise any potential efficiency gains and cost reductions that are available through the development and use of E-Billing and electronic invoicing.	1	2	
End date	31/03/2017					
<b>Project 8</b>		Project Title:	<b>Continuation of work on the Locations Layer of the Corporate TOM</b>	Risk reduction and compliance		4
Start date	01/10/2015	Project Details:	Works to develop an online corporate asset register covering all of the property related assets owned and operated by the council which will be an essential element of a larger piece of work relating to the longer term strategic management of property and assets across the authority.	2	2	
End date	31/03/2017					
<b>Project 9</b>		Project Title:	<b>Online Safety Inspection system</b>	Risk reduction and compliance		4
Start date	01/04/2016	Project Details:	Development of an 'Online' data capture system for recording and uploading information from safety inspections directly into a back office system to reduce the double handling of data.	2	2	
End date	31/03/2017					

Resources	Planning Assumptions						The Corporate strategies your service contributes to			
	Anticipated demand	2014/15	2015/16	2016/17	2017/18	2018/19		2019/20		
<b>Cllr Mark Allison Cabinet Member for Finance</b>	Revenue/Capital Budget Managers	147/23	147/23	147/23	147/23	147/23	147/23	Asset Management Plan		
<b>Enter a brief description of your main activities and objectives below</b> Resources is made up of five major areas of activity: <b>Accountancy</b> - manage financial health of the council through advice & support to officers and Members, production of council's financial accounts, revenue & budget setting, profiling and reporting & monitoring. Over the next four years we will transform by improving use of technology /reviewing processes /how information is stored in our financial systems. <b>Business planning</b> - manage Financial Strategy & Capital Strategy/Monitoring, Financial Systems Liaison & Development, Business & Service Planning, Performance Management (PM) & Risk Management, developing key business metrics to help services transform & facilitate multi-year planning, target resources, manage risk & integrate financial, business & performance information. Over the next four years we will improve robustness of our systems & projections, challenge services to improve their performance management to facilitate transformation, data quality and risk management <b>Commercial &amp; procurement</b> - The purpose of the Commercial Services and Procurement team is to be a strategic centre of excellence for procurement and contract management, guidance, training and advice including ownership of the Council's Procurement Strategy, involvement in key tender processes, identification of savings opportunities and commercial benefits, compliance with EU and UK procurement legislation, benchmarking and best practice and ownership of the contracts register. <b>Policy and strategy</b> - coordinate corporate strategy & policy; ensure effective & high-quality policy development across the council; promote a positive relationship with the voluntary and community sector; ensure the council meets its responsibilities under equalities & community cohesion policy; lead on effective partnership working by managing the local strategic partnership, including leading on the Stronger Communities agenda and delivery of the Sustainable Community Strategy; and provide a secretariat function for CMT and LSG. <b>Treasury and pensions</b> - to manage the Council's treasury (including the day to day cashflow, banking and cash), pension and insurance funds and oversee the contract for pensions administration.	Voluntary Sector Organisations Supported	150+	150+	150+	150+	150+	150+	Capital Programme		
	Budget, Service, Performance & Risk <b>Setting</b>	8 Reports	8 Reports	8 Reports	8 Reports	8 Reports	8 Reports	8 Reports	Central Government	
	Budget, Service, Performance & Risk <b>Monitoring</b>	8 Reports	8 Reports	8 Reports	8 Reports	8 Reports	8 Reports	8 Reports	Corp Equality Scheme	
	Budget, Service, Performance & Risk <b>Closing</b>	2 Reports	2 Reports	2 Reports	2 Reports	2 Reports	2 Reports	2 Reports	Corp Procurement Strategy	
	<b>Anticipated non financial resources</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>		Medium Term Financial Strategy	
	Staff (FTE)	64.2	63.3	54.6	51.6	45.6	57.2		Risk Management Strategy	
	Staff (Trainees)	4	4	4	4	3	4		Treasury Management Strategy	
	Staff (Apprentices)	2	2	0	0	0	0		Voluntary Sector Strategy	
<b>Performance indicator</b>	<b>Performance Targets (T) &amp; Provisional Performance Targets (P)</b>					<b>Polarity</b>	<b>Reporting cycle</b>	<b>Indicator type</b>	<b>Main impact if indicator not met</b>	
	2014/15(T)	2015/16(T)	2016/17(P)	2017/18(P)	2018/19(P)					2019/20(P)
Accuracy of P8 Revenue Forecast (compared to outturn)	90%	90%	90%	90%			High	Annual	Outcome	Poor decision making
Accuracy of P8 Capital Forecast	90%	90%	90%	90%			High	Annual	Outcome	Poor decision making
Number of Adjustments to Draft Accounts	0	0	0	0			Low	Annual	Business critical	Government intervention
% of contracts over threshold overseen by Procurement Board	80%	80%	80%	80%			High	Quarterly	Quality	Poor decision making
Action plans in place for 'red' risks	90%	90%	90%	90%			High	Quarterly	Outcome	Poor decision making

DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>8,744</b>	<b>8,916</b>	<b>9,068</b>	<b>8,361</b>	<b>8,052</b>	<b>7,775</b>	<b>7,833</b>
Employees	3,821	4,191	4,071	3,645	3,390	3,074	3,074
Premises	102	102	100	100	101	103	104
Transport	4	7	4	2	2	2	2
Supplies & Services	4,032	4,243	4,110	3,906	3,850	3,887	3,943
3rd party payments	178	143	180	171	171	172	172
Support services	608	230	602	537	537	537	537
Depreciation			0	0	0		
<b>Revenue £'000s</b>	<b>Final Budget 2014/15</b>	<b>Actual 2014/15</b>	<b>Budget 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>
<b>Income</b>	<b>6,021</b>	<b>6,448</b>	<b>6,843</b>	<b>6,030</b>	<b>6,046</b>	<b>6,062</b>	<b>6,062</b>
Government grants		9		0	0	0	0
Reimbursements	40	82	54	54	70	86	86
Customer & client receipts	753	1,141	753	726	726	726	726
Recharges	5,227	5,217	6,036	5,250	5,250	5,250	5,250
Reserves	0	0	0	0	0	0	0
Capital Funded	0	0	0	0	0	0	0
<b>Council Funded Net Budget</b>	<b>2,724</b>	<b>2,468</b>	<b>2,225</b>	<b>2,331</b>	<b>2,006</b>	<b>1,713</b>	<b>1,771</b>



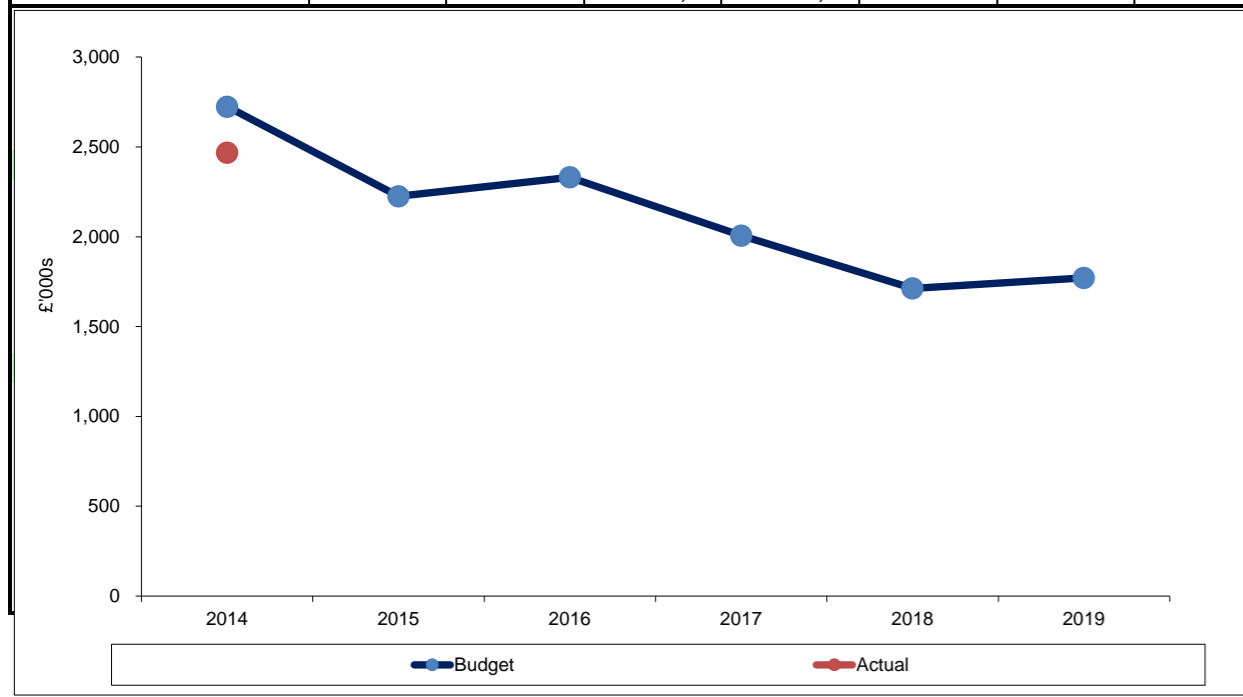
Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Financial System re-engineering			454	108			
Civica Icon			18	107			
Acquisitions Budget			1,497	500			
Transformation Budgets			8	0			
Capital Bidding Fund			1,357	482			
	<b>0</b>	<b>0</b>	<b>3,334</b>	<b>1,197</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Summary of major budget etc changes 2016/17**

**MTFS/Business Planning:** Throughout the financial year officers within the team will be compiling the Business Plan for 2017-21, this will include provision of a timetable for compilation and horizon scanning and evaluating the impact of any legislative changes. The modelling assumptions will be reviewed and detailed scenario planning undertaken.

**Financial System:** The new financial system and the adoption of new streamlined processes will facilitate the further savings below.

**Savings:** Savings of 25k will be delivered by reduction of one posts (CS46) (£78k of the savings have been deferred), and non salary budgets savings 98k through improved processes, consolidation of budgets and review of recharges (CS64, 65 and 67). Further savings of 16k will come through increased income (CSD20), 42k from the rephasing of existing savings (CSD21) and 130k from reductions in running costs and consultancy budgets (CSD23 and 24). An increased charge to the Pension Fund £20k (CSD25) and the deletion of one post in Policy (CSD47) will bring a further 50k of savings.



**2017/18**

**MTFS/Business Planning:** Throughout the financial year officers within the team will be compiling the Business Plan for 2018-22, this will include provision of a timetable for compilation and horizon scanning and evaluating the impact of any legislative changes. The modelling assumptions will be reviewed and detailed scenario planning undertaken.

**Savings:** Savings of £78k previously deferred will be delivered from the deletion of two posts (CS46). A review of recharges to the Pension fund will make savings of 47k (CS6). Increased income of 16k (CSD20) and a reduction in running costs 3k (CSD23). One Business Partner to be deleted 78k (CSD26). Reduction of LGCS budget to match contribution 81k (CSD46)

**2018/19**

**Savings:** Savings of 100k will be made from further restructuring of the service (CSD27), and a further 16k of increased income (CSD20). Further review of staffing budgets across the division saving 216k (CS2015-05). Reduction of 19k in Corporate Grants budget (CS2015-11)

**2019/20**



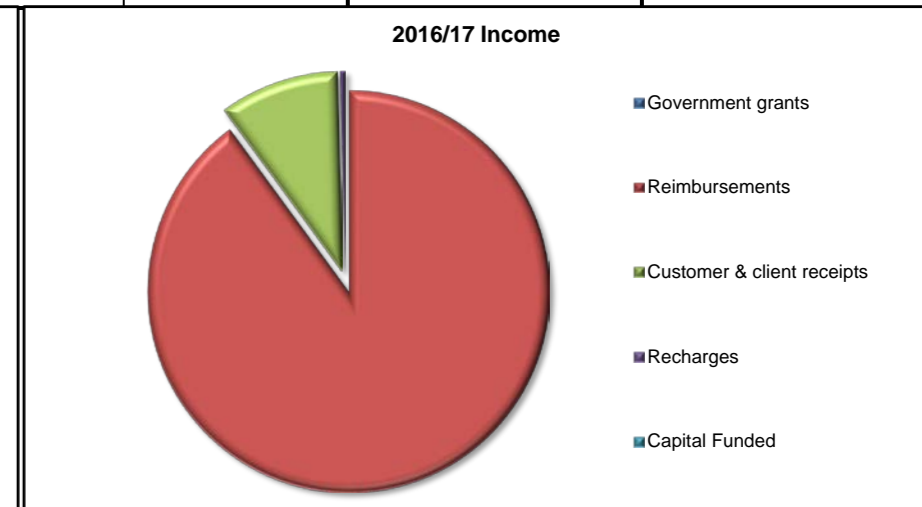
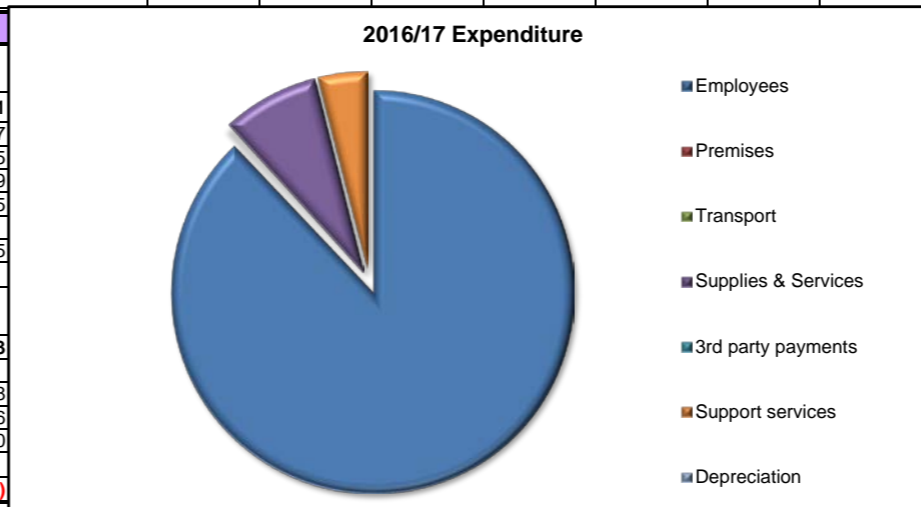
**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Resources**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT		Risk			
				Likelihood	Impact	Score	
<b>Project 1</b>		Project Title:	<b>Evaluation of future funding levels</b>	Risk reduction and compliance			
Start date	01/04/2015	Project Details:	Analysis of all relevant information relating to local government finance. This will include details provided in annual Local Government Finance Settlements, Annual Budgets, Spending Reviews and other financial information published by the Government. This information is incorporated into the Council's MTFS and updated as part of annual Budget Setting Procedures. Modelling of the retained NNDR system will be undertaken along with sensitivity analysis.	Requires considerable horizon spotting activity a performance indicator would be developed comparing the estimated grant levels compared to those actually received.	2	2	4
End date	31/03/2020						
<b>Project 2</b>		Project Title:	<b>Financial systems re-engineering programme</b>	Improved effectiveness			
Start date	01/08/2013	Project Details:	Procurement of a single integrated financial system to replace the suite of products that are current used to provide GL, AP, P2P & AR functions. This will involve a new chart of accounts and new ways of working, driving efficiencies throughout the organisation. The potential for joint working with neighbour boroughs is currently being investigated. Current estimates of the Go live date are 31/03/2016 - project length allows for post implementation review	Two performance indicators are likely to be developed around the time taken to produce reporting information compared to now and the system downtime compared to now	2	3	6
End date	30/09/2016						
<b>Project 3</b>		Project Title:	<b>Develop and implement whole life costing for capital projects</b>	Improved effectiveness			
Start date	01/09/2016	Project Details:	This project will be undertaken in four stages 1) Develop a template to capture appropriate information 2) Pilot the template on two selected schemes 3) Amend the template 4) Apply the temple to selected schemes		3	2	6
End date	31/03/2018						
<b>Project 4</b>		Project Title:	<b>Improve joint finance and business planning</b>	Improved effectiveness			
Start date	01/04/2016	Project Details:	The project requires the quarterly update of service plans scheduled to start with September 2014 information following the implementation of the new performance and risk management system		2	2	4
End date	31/03/2020						
<b>Project 5</b>		Project Title:	<b>Evaluation of different models of funding the capital programme</b>	Improved effectiveness			
Start date	01/07/2014	Project Details:	In recent years there has been no need to borrow externally to fund capital expenditure, it is anticipated that some external funding will be needed towards the end of the current planning period and therefore a detailed consideration of all reasonable options needs to be done, including leasing, renting and borrowing or any other suitable methods of funding capital expenditure.	A model has been developed but it needs refining to facilitate option appraisal, produce clear outcomes that can easily be understood and increase the funding streams. The performance of this work will be judged directly by the AD Resources and Director of Corporate Services.	2	2	4
End date	31/03/2020						
<b>Project 7</b>		Project Title:	<b>Capital - Benefits Realisation</b>	Improved effectiveness			
Start date	01/09/2016	Project Details:	In 2012 there was a comprehensive review of the management of the capital programme. This led to the production of an action plan. It would be appropriate to undertake a follow-up review now. Outstanding work on Benefits Realisation to be completed		2	2	4
End date	31/03/2018						
<b>Project 8</b>		Project Title:	<b>Recharge Review</b>	Improved efficiency (savings)			
Start date	01/04/2015	Project Details:	Annual reviews of recharges have been undertaken. These have tended to be tactical. In 2016/18 a full scale strategic review will be undertaken. The project will need to dovetail with work undertaken to develop and implement the new financial system.		3	2	6
End date	31/03/2018						
<b>Project 9</b>		Project Title:	<b>Infrastructure Assets Accounting</b>	Improved effectiveness			
Start date	31/03/2016	Project Details:	Legislative requirement for asset accounting of highways and associated assets which will have a huge impact on our balance sheet. Financial officers will need to work closely with technical staff within Environment and Regeneration to gather the required information for account closure and presentation.	The computer systems used to record information will be reviewed by Internal Audit and assessed for the adequacy asap.	1	2	2
End date	31/03/2018						
<b>Project 10</b>		Project Title:	<b>Pilot Early closure of Accounts</b>	Improved effectiveness			
Start date	01/07/2015	Project Details:	For the financial year 2017/18 the Authority will have to close its accounts approximately six weeks earlier. This will require very careful planning and will require a different approach to be adopted. The authority is piloting earlier account closure over the next two financial years in preparation for 2017/18	Current performance indicators will be adjusted for this.	1	3	3
End date	31/07/2018						

Legal Services	Planning Assumptions						The Corporate strategies your service contributes to			
Cllr Mark Allison Cabinet Member for Finance	Anticipated demand	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20			
Enter a brief description of your main activities and objectives below  This is a shared legal service with the London Boroughs of Richmond and Sutton and the Royal Borough of Kingston upon Thames.  The service delivers legal advice, support and representation to all services across all four councils, including to arms length delivery vehicles (Achieving for Children and currently Sutton Housing Partnership) and council owned companies. The service also provides advice in relation to the constitution and decision making in all councils and advice to members in relation to their roles.  The current agreement for a shared service expires on 1 October 2016	Chargeable hours for Merton	19500	19500	19500						
	Chargeable hours for Richmond	12747	13895	13895						
	Chargeable hours for Sutton	19819	19819	19819						
	Chargeable hours for Kingston	9238	11382	11382						
	Chargeable hours for Achieving for Children	12000	11583	11583						
	Chargeable hours for Sutton Housing Partnership	2528	2528	2528						
	Anticipated non financial resources	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20			
	Staff (FTE)	87.5	87.5	92.3	92.3	92.3	92.3			
	Apprentices	1	1	0						
Performance indicator	Performance Targets (T) & Provisional Performance Targets (P)					Polarity	Reporting cycle	Indicator type	Main impact if indicator not met	
	2014/15(T)	2015/16(T)	2016/17(P)	2017/18(P)	2018/19(P)	2019/20(P)				
Chargeable hours	76,429	73,804	78,707				High	Monthly	Business critical	Increased costs

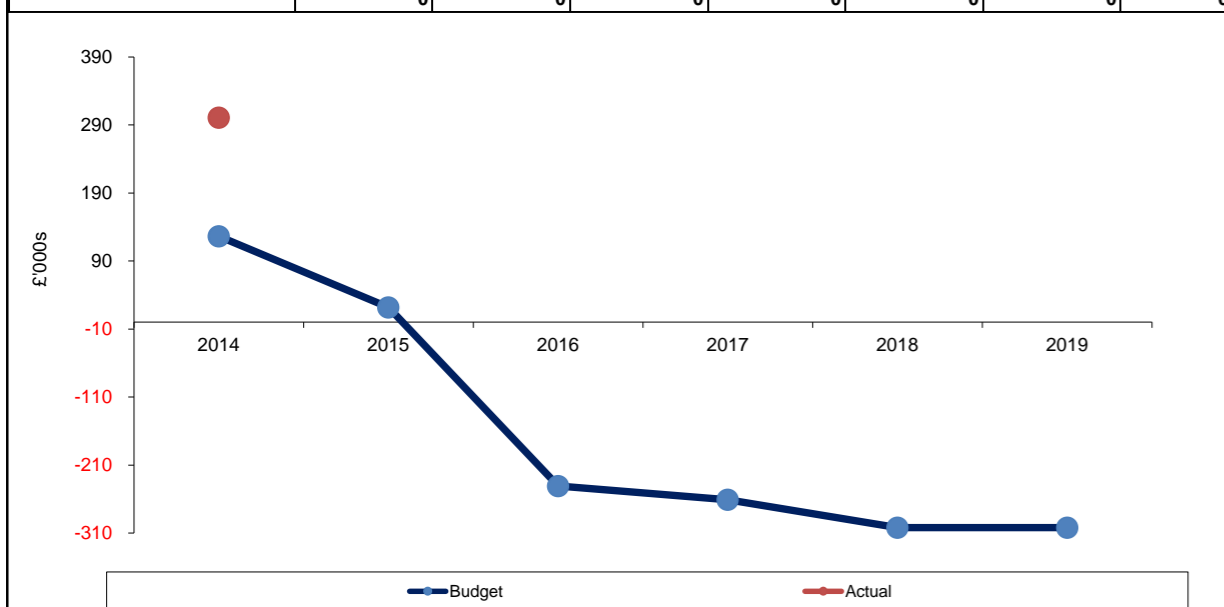
DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>4,902</b>	<b>7,009</b>	<b>4,945</b>	<b>4,682</b>	<b>4,662</b>	<b>4,621</b>	<b>4,621</b>
Employees	4,252	4,538	4,317	4,117	4,117	4,117	4,117
Premises	5	2	5	5	5	5	5
Transport	9	14	9	9	9	9	9
Supplies & Services	446	2,249	426	366	346	305	305
3rd party payments		18					
Support services	190	189	188	185	185	185	185
Depreciation							
<b>Revenue £'000s</b>	<b>Final Budget 2014/15</b>	<b>Actual 2014/15</b>	<b>Budget 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>
<b>Income</b>	<b>4,776</b>	<b>6,709</b>	<b>4,924</b>	<b>4,923</b>	<b>4,923</b>	<b>4,923</b>	<b>4,923</b>
Government grants							
Reimbursements	4,280	5,618	4,428	4,428	4,428	4,428	4,428
Customer & client receipts	476	1,061	476	476	476	476	476
Recharges	20	29	20	20	20	20	20
Capital Funded							
<b>Council Funded Net Budget</b>	<b>126</b>	<b>301</b>	<b>22</b>	<b>(241)</b>	<b>(261)</b>	<b>(302)</b>	<b>(302)</b>



Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
	0	0	0	0	0	0	0

### Summary of major budget etc. changes 2016/17

CS73 £60k savings for Merton are required. Further savings for Sutton, Kingston and Richmond may be required.



### 2017/18

CS73 £20k savings for Merton are required. Further savings for Sutton, Kingston and Richmond may be required.

### 2018/19

CS2015-12 £41,000 savings for Merton from expansion of service. Further savings for Sutton, Kingston and Richmond may be required.

### 2019/20

**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Legal Services**

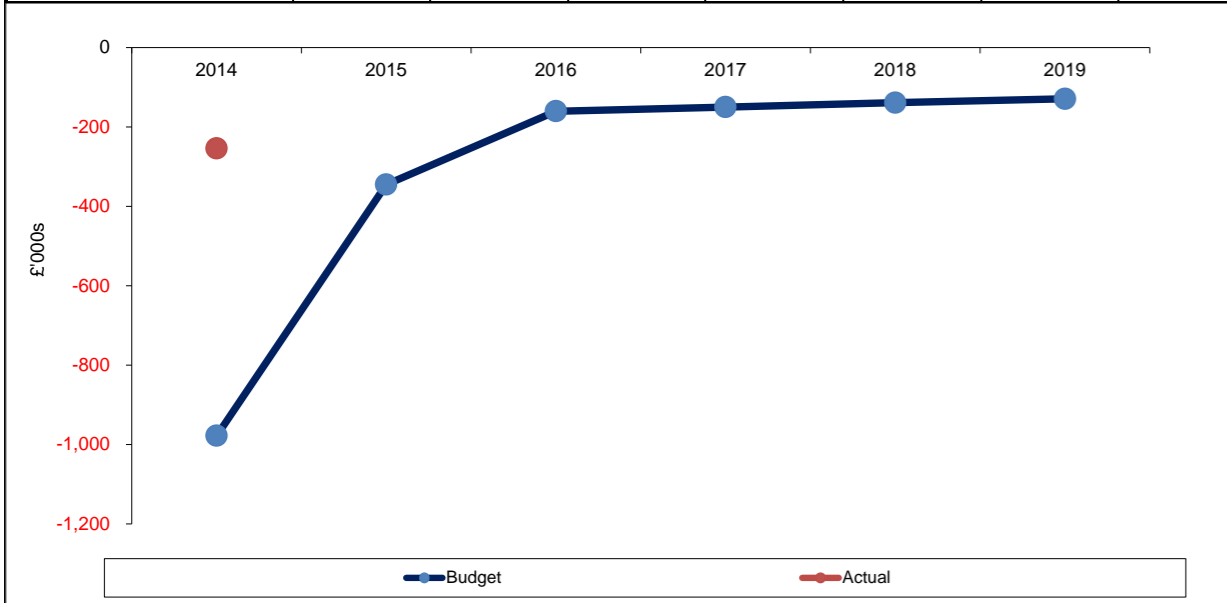
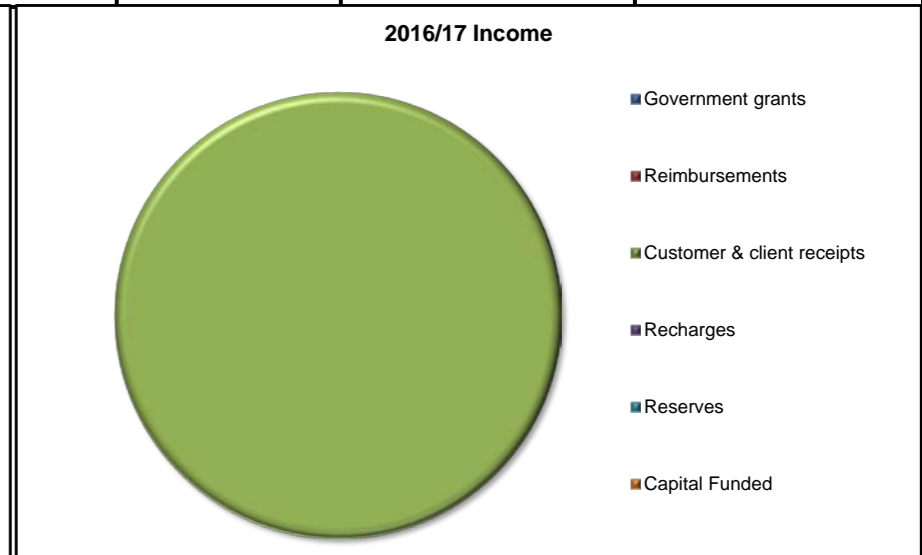
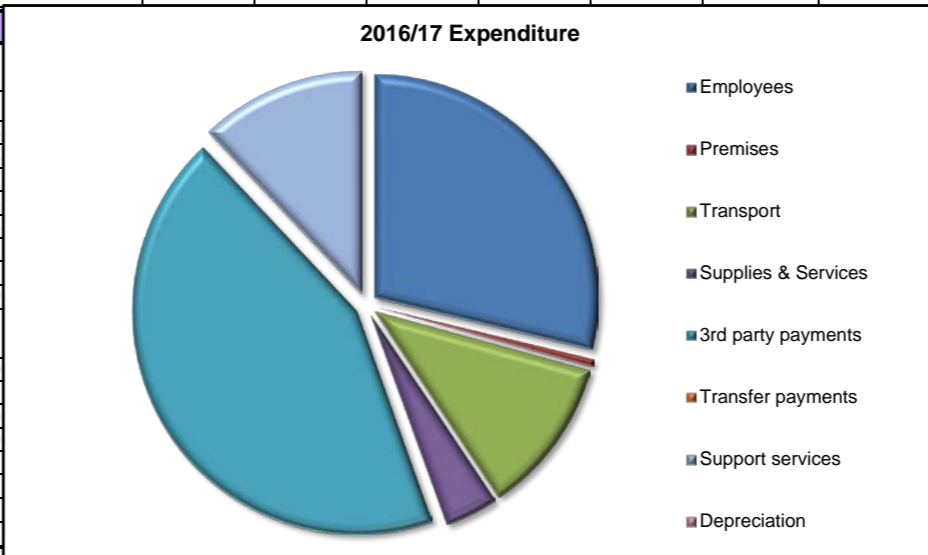
PROJECT DESCRIPTION		MAJOR PROJECTS BENEFITS			Risk				
					Likelihood	Impact	Score		
<b>Project 1</b>		Project Title:	<b>Shared service</b>	Improved customer experience					
Start date	01/04/2014	Project Details:	To embed the expanded shared service, to identify and exploit the efficiencies of the new service in order to improve the customer experience and to identify further savings			2	2	4	
End date	31/03/2017								
<b>Project 2</b>		Project Title:	<b>Smarter Working</b>	Improved effectiveness					
Start date	01/04/2014	Project Details:	To ensure the service is maximising the use of IT systems and software in order to enable mobile working across four authorities, reduce costs and increase the effectiveness and efficiency of the officers in the service			2	1	2	
End date	31/03/2017								
<b>Project 3</b>		Project Title:	<b>Delivering Savings</b>	Improved efficiency (savings)					
Start date	01/04/2016	Project Details:	To deliver £80,000 of savings to Merton and such savings as required by Sutton, Kingston and Richmond			2	2	4	
End date	31/03/2018								
<b>Project 4</b>		Project Title:	<b>Future Model</b>	Economic outcomes					
Start date	01/02/2016	Project Details:	To consider whether the practice needs to apply to become an Alternative Business Structure in order to deliver legal services to council services provided by external third parties. If so, to set up ABS.			2	2	4	
End date	31/03/2017								
<b>Project 5</b>		Project Title:	<b>Future Model</b>	Improved effectiveness					
Start date	01/04/2015	Project Details:	To evaluate the impact on the shared service of Richmond entering into a partnership with Wandsworth, including the potential expansion of the shared legal service to incorporate Wandsworth Legal Services. If approved to deliver the expanded shared service with Wandsworth			3	2	6	
End date	31/03/2017								
<b>Project 6</b>		Project Title:	<b>Future Model</b>	Improved effectiveness					
Start date	01/04/2015	Project Details:	To consider the impact on the service of all shared service and alternative delivery models entered into by Merton and partner authorities.			3	2	6	
End date	31/03/2018								



# Environment & Regeneration

Commercial Services (Waste Operations)		Planning Assumptions						The Corporate strategies your service contributes to					
Cllr Judy Saunders Cabinet Member for Performance & Implementation		Anticipated demand		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20				
Enter a brief description of your main activities and objectives below		Residual contracts		1183	1000	1100	1200	1300	1300				
		Dry recycling contracts		993	600	700	800	800	800				
		Anticipated non financial resources		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20				
Commercial Waste & Recycling, Collection & Disposal directly from local businesses. Under government legislation the council has a duty to arrange for the collection of commercial waste when requested to do so. The Act defines commercial waste as: "waste from premises used wholly or mainly for the purposes of a trade or business or the purposes of sport, recreation or entertainment".		Staff (FTE)		13.2	13.2	11.2	11.2	11.2	11.2				
		Transport		4	4	4	4	4	4				
Objectives - to make both services more efficient, cost effective and competitive in the commercial market - be more reactive to seasonal demands - become competitive in both commercial waste , looking at the marketing of the services and pricing structure.		Performance indicator		Performance Targets (T) & Provisional Performance Targets (P)			Polarity	Reporting cycle	Indicator type	Main impact if indicator not met			
				2014/15(T)	2015/16(T)	2016/17(P)					2017/18(P)	2018/19(P)	2019/20(P)
		Total Income from commercial waste		£1.5m	£1.2m	£1.25m	£1.3m	£1.35m	£1.3m	High	Monthly	Business critical	Loss of income
		Customer satisfaction survey %		85	87	89	91	91	91	High	Annual	Outcome	Reputational risk

DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>997</b>	<b>1,023</b>	<b>987</b>	<b>1,090</b>	<b>1,100</b>	<b>1,111</b>	<b>1,121</b>
Employees	360	240	367	313	313	313	313
Premises	6	6	6	6	6	6	6
Transport	126	97	126	124	126	128	131
Supplies & Services	75	71	62	42	43	44	44
3rd party payments	258	439	262	474	481	489	496
Transfer payments							
Support services	172	176	153	131	131	131	131
Depreciation	0	0	11	0	0	0	0
<b>Revenue £'000s</b>	<b>Final Budget 2014/15</b>	<b>Actual 2014/15</b>	<b>Budget 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>
<b>Income</b>	<b>1,975</b>	<b>1,277</b>	<b>1,332</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>
Government grants							
Reimbursements	0	0	7	0	0	0	0
Customer & client receipts	1,975	1,277	1,325	1,250	1,250	1,250	1,250
Recharges							
Reserves							
Capital Funded							
<b>Council Funded Net Budget</b>	<b>(978)</b>	<b>(254)</b>	<b>(345)</b>	<b>(160)</b>	<b>(150)</b>	<b>(139)</b>	<b>(129)</b>
<b>Capital Budget £'000s</b>	<b>Final Budget 2014/15</b>	<b>Actual 2014/15</b>	<b>Budget 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>
	0	0	0	0	0	0	0



Summary of major budget etc. changes	
2016/17	
E&R33 = (£75k)	
2017/18	
2018/19	
2019/20	

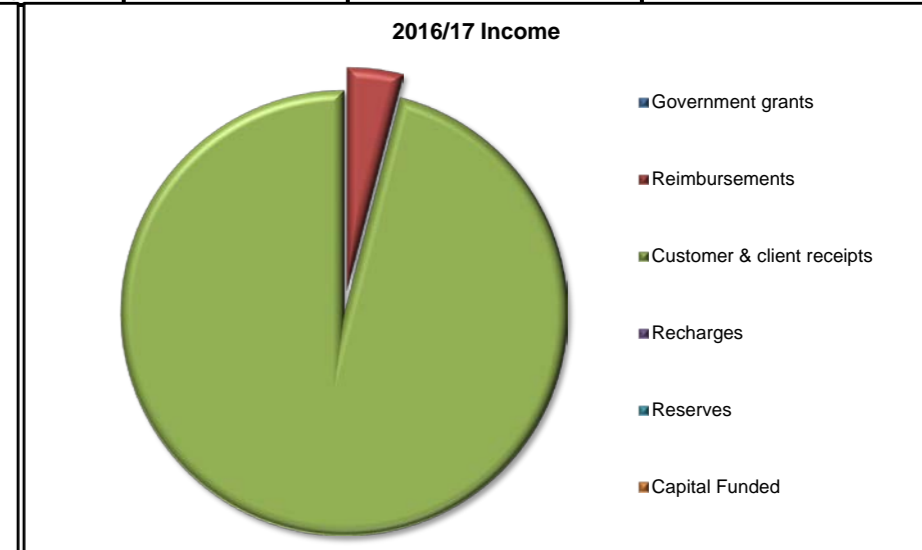
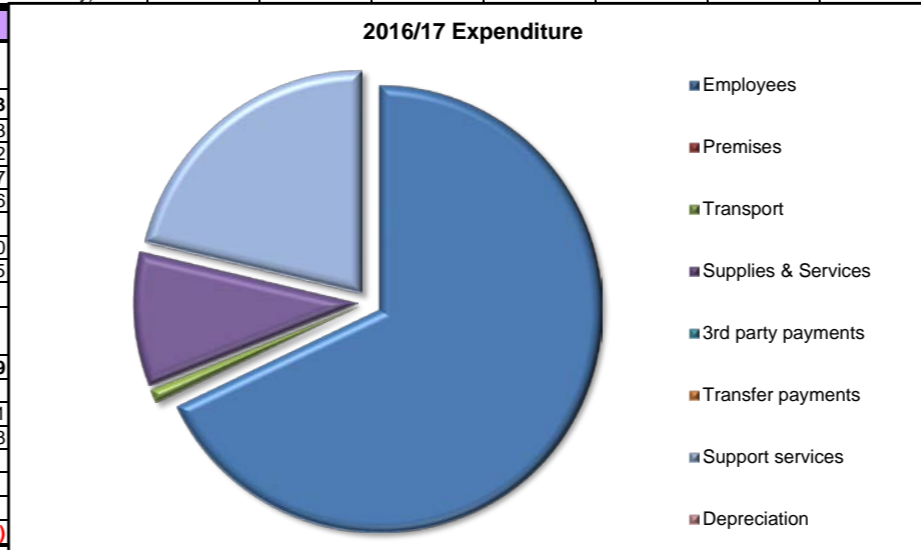
**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Commercial Services (Waste Operations)**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT		Risk		
				Likelihood	Impact	Score
<b>Project 1</b>		Project Title:	<b>Introduce timed commercial waste collections in town centre Colliers Wood</b>	Improved effectiveness		4
Start date	01/04/2015	Project Details:	To improve the appearance of the Town centre area following on from the successful implementation into Wimbledon Town Centre.	2	2	
End date	01/04/2017					
<b>Project 2</b>		Project Title:	<b>Sales and marketing plan</b>	Economic outcomes		4
Start date	01/04/2015	Project Details:	To increase the income within the Commercial waste area and improve the Branding of this important service area.	2	2	
End date	01/04/2017					

Development and Building Control		Planning Assumptions						The Corporate strategies your service contributes to				
Cllr Andrew Judge Cabinet Member for Sustainability & Regeneration		Anticipated demand	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20				
Enter a brief description of your main activities and objectives below		Enforcement cases	750	780	800	800	800	800	Local Development Framework			
<b>Building Control</b> Building Control competes with approved Inspectors.(AIS). We provide a Building Control Service in competition with AIS to deliver high quality Building Control advice and regulation. We also regulate safety of structures and also sports grounds. <b>Development control</b> Promote regeneration by assessing and determining planning applications against the adopted policies for the built environment contained within the council's Core Strategy. Continue to impliment the Mayoral, Community Infrastructure Levy (CIL) charging regime. <b>Objectives</b> - continue to concentrate on the commercialisation of the Building Control (BC) service and maintain or improve the market share - review the pre-application charging regime for Development Control (DC) and to investigate whether additional income generation is possible especially through PPA's. - impliment mobile/flexible working to improve efficiency -as part of sustainable communities to enable a comprehensive development management process to encourage regeneration. -review the possibility of shared services with neighbouring boroughs. - re-procure the M3 database		Planning applications (economy dependant)	2500	2600	2700	2800	2800	2850	Local Development Framework			
		BC applications (economy dependant)	1700	1750	1750	1800	1800	1800	1800	Economic Development Strategy		
		Tree applications	620	640	660	670	670	670	670	Local Development Framework		
		Pre applications	105	110	115	120	125	130	130	Housing Strategy		
		Planning performance agreements	3	7	12	14	16	18	18	Local Development Framework		
		Prior approvals (permitted development)	580	600	620	640	640	640	640	Local Development Framework		
		<b>Anticipated non financial resources</b>		<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>			
		Staff (FTE)		37	36	38	25	25	25			
		<b>Performance indicator</b>		<b>Performance Targets (T) &amp; Provisional Performance Targets (P)</b>					<b>Polarity</b>	<b>Reporting cycle</b>	<b>Indicator type</b>	<b>Main impact if indicator not met</b>
				2014/15(T)	2015/16(T)	2016/17(P)	2017/18(P)	2018/19(P)	2019/20(P)			
% Major applications processed within 13 weeks		60	55	55	55	55	55	High	Monthly	Quality	Reduced customer service	
% Minor applications processed within 8 weeks		65	60	60	60	60	60	High	Monthly	Quality	Reduced customer service	
% Other applications processed within 8 weeks		81	81	82	82	82	82	High	Monthly	Quality	Reduced customer service	
Volume of Planning applications Total		4300	4350	4400	4450	4500	4560	High	Monthly	Quality	Reduced customer service	
% appeals lost		35	35	35	35	35	35	Low	Quarterly	Perception	Reputational risk	
Income (Development and Building Control)		£2.01m	£2.05m	£2.11m	£2.11m	£2.11	£2.11	High	Monthly	Business critical	Loss of income	
% Market share retained by LA (BC)		65	60	60	60	60	60	High	Monthly	Perception	Loss of income	
Number of enforcement cases closed		600	600	300	300	300	300	High	Quarterly	Quality	Reduced service delivery	
Backlog of enforcement cases		775	750	900	1200	1500	1800	High	Quarterly	Output	Reduced service delivery	
% satisfied with Planning (annual resident survey)		29	29	30	31	32	30	High	Annual	Perception	Reputational risk	

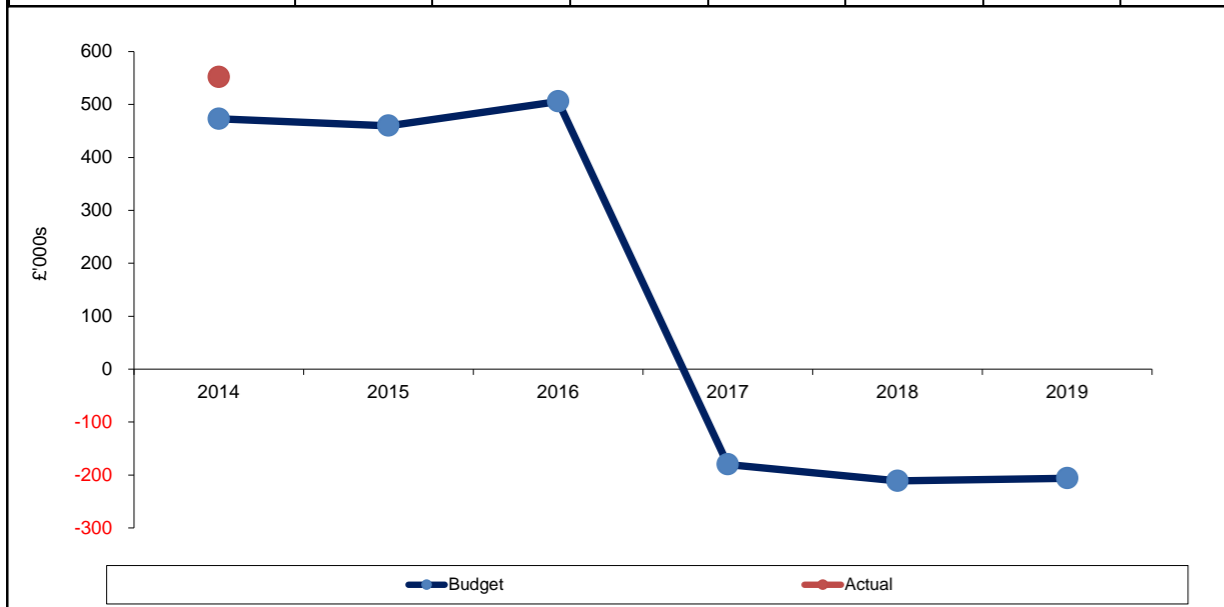
DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>2,428</b>	<b>2,569</b>	<b>2,371</b>	<b>2,515</b>	<b>1,954</b>	<b>1,958</b>	<b>1,963</b>
Employees	1,594	1,794	1,564	1,708	1,143	1,143	1143
Premises	2	1	2	2	2	2	2
Transport	34	21	32	25	26	26	27
Supplies & Services	365	299	281	245	248	252	256
3rd party payments							
Transfer payments	2		2	0	0	0	0
Support services	431	454	490	535	535	535	535
Depreciation							
<b>Revenue £'000s</b>	<b>Final Budget 2014/15</b>	<b>Actual 2014/15</b>	<b>Budget 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>
<b>Income</b>	<b>1,955</b>	<b>2,017</b>	<b>1,911</b>	<b>2,009</b>	<b>2,134</b>	<b>2,169</b>	<b>2,169</b>
Government grants							
Reimbursements	96	112	49	81	81	81	81
Customer & client receipts	1,859	1,905	1,862	1,928	2,053	2,088	2088
Recharges							
Reserves							
Capital Funded							
<b>Council Funded Net Budget</b>	<b>473</b>	<b>552</b>	<b>460</b>	<b>506</b>	<b>(180)</b>	<b>(211)</b>	<b>(206)</b>



Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
	0	0	0	0	0	0	0

**Summary of major budget etc. changes 2016/17**

E&R33 = (£75k)



**2017/18**

ER07 = (£200k)  
 EN09 = (£40k)  
 EN11 = (£52k)  
 E&R28 = (£157k)  
 E&R29 = (£40k)  
 E&R30 = (£80k)  
 ENV20 = (£35k)  
 HPDG reserve adjustment = (£86k)

**2018/19**

ENV20 = (£35k)

**2019/20**



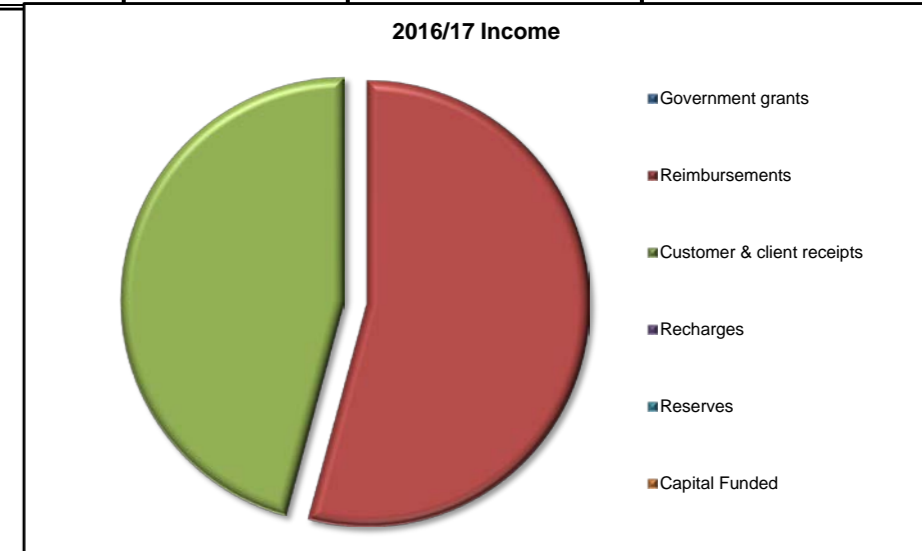
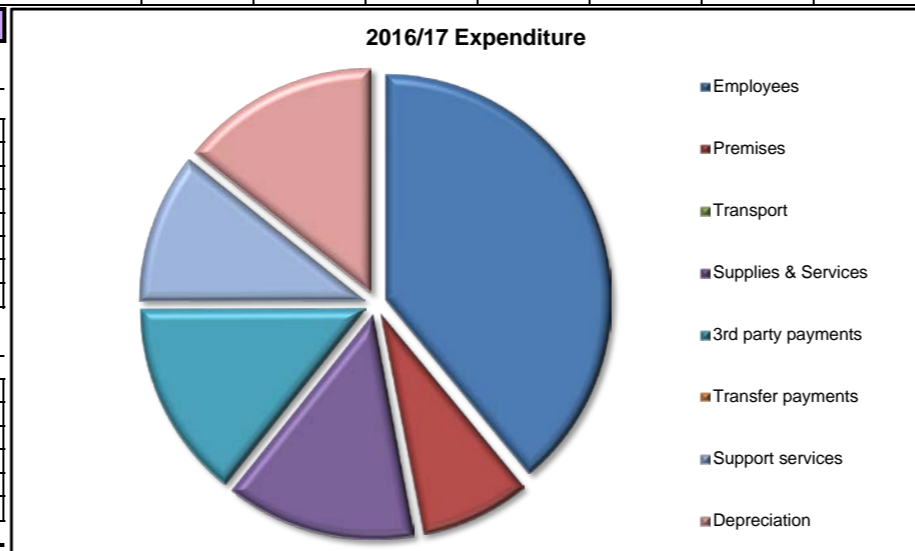
**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Development and Building Control**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT		Risk		
				Likelihood	Impact	Score
<b>Project 1</b>		Project Title:	<b>Commercialisation of Building Control</b>	Improved efficiency (savings)		12
Start date	2013-14	Project Details:	This is to ensure Building Control is more commercially aware in a more competitive market.	Additional income generation	6	
End date	2016-17					
<b>Project 2</b>		Project Title:	<b>Mobile/Home working</b>	Improved efficiency (savings)		4
Start date	2014-15	Project Details:	This is introducing mobile and home working to the teams.	To allow reduced office space an efficient working practices	2	
End date	2016-17					
<b>Project 3</b>		Project Title:	<b>Improving the development management processes</b>	Improved effectiveness		4
Start date	2014-3	Project Details:	As part of sustainable communities to provide an end to end development management process to deliver regeneration objectives.	Improve regeneration opportunities	2	
End date	2016-17					
<b>Project 4</b>		Project Title:	<b>developing eforms and M3 capability and e-payments</b>	Improved customer experience		4
Start date	2014-5	Project Details:	Enforcement eforms, BC eforms and DC e-payments	Channel shift	4	
End date	2016-17					
<b>Project 5</b>		Project Title:	<b>Section review</b>	Improved efficiency (savings)		6
Start date	2014-15	Project Details:	Section review looking at the structure and interaction with other services	Efficiencies and savings	3	
End date	2016-17					
<b>Project 6</b>		Project Title:	<b>Shared services review with other LA's (part of TOM)</b>	Improved efficiency (savings)		4
Start date	2014/15	Project Details:	Looking at opportunities for sharing householder and /or admin back office services with adjoining authorities	Efficiencies and savings	2	
End date	2016-17					
<b>Project 7</b>		Project Title:	<b>Lean review of pre-application process (part of TOM)</b>	Improved effectiveness		6
Start date	2014/15	Project Details:	To ensure the process is efficient and robust from a customer perspective and to investigate any further income opportunities.	income generation opportunities	6	
End date	2016-17					
<b>Project 8</b>		Project Title:	<b>Re-procurement of M3 or equivalent IT system</b>	Improved effectiveness		3
Start date	2014/15	Project Details:	Either M3 engage cloud based system or equivalent. Potentially shared with nearby authorities	savings through contract negotiation.	3	
End date	2016-17					
<b>Project 9</b>		Project Title:	<b>Further develop Planning Performance agreements potential</b>	Economic outcomes		2
Start date	2014/15	Project Details:	Ensure cost neutral or better staffing levels to ensure this can be delivered	Regeneration certainty	1	
End date	2016/17					

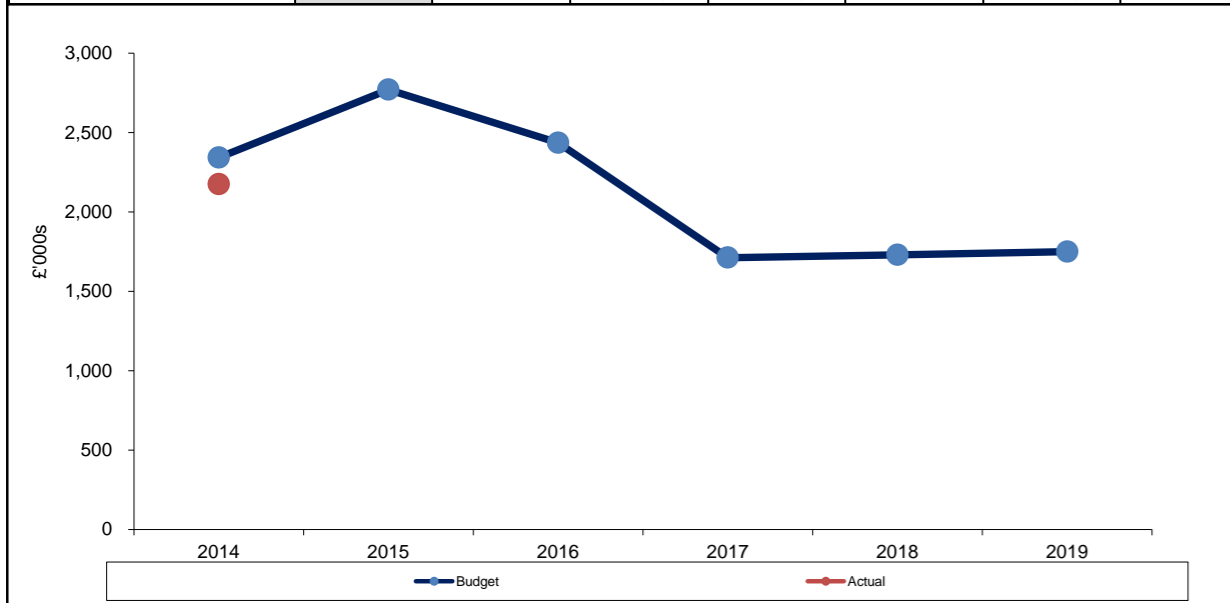
Future Merton	Planning Assumptions							The Corporate strategies your service contributes to		
Cllr Andrew Judge Cabinet Member for Sustainability & Regeneration	Anticipated demand	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20			
<p>Enter a brief description of your main activities and objectives below</p> <p>futureMerton is tasked with delivering development, regeneration, economic growth and accommodating population growth for the long-term sustainability of the borough. [to be merged with Traffic &amp; Highways in 2015/16]</p> <ul style="list-style-type: none"> <li>Develop new Local Plan policies and site assembly strategies to support regeneration, economic development and growth objectives</li> <li>Develop sustainable development policies to support Merton's commitment to carbon reduction</li> <li>Develop urban design / planning frameworks to support regeneration and growth and increase design quality in the borough</li> <li>Deliver projects as set out in our Economic Development and Climate Change Strategies and the Regeneration Delivery Plan (future Growth Strategy 2015)</li> <li>Attract developer interest, external funding and inward investment, public sector funding and support to deliver our regeneration and growth objectives.</li> <li>To develop transport policies and secure external funding from Transport for London (TfL) to deliver improvements to Merton's public realm, transport infrastructure and sustainable travel.</li> <li>Lead on Major Planning developments ( Wimbledon Stadium / YMCA / Rainbow Yards / Colliers Wood Tower, St Georges Quarter, Morden town centre, Wimbledon Station, Rediscover Mitcham)</li> <li>LBM lead on planning and design quality for emerging estate regeneration proposals in partnership with Circle (High Path, Eastfields, Ravensbury) and Moat (Pollards Hill)</li> <li>LBM lead on non-operational property assets decisions for growth and regeneration investment purposes.</li> <li>LBM lead on Crossrail 2, Tramlink Extension; ID growth opportunities and external funding opportunities</li> </ul>	Population	208,822	211,569	214,229	216,806	218,100	218,101	Asset Management Plan		
	Actual businesses in borough	7700	7900	8,100	8,150	8,200	8,201	Road Safety Plan		
								Local Implementation Plan		
								Local Transport Plan		
								Community Plan		
								Climate Change Strategy		
								Core Planning Strategy		
								Economic Development Strategy		
								Local Development Framework		
Performance indicator	Performance Targets (T) & Provisional Performance Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
	2014/15(T)	2015/16(T)	2016/17(P)	2017/18(P)	2018/19(P)	2019/20(P)				
New homes target (number per year)	320	411	411	411	411	411	High	Annual	Outcome	Loss of Government grant
Reduction in KSI's: road traffic accidents (Number of incidents)	55	50	45	42	40	40	Low	Annual	Perception	Reputational risk
% Modal increase in cycling from 2% 2012 baseline	0.5	0.5	0.2	0.2	0.2	0.2	Low	Annual	Output	Political risk
Number of new jobs created through EDS E&SAP	300	450	600	300	300	300	High	Annual	Outcome	Social exclusion
New jobs created - number of apprenticeships	60	80	100	100	100	100	High	Annual	Outcome	Social exclusion
Number of new businesses created as part of EDS MBSS (Cumulative)	100	200	300	300	300	300	High	Annual	Outcome	Reduced Business Rates

DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>3,251</b>	<b>3,266</b>	<b>3,829</b>	<b>3,487</b>	<b>2,764</b>	<b>2,782</b>	<b>2,801</b>
Employees	1,260	1,365	1,394	1,361	934	934	934
Premises	302	296	268	275	278	281	284
Transport	10	5	9	5	5	5	5
Supplies & Services	879	892	1,358	477	397	405	414
3rd party payments	389	284	354	495	276	283	290
Transfer payments							
Support services	287	300	322	377	377	377	377
Depreciation	124	124	124	497	497	497	497
<b>Revenue £'000s</b>	<b>Final Budget 2014/15</b>	<b>Actual 2014/15</b>	<b>Budget 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>
<b>Income</b>	<b>908</b>	<b>1,090</b>	<b>1,058</b>	<b>1,051</b>	<b>1,051</b>	<b>1,051</b>	<b>1,051</b>
Government grants	134	134	94	0	0	0	0
Reimbursements	472	615	622	570	570	570	570
Customer & client receipts	302	341	342	481	481	481	481
Recharges							
Reserves							
Capital Funded							
<b>Council Funded Net Budget</b>	<b>2,343</b>	<b>2,176</b>	<b>2,771</b>	<b>2,436</b>	<b>1,713</b>	<b>1,731</b>	<b>1,750</b>



Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Town Centre Investment			1,488	1,037			
Mitcham Schemes		598	778	1,000	700		
Colliers Wood Schemes		359	1,199				
Industrial Estate Investment			140		450		
Morden TfL					220	2,000	
Transportation Enhancements						5,000	
Other		367	13	619			
	<b>0</b>	<b>1,324</b>	<b>3,618</b>	<b>2,656</b>	<b>1,370</b>	<b>7,000</b>	<b>0</b>

Summary of major budget etc changes	
Year	Changes
2016/17	ER23 = (£77k) EN42 = (£50k) E&R40 = (£60k) E&R42 = (£20k) EDS reserve adjustment = (£193k)
2017/18	ER23 = (£214k) E&R41 = (£80k) ENV24 = (£10k)  EDS reserve adjustment = (£75k) EDS2 reserve adjustment = (£362k)
2018/19	
2019/20	



Year	Summary of major budget etc changes
2016/17	ER23 = (£77k) EN42 = (£50k) E&R40 = (£60k) E&R42 = (£20k) EDS reserve adjustment = (£193k)
2017/18	ER23 = (£214k) E&R41 = (£80k) ENV24 = (£10k)  EDS reserve adjustment = (£75k) EDS2 reserve adjustment = (£362k)
2018/19	
2019/20	

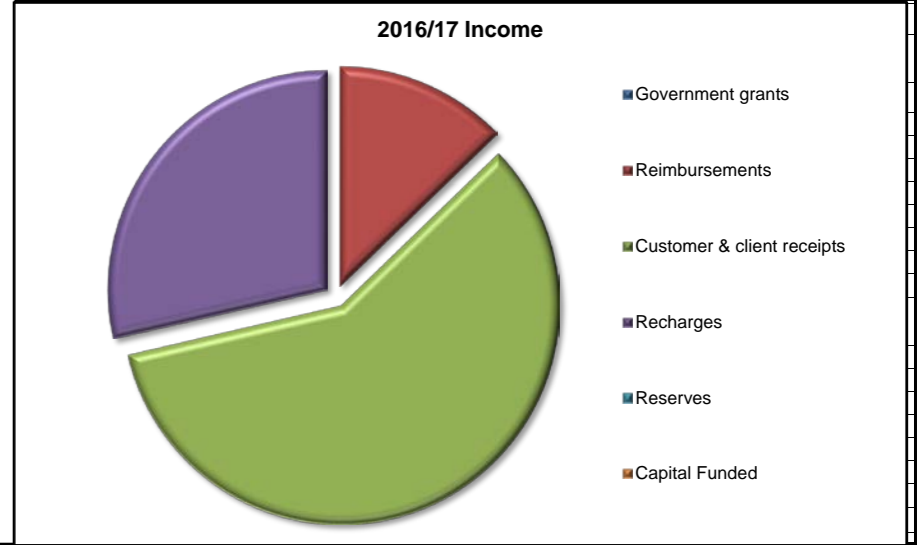
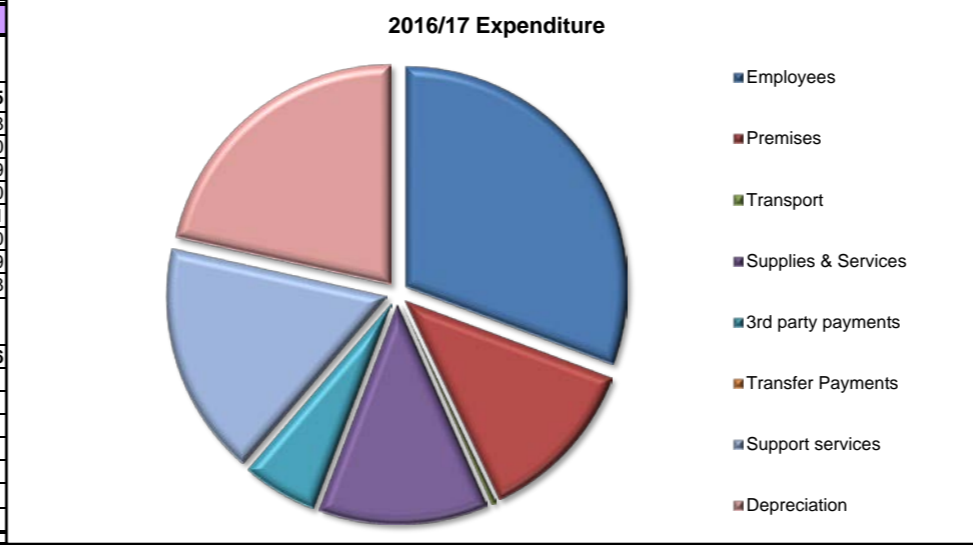
**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Future Merton**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFITS			Risk				
					Likelihood	Impact	Score		
<b>Project 1</b>		Project Title:	<b>Local Plan: Estate Regeneration</b>	Infrastructure renewal			3	2	6
Start date	2014/15	Project Details:	Working with Circle Merton Priory to deliver investment in new homes and the regeneration of High Path, Eastfields and Ravensbury estates. Supported by the preparation of a Local Plan (DPD) Also working with Moat housing to coordinate investment in regenerating Pollards Hill.						
End date	2024/25								
<b>Project 2</b>		Project Title:	<b>Rediscover Mitcham</b>	Infrastructure renewal			2	2	4
Start date	2012-13	Project Details:	Revitalising Mitcham Fair Green and surrounding streets by investing c£6m in the public realm, local businesses, and transport proposals, working closely with local residents, the business community and Transport for London. Rediscover Canons HLF Bids (Parks for People and Townscape Heritage c£2.5m)						
End date	2016-17								
<b>Project 3</b>		Project Title:	<b>Connecting Colliers Wood / South Wimbledon Planning Framework</b>	Infrastructure renewal			4	1	4
Start date	2014-15	Project Details:	Work with stakeholders to facilitate the regeneration and growth of Colliers Wood / South Wimbledon via preparation of GLA Development Framework (strategic masterplan, delivery of public real, new homes and town centre re-designation) Stage 1; delivery c£2.5m investment in 'Connecting Colliers Wood' public realm project on track to complete summer 2015. Masterplan to follow 2015/16+						
End date	2019-20								
<b>Project 4</b>		Project Title:	<b>Wimbledon Stadium</b>	Infrastructure renewal			3	1	3
Start date	2011-12	Project Details:	Delivery of a new stadium and associated developments, working with stakeholders on a masterplan for the site following the outcome of the <i>Sites and Policies Plan</i>						
End date	2016-17								
<b>Project 5</b>		Project Title:	<b>Climate Change Strategy &amp; Action Plan</b>	Improved sustainability			2	2	4
Start date	2014-15	Project Details:	Managing internal and external energy efficiency and renewable energy investment in the council's buildings, schools and in the wider community to reduce carbon while saving money, towards the creation of a revolving invest-to-save investment fund. Other projects include Air Quality, Greening Businesses, PV roll-out and District Heat & Power feasibility						
End date	2018-19								
<b>Project 6</b>		Project Title:	<b>Future Wimbledon &amp; Crossrail 2</b>	Economic outcomes			3	4	12
Start date	2014-15	Project Details:	Identifying the growth potential of Wimbledon as the premier business hub in South London. Explore investment and development opportunities linked to Crossrail 2 and improving the quality of architecture, design and placemaking. Conference (2013) Ideas Competition (2014) Inward investment Prospectus (2015/16) Masterplan linked to Crossrail 2 (2015/16-2017/18)						
End date	2022-23								
<b>Project 7</b>		Project Title:	<b>Morden Town Centre Regeneration</b>	Improved reputation			3	2	6
Start date	2011/12	Project Details:	Growth, investment and intensification to support regeneration in Morden. Strategic Planning Policies (2011-2013) Development Brief with TFL for Morden Station (2014) Major scheme bid to TFL for public realm overhaul and gyratory removal (2015/16) GLA Housing Zone bid (2014/2016) Development Partner selection (2015/16-2016/17) Physical project delivery c2017/18						
End date	2019/2020								
<b>Project 8</b>		Project Title:	<b>Economic Development Strategy and Action Plans</b>	Improved reputation			2	1	2
Start date	2012-13	Project Details:	Inward Investment and Business Retention Strategy. Employment and Skills Strategy. Merton Business Support Service. Merton Micro Loan and Business Loan Fund.						
End date	2016-17								
<b>Project 9</b>		Project Title:	<b>Smarter travel: road safety</b>	Improved reputation			2	2	4
Start date	2013-14	Project Details:	Running various programmes to improve road safety and encourage smarter and healthier travel choices, including adult and children cycle training, walk to school, motorcycle and learner driver training. Reduces road related injuries and helps Merton deliver its share of the Mayor's Transport Strategy.						
End date	2016-17								
<b>Project 10</b>		Project Title:	<b>Borough Cycling Initiatives</b>	Improved reputation			2	1	2
Start date	2014-15	Project Details:	TFL Quietways funding for cycling infrastructure improvements. TFL Major Scheme bid for Wimbledon Town Centre cycle segregation scheme (2014/15-2017/18)						
End date	2024-26								

Leisure & Cultural Development		Planning Assumptions						The Corporate strategies your service contributes to				
Cllr Nick Draper Cabinet Member for Community & Culture		Anticipated demand	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20				
<b>Enter a brief description of your main activities and objectives below</b>		Population	208,822	211,569	214,229	216,806	219,316	213,497	Asset Management Plan			
<b>Main Activities:</b> Engage local people in healthy living and lifestyle changes through increased involvement and participation in sports, arts, cultural and physical activities and events, by working with partners to increase the number, scope and quality of facilities, programmes, activities and events on offer in the borough - thus creating a universal culture and sport offer.		No. of Children & Young People aged 8-17 in west of borough	7,700	7,900	8,050	8,200	8,700	12,410	Children & Young person's Plan			
<b>Main Objectives:</b> - Build a new Morden Leisure Centre by 2018, making contract savings in the process - Deliver a Wimbledon Park Master Plan by 2017, follow this with a contracting out of the commercial sports & leisure services - Deliver future culture & sports services through corporate technological solutions including the CRM system for interfacing with customers - Move leisure and arts development to be commissioned services, reducing staff by 75% & generating savings - Transfer leisure support staff out under Phase C contract generating savings - Restructure & reorganise the remaining Leisure & Culture Development & Greenspaces Team's functions, products & services, budgets into one combined service following the implementation of the Phase C contract		Population of most disadvantaged wards	126,100	126,850	127,540	128,100	104,155	100,768	Cultural Strategy			
		Users of Merton's Leisure Centres	824,433	832,677	841,004	878,105	942,592	970,026	Community Plan			
		<b>Anticipated non financial resources</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Open Spaces Strategy</b>			
		Staff (FTE)	13.6	14.25	13.6	6.6	6.6	6.6	Social Inclusion Strategy			
		Accommodation	7	7	7	7	7	7	Voluntary Sector Strategy			
		Volunteers	20	20	20	20	20	20				
		Staff seasonal	30	30	30	30	30	30				
		<b>Performance indicator</b>	<b>Performance Targets (T) &amp; Provisional Performance Targets (P)</b>				<b>Polarity</b>	<b>Reporting cycle</b>	<b>Indicator type</b>	<b>Main impact if indicator not met</b>		
			2014/15(T)	2015/16(T)	2016/17(P)	2017/18(P)	2018/19(P)	2019/20(P)				
		Income £ from Merton Active Plus	50,000	55,000	60,000	60,000	60,000	60,000	High	Monthly	Business critical	Loss of income
		Income £ from Watersports Centre	367,000	377,000	387,000	397,000	402,000	402,000	High	Monthly	Business critical	Loss of income
		14-25 yr old Fitness Centre Participation at leisure centres	100,000	103,000	106,000	106,000	106,000	108,120	High	Monthly	Output	Reduced uptake of service
		External Capital & Revenue funding	320,000	100,000	100,000	100,000	100,000	50,000	High	Quarterly	Output	Reduced customer service
		% residents rating facilities Good to Excellent	51.5	45.0	45.5	46.0	48.0	48.0	High	Annual	Outcome	Reduced customer service
		Total Number of Users of Merton's Leisure Centres	824,433	832,677	841,004	878,105	942,592	970,026	High	Monthly	Output	Reduced uptake of service
		Total Number of Users of Polka Theatre	92,785	93,690	93,916	94,600	95,000	89,500	High	Quarterly	Output	Reduced uptake of service

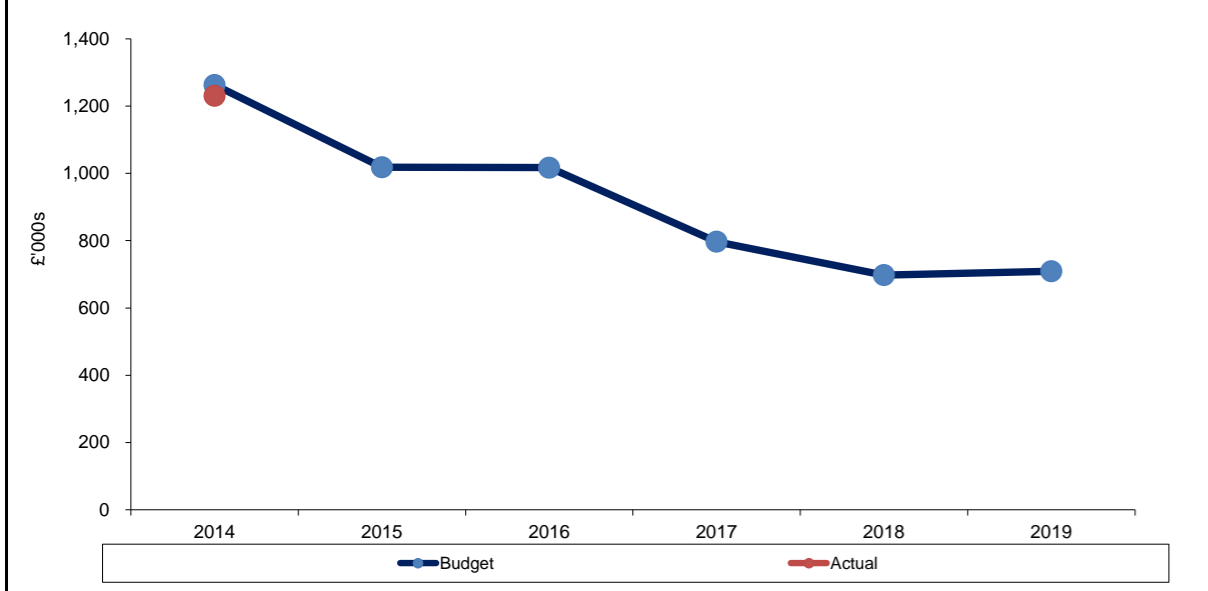
DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>2,332</b>	<b>2,369</b>	<b>2,113</b>	<b>2,268</b>	<b>2,058</b>	<b>1,964</b>	<b>1,975</b>
Employees	721	742	706	697	498	498	498
Premises	249	196	122	278	282	186	190
Transport	9	13	8	8	8	9	9
Supplies & Services	293	281	282	282	265	265	270
3rd party payments	175	210	198	126	128	129	131
Transfer Payments	5		5	0	0	0	0
Support services	361	408	383	389	389	389	389
Depreciation	519	519	409	488	488	488	488
<b>Revenue £'000s</b>	<b>Final Budget 2014/15</b>	<b>Actual 2014/15</b>	<b>Budget 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>
<b>Income</b>	<b>1,069</b>	<b>1,138</b>	<b>1,095</b>	<b>1,251</b>	<b>1,261</b>	<b>1,266</b>	<b>1,266</b>
Government grants	10	1	0				
Reimbursements	128	123	244	160	160	160	160
Customer & client receipts	594	611	500	733	743	748	748
Recharges	337	403	351	358	358	358	358
Reserves							
Capital Funded							
<b>Council Funded Net Budget</b>	<b>1,263</b>	<b>1,231</b>	<b>1,018</b>	<b>1,017</b>	<b>797</b>	<b>698</b>	<b>709</b>



Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Morden Leisure Centre		24	669	5,131	4,928		247
Wimb Pk Lake de-silting						1,500	
Other		628	353	300	300	300	300
	<b>0</b>	<b>652</b>	<b>1,022</b>	<b>5,431</b>	<b>5,228</b>	<b>2,047</b>	<b>300</b>

**Summary of major budget etc changes 2016/17**

EN35 = (£14k)  
 EN36 = (£10k)  
 EN37 = (£5k)  
 E&R1 = (£5k)  
 E&R2 = (£10k)  
 E&R33 = (£30k)  
 BMX Track reserve adjustment = (£35k)



E&R1 = (£5k)  
 E&R2 = (£10k)  
 E&R3 = (£16k)  
 ENV11 = (£59k)  
 ENV12 = (£70k)  
 ENV13 = (£70k)

E&R1 = (£4k)  
 E&R2 = (£5k)  
 E&R4 = (£100k)

2019/20

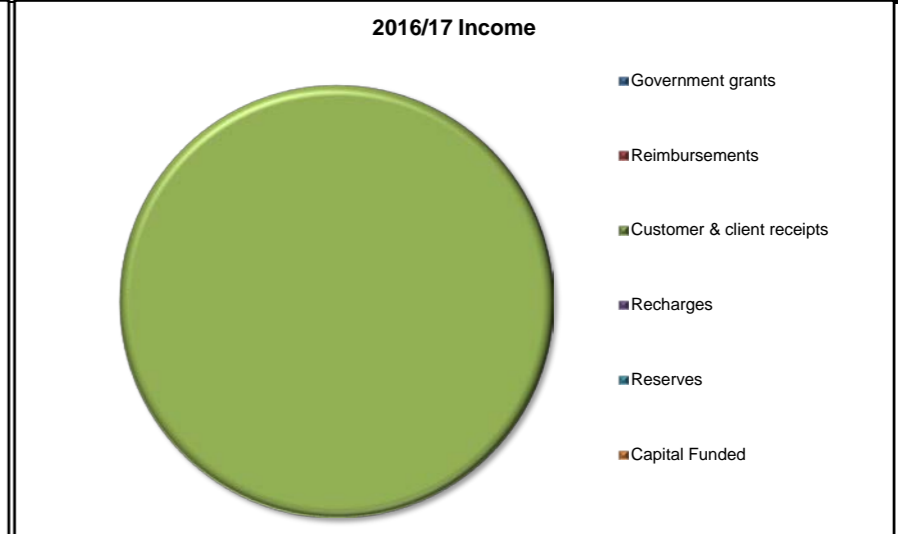
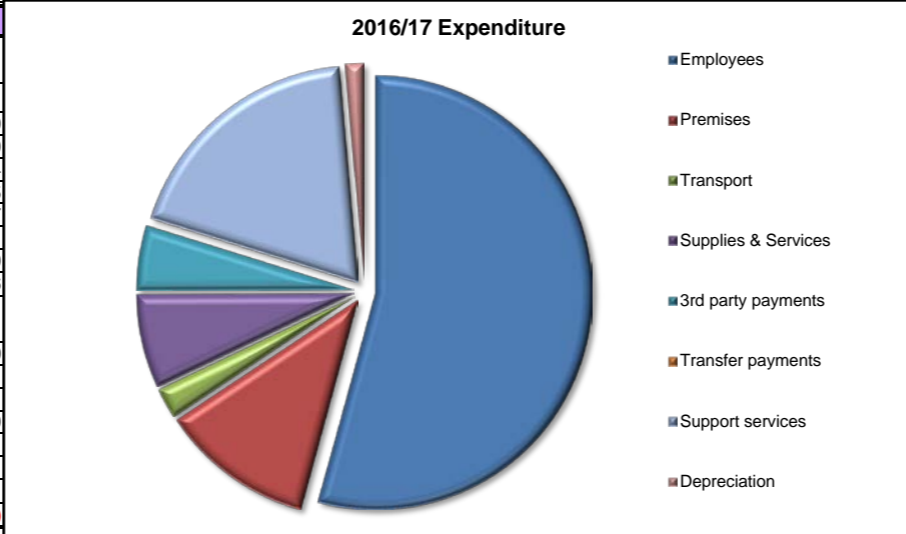
**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Leisure & Cultural Development**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT		Risk				
				Likelihood	Impact	Score		
<b>Project 1</b>		Project Title:	<b>Morden Leisure Centre</b>	Improved customer experience		4	2	8
Start date	2014	Project Details:	Deliver a new Morden Leisure Centre as a family friendly and community leisure centre to replace Morden Park Pools. Decommission and demolish the existing Morden Park Pools and reinstate the land to fit in with the Morden Park landscape					
End date	2018							
<b>Project 2</b>		Project Title:	<b>Leisure Centres Contract</b>	Improved efficiency (savings)		2	2	4
Start date	2016	Project Details:	Vary the Leisure Centre Contract to take account of the new Morden Leisure Centre					
End date	2018							
<b>Project 3</b>		Project Title:	<b>Deliver a Wimbledon Park Masterplan</b>	Improved effectiveness		2	2	4
Start date	2015	Project Details:	Develop a strategic masterplan for Wimbledon Park that takes account of all of the landscape, ecology and heritage matters as well as defining a sustainable and financially viable future for sports, culture, leisure, play facilities and ancillary facilities, etc. within the park.					
End date	2017							
<b>Project 4</b>		Project Title:	<b>Implement the Wimbledon Park Lake Flood Risk &amp; De-silting Plans</b>	Improved sustainability		4	2	8
Start date	2017	Project Details:	Following the outcomes of the Wimbledon Park & Lake Masterplan for the required improvements and solutions for the lake. Procure and implement the solutions					
End date	2018							
<b>Project 5</b>		Project Title:	<b>Customer Contact Programme - Online Leisure &amp; Cultural Bookings &amp; Payment System &amp; Other Service Technological Requirements</b>	Improved customer experience		2	2	4
Start date	2015	Project Details:	Work with Corporate IT on the Customer Contact Programme to deliver, improve & implement the replacement online booking & payment system for pitch, halls, pavilions, courses, events and activities in line with the whole council approach. Implement other corporate technological solutions and work with corporate IT to meet customer and service needs within that provision. Ensure service / customer needs are appropriately embedded in new ways of working.					
End date	2016-17							
<b>Project 6</b>		Project Title:	<b>Commercialisation of Culture &amp; Sport Activities, Projects and Programmes</b>	Improved efficiency (savings)		2	2	4
Start date	2014	Project Details:	Continue the commercialisation and development of the Merton Active Plus programme to generate increased income over a three year period to cover the salary of the officer that delivers it. Develop the Marine College and Outdoor Education Centre at the Watersports Centre. development team to cover two distinct strands of commercial and community activities.					
End date	2016-17							
<b>Project 7</b>		Project Title:	<b>Restructure Staff Team following Phase C &amp; Staff Reductions</b>	Improved effectiveness		2	2	4
Start date	2016	Project Details:	TUPE staff out to contractors as part of Phase C Contract. Restructure & reorganise the remaining Leisure & Culture Development & Greenspaces Team's functions, products & services, budgets into one combined service following the implementation of the Phase C contract					
End date	2017							
<b>Project 8</b>		Project Title:	<b>Increasing participation &amp; engagement in the arts, culture, sport, physical activity and well-being activities</b>	Improved customer experience		2	2	4
Start date	2014	Project Details:	Develop and deliver, with and through partners, joint community projects and programmes in the east of the borough in accordance with the Culture & Sport Framework. Deliver the Sports Blast Programme					
End date	2017							
<b>Project 9</b>		Project Title:	<b>Develop the boroughs involvement in major sporting, arts &amp; cultural events</b>	Improved customer experience		2	2	4
Start date	2012	Project Details:	Deliver and develop Merton's contribution to Ride London, WW1, Community & Celebratory Events, Etc. as required					
End date	2018-19							
<b>Project 10</b>		Project Title:	<b>External Funding &amp; Inward Investment Opportunities</b>	Improved effectiveness		2	2	4
Start date	2013	Project Details:	Seek out partnership working and funding opportunities that deliver against the Cultural Framework as well as seeking external funding to deliver our strategic needs. Eg Morden Leisure Centre; facilities at Wimbledon Park, etc.					
End date	2018-19							

Parking	Planning Assumptions							The Corporate strategies your service contributes to		
	Anticipated demand	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20			
Cllr Judy Saunders Cabinet Member for Performance & Implementation	Number of resident permits issued	17,897	18,320	20,041	(5%) 21,043	(5%) 24,011	(5%) 22,095	Road Safety Plan		
	Number of visitors permits issued	217,000	227,000	239,242	(5%) 251,204	(10%) 263,764	(5%) 276,953	Medium Term Financial Strategy Local Transport Plan		
Enter a brief description of your main activities and objectives below	Anticipated non financial resources	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20			
	Staff (FTE)	71.50	86.20	93.27	85.27	85.27	85.27			
	Transport	15	15	12	12	12	12			
Performance indicator	Performance Targets (T) & Provisional Performance Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
	2014/15(T)	2015/16(T)	2016/17(P)	2017/18(P)	2018/19(P)	2019/20(P)				
% of parking permits issued within 5-7 days	90%	90%	90%	90%	90%	90%	High	Monthly	Outcome	Loss of income
Sickness- No of days per FTE (12 month rolling average)	11	10	9	8	8	8	Low	Quarterly	Quality	Loss of income
Percentage of cases won at PATAS	50%	52%	54%	54%	54%	54%	High	Monthly	Business critical	Loss of income
Percentage of cases lost at PATAS	23%	22%	21%	21%	21%	21%	Low	Monthly	Business critical	Loss of income
Percentage of cases where council does not contest at PATAS due to new evidence	27%	26%	25%	25%	25%	25%	Low	Monthly	Business critical	Loss of income
Percentage of Public Space CCTV cameras working	95%	95%	95%	95%	95%	95%	High	Monthly	Business critical	Reduced service delivery

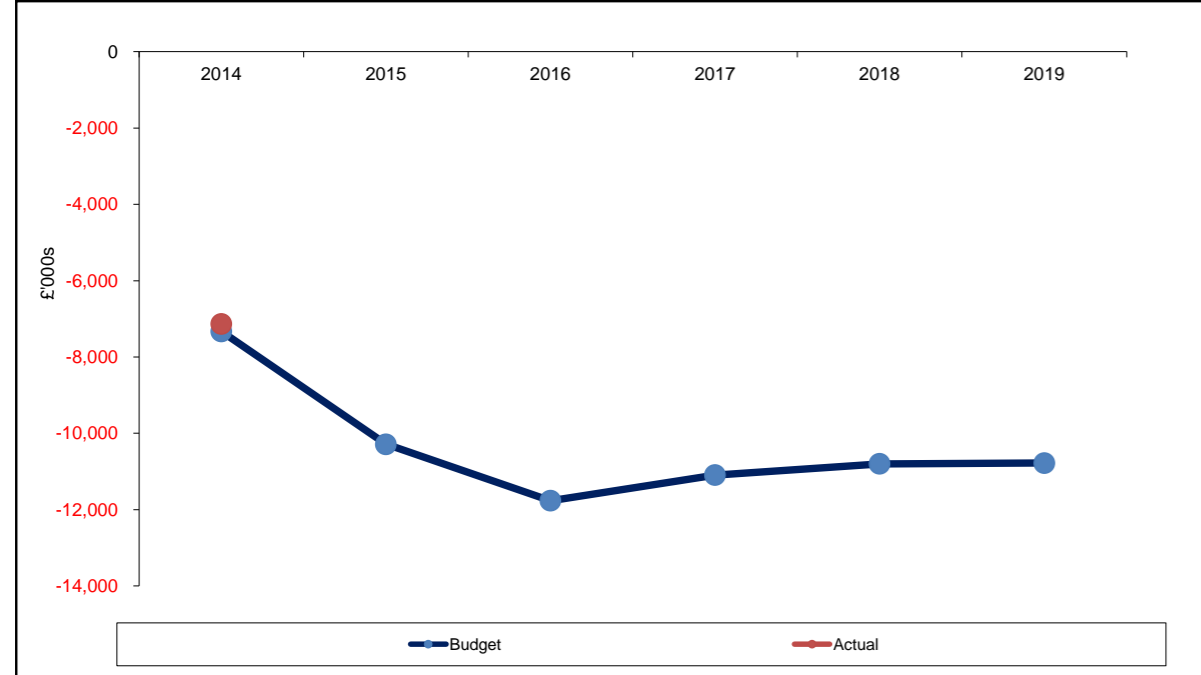
DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Expenditure	4,745	4,796	5,195	5,426	5,094	5,052	5,071
Employees	2,501	2,523	2,788	2,945	2,640	2,640	2,640
Premises	637	658	641	619	626	632	639
Transport	140	145	140	124	80	82	84
Supplies & Services	298	290	370	377	383	389	395
3rd party payments	260	229	264	265	269	213	217
Transfer payments							
Support services	832	874	905	1,020	1,020	1,020	1,020
Depreciation	77	77	87	76	76	76	76
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Income	12,077	11,930	15,480	17,188	16,186	15,850	15,850
Government grants							
Reimbursements							
Customer & client receipts	12,077	11,930	15,480	17,188	16,186	15,850	15,850
Recharges							
Reserves							
Capital Funded							
<b>Council Funded Net Budget</b>	<b>(7,332)</b>	<b>(7,134)</b>	<b>(10,285)</b>	<b>(11,762)</b>	<b>(11,092)</b>	<b>(10,798)</b>	<b>(10,779)</b>



Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Parking		11	143	653			
CCTV Match funding			201	399			
Other		217	194	185	156	175	175
	0	228	538	1,237	156	175	175

**Summary of major budget etc. changes 2016/17**

EN02 = (£226k)  
EV11 = (£125k)  
E&R7 = (£260k)  
E&R8 = (£1,700k)  
E&R9 = (£500k)  
E&R10 = (£80k)  
E&R11 = (£60k)  
E&R12 = (£14k)  
ANPR income reduction = £1,300k



**Summary of major budget etc. changes 2018/19**

E&R7 = (£163k)  
E&R8 = £500k  
ENV07 = (£60k)

**Summary of major budget etc. changes 2019/20**

**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Parking**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT		Risk			
				Likelihood	Impact	Score	
<b>Project 1</b>		Project Title:	<b>Tackling Traffic Congestion</b>	Improved effectiveness			
Start date	<b>2015-2016</b>	Project Details:	Replace the existing Bus Lane and Moving Traffic enforcement cameras and back office system with an Automatic Number Plate Recognition (ANPR) to enable unmanned enforcement of the above type of enforcement contraventions.	The improvement of traffic congestion that will lead to improved bus journey times, traffic flows, pollution and the safety of pedestrians and cyclists.	2	1	2
End date	<b>2016-17</b>						
<b>Project 2</b>		Project Title:	<b>Cashless parking</b>	Improved customer experience			
Start date	<b>2013-14</b>	Project Details:	Rollout a cashless/mobile phone payment service for on and off-street parking charges, permits and suspensions.	Improved customer service by allowing motorists to purchase paid for parking without the need for cash.	2	1	2
End date	<b>2015-16</b>						
<b>Project 3</b>		Project Title:	<b>Investment in Public Space CCTV</b>	Improvement in Public safety			
Start date	<b>2015-2016</b>	Project Details:	Replace existing public space CCTV equipment On Street and in the back office CCTV suite		2	1	2
End date	<b>2016-2017</b>						
<b>Project 4</b>		Project Title:	<b>Review CEO Shift Patterns</b>	More efficient use of resources			
Start date	<b>01/04/2016</b>	Project Details:	Consult on the introduction of a more efficient shift patterns		2	1	2
End date	<b>01/09/2016</b>						
<b>Project 5</b>		Project Title:	<b>Review CCTV Shift Patterns</b>	More efficient use of resources			
Start date	<b>01/04/2016</b>	Project Details:	Consult on the introduction of a more efficient shift patterns		2	1	2
End date	<b>01/09/2016</b>						
<b>Project 6</b>		Project Title:	<b>Enforcement of pavement parking as a result of a new policy</b>	Improve conditions for pedestrians using the pavements			
Start date	<b>01/04/2016</b>	Project Details:	Stop inconsiderate parking on pavements by motorists		2	1	2
End date	<b>Continuous</b>						





**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Parks and Green Spaces**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT		Risk		
				Likelihood	Impact	Score
<b>Project 1</b>		Project Title:	<b>Management of parks &amp; open spaces</b>	Improved reputation		4
Start date	2012-13	Project Details:	Encourage and facilitate the management of parks and/or parks facilities by friends and other community groups. Increase volunteering in parks	2	2	
End date	2017-18					
<b>Project 2</b>		Project Title:	<b>Management of bowling greens</b>	Improved reputation		4
Start date	2012-13	Project Details:	Review and transformation of the current bowls provisions in Merton	2	2	
End date	2017-18					
<b>Project 3</b>		Project Title:	<b>Commercialisation of grounds and sports services</b>	Economic outcomes		4
Start date	2012-13	Project Details:	Increased commercialisation of the grounds, sports and other Greenspaces' services, including outdoor events	2	2	
End date	2018-19					
<b>Project 4</b>		Project Title:	<b>Service Delivery Models</b>	Improved efficiency (savings)		6
Start date	2014-15	Project Details:	Support & input to South London Waste Partnership Phase C procurement exercise (Lot 2)	3	2	
End date	2016-17					
<b>Project 5</b>		Project Title:	<b>Development of new sporting hub at Joseph Hood Rec</b>	Improved customer experience		6
Start date	2012-13	Project Details:	Production and implementation of a new masterplan for Joseph Hood Recreation Ground	3	2	
End date	2017-18					
<b>Project 6</b>		Project Title:	<b>New pavilion &amp; facilities at Dundonald Rec</b>	Improved reputation		4
Start date	2014-15	Project Details:	Delivery of new pavilion and allied facilities at Dundonald Rec (with CSF)	2	2	
End date	2016-17					
<b>Project 7</b>		Project Title:	<b>Management of paddling pools</b>	Improved reputation		4
Start date	2013-14	Project Details:	Investment in new water play facilities.	2	2	
End date	2016-17					



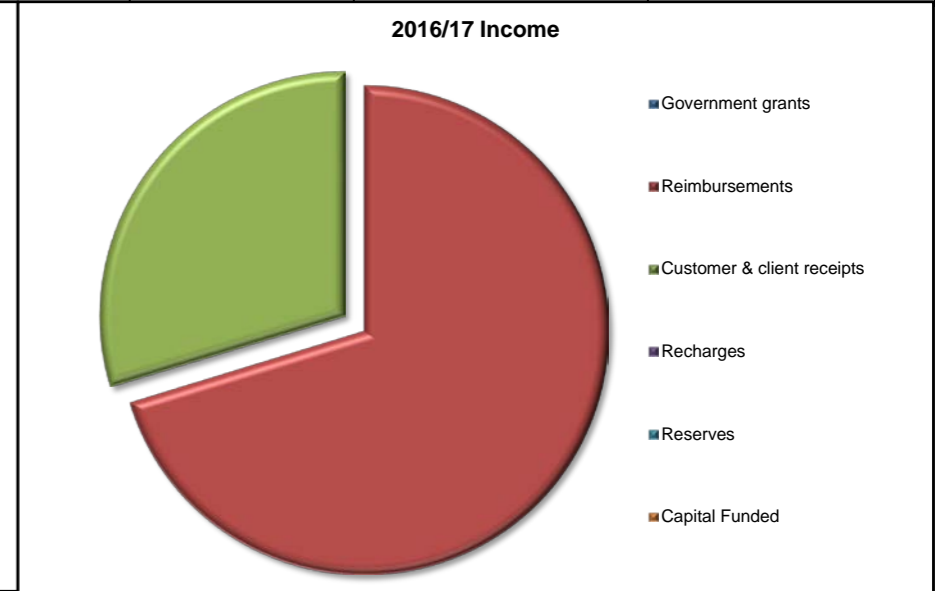
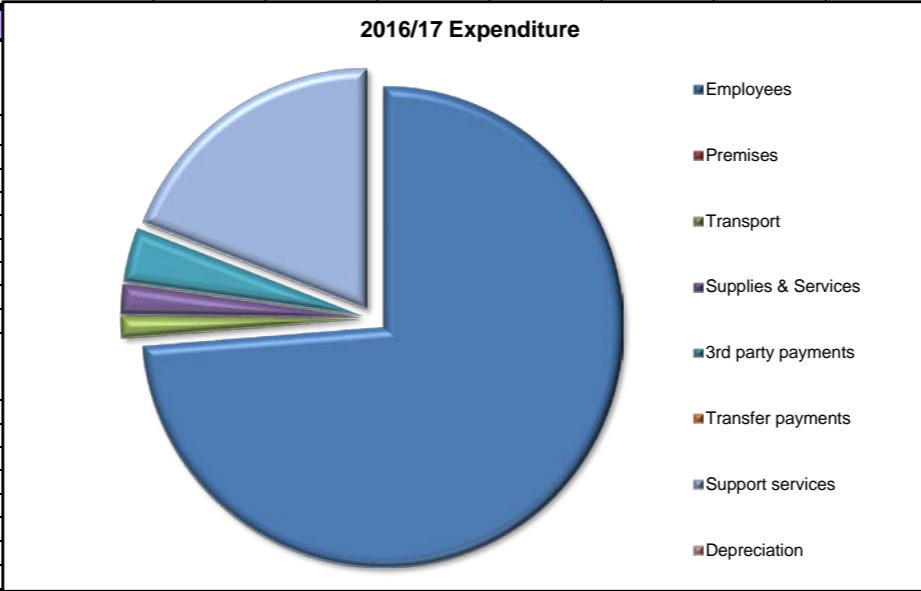
**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Property**

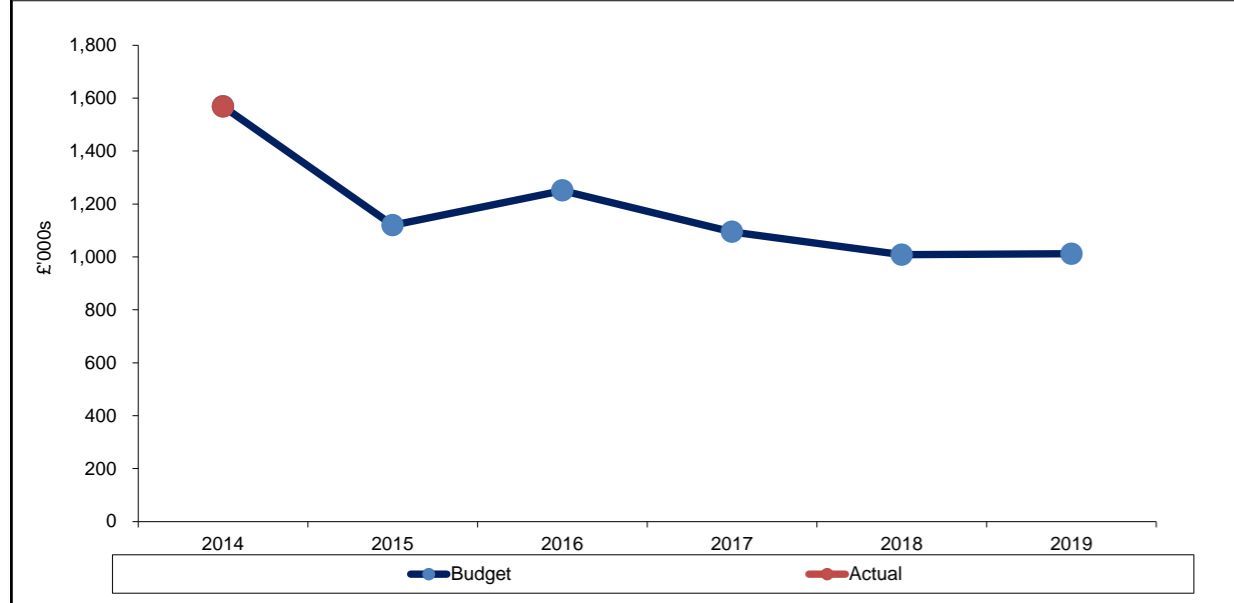
PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT			Risk				
					Likelihood	Impact	Score		
<b>Project 1</b>		Project Title:	<b>West Barnes Library</b>	Infrastructure renewal					
Start date	<b>2012-13</b>	Project Details:	Reprovision of library within larger redevelopment			2	2	4	
End date	<b>on going</b>								
<b>Project 2</b>		Project Title:	<b>P4/Broadway Car Park</b>	Improved efficiency (savings)					
Start date	<b>2012-13</b>	Project Details:	Disposal of public car park to regenerate prominent town centre site.			1	2	2	
End date	<b>on going</b>								

Regulatory Services Partnership	Planning Assumptions							The Corporate strategies your service contributes to			
Cllr Andrew Judge Cabinet Member for Sustainability & Regeneration	Anticipated demand		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20			
Enter a brief description of your main activities and objectives below Provide statutory environmental health, trading standards and licensing functions across those councils that make up the Regulatory Services Partnership (currently LB Merton and LB Richmond).	Total number of food premises		1535	1751	1756	1762	1767	1770	Air Quality Action Plan		
	Total number of service requests		6250	6500	6760	7030	7030	7030	Central Government		
	Licence/permit applications		1870	1880	1890	1900	1900	1900	Climate Change Strategy		
									Commercial & Trading Standards Delivery		
Deliver savings and efficiencies by: <ul style="list-style-type: none"><li>reducing overheads</li><li>generating additional income</li><li>attracting new business</li><li>rationalising ICT systems</li></ul>	Anticipated non financial resources		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Crime & Disorder (partnership plan)		
	Staff (FTE)		27.60	41.70	39.48	39.48	38.48	38.48			
Transform the service by: <ul style="list-style-type: none"><li>demand management</li><li>streamlining business processes</li><li>implementing new ways of working</li></ul>	Performance indicator	Performance Targets (T) & Provisional Performance Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
		2014/15(T)	2015/16(T)	2016/17(P)	2017/18(P)	2018/19(P)	2019/20(P)				
	% service requests replied in 5 working days	85	90	95	96	96	96	High	Monthly	Perception	Reduced customer service
	Income generation by EHTSL	£345,000	£345,000	£345,000	£345,000	£345,000	£345,000	High	Monthly	Outcome	Loss of income
	% of category A,B & C food premises inspected	95	96	97	98	98	98	High	Annual	Business critical	Government intervention
	No. of underage sales test purchases	220	100	100	100	100	100	High	Quarterly	Business critical	Anti social behaviour
	Annual average amount of Nitrogen Dioxide per m3	N/A	N/A	40	40	40	40	Low	Annual	Outcome	Political risk
	Days Nitrogen Dioxide levels exceed 200 micrograms per m3	N/A	N/A	18	18	18	18	Low	Quarterly	Outcome	political risk
	Annual average amount of Particulates per m3	N/A	N/A	40	40	40	40	Low	Annual	Outcome	Political risk
	Days particulate levels exceed 50 micrograms per m3	N/A	N/A	35	35	35	35	Low	Quarterly	Outcome	Political risk
	% licensing apps. processed within 21 days.	95	96	96	98	98	98	High	Quarterly	Business critical	Reputational risk
% of food premises rated 2 or below	N/A	N/A	15%	15%	15%	15%	High	Quarterly	Outcome	Reputational risk	

DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>2,666</b>	<b>2,751</b>	<b>2,579</b>	<b>2,678</b>	<b>2,672</b>	<b>2,635</b>	<b>2,639</b>
Employees	1,839	1,938	2,049	1,975	1,975	1,935	1,935
Premises							
Transport	45	34	39	39	39	40	40
Supplies & Services	280	260	54	54	46	47	49
3rd party payments	131	127	103	98	100	101	103
Transfer payments							
Support services	371	392	334	512	512	512	512
Depreciation							
<b>Revenue £'000s</b>	<b>Final Budget 2014/15</b>	<b>Actual 2014/15</b>	<b>Budget 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>
<b>Income</b>	<b>1,097</b>	<b>1,183</b>	<b>1,459</b>	<b>1,427</b>	<b>1,577</b>	<b>1,627</b>	<b>1,627</b>
Government grants	7	7					
Reimbursements	746	791	1,115	1,003	1,103	1,103	1,103
Customer & client receipts	344	385	344	424	474	524	524
Recharges							
Reserves							
Capital Funded							
<b>Council Funded Net Budget</b>	<b>1,569</b>	<b>1,568</b>	<b>1,120</b>	<b>1,251</b>	<b>1,095</b>	<b>1,008</b>	<b>1,012</b>



Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Mortuary			45				
	0	0	45	0	0	0	0



Summary of major budget etc. changes	
2016/17	
E&R13 = (£50k)	E&R15 = (£50k)
2017/18	
E&R14 = (£100k)	ENV09 = (£50k)
	ENV10 = (£10k)
2018/19	
ENV08 = (£40k)	ENV09 = (£50k)
2019/20	

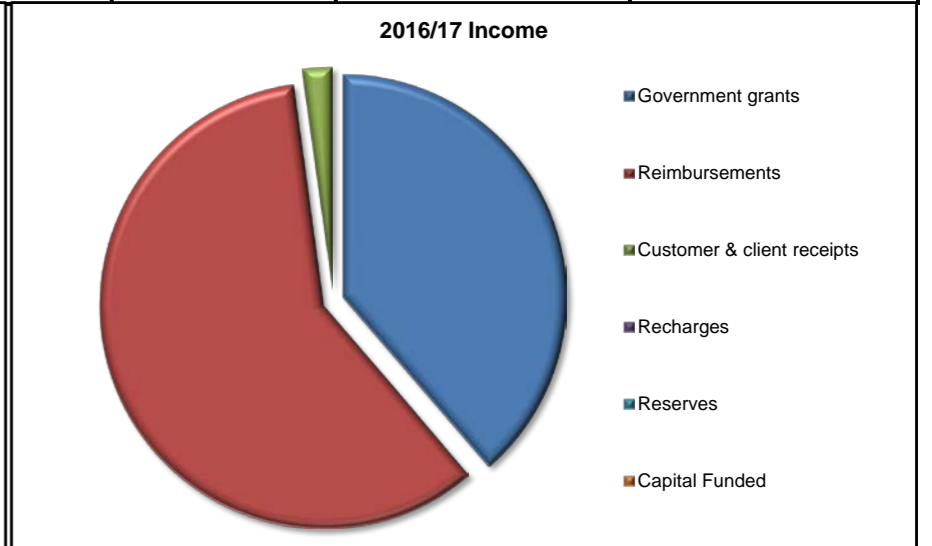
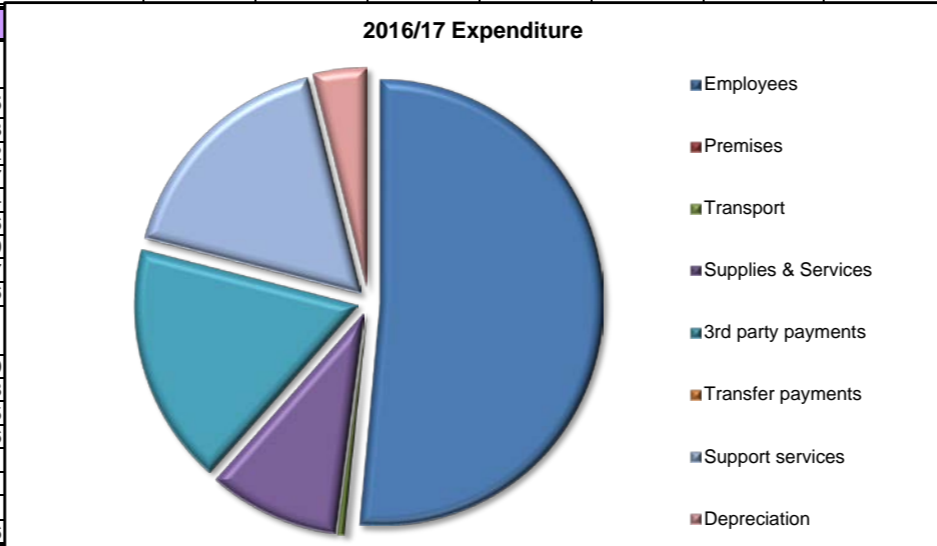
**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Regulatory Services Partnership**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFITS		Risk		
				Likelihood	Impact	Score
<b>Project 1</b>		Project Title:	<b>Expansion of shared 'regulatory' service</b>	Economic outcomes		
Start date	<b>2016-17</b>	Project Details:	Potential expansion of the Regulatory Services Partnership to include the London Borough of Wandsworth in 2017.	3	2	6
End date	<b>2017-18</b>					
<b>Project 2</b>		Project Title:	<b>Work with Public Health England to deliver 'Healthy Catering Commitment'</b>	Improved effectiveness		
Start date	<b>2015-16</b>	Project Details:	Public Health have funded a 1 year fixed term contract for an Environmental Health Officer to deliver this project	2	1	2
End date	<b>2016-17</b>					
<b>Project 3</b>		Project Title:	<b>Rationalisation of administration and licensing teams</b>	Improved effectiveness		
Start date	<b>2015-16</b>	Project Details:	Rationalisation of the Merton and Richmond administration and licensing teams to improve business processes, generate efficiencies and improve the outcomes for customers	2	1	2
End date	<b>2016-17</b>					
<b>Project 4</b>		Project Title:	<b>Procurement of a new ICT case management system</b>	Improved efficiency (savings)		
Start date	<b>2014-15</b>	Project Details:	Contribution to the ICT led procurement of a new computer system for E&R and potential joint procurement with Richmond and Wandsworth	3	2	6
End date	<b>2016-17</b>					
<b>Project 5</b>		Project Title:	<b>Investigation of contaminated land at Marlowe Square</b>	Risk reduction and compliance		
Start date	<b>2013-14</b>	Project Details:	Assess outcomes of wide scale soil sampling activities and develop action plan for treatment/remediation as necessary to reduce the risk of harm to local residents	5	2	10
End date	<b>2016-17</b>					
<b>Project 6</b>		Project Title:	<b>Design and implement a joint Merton/Richmond budget</b>	Economic outcomes		
Start date	<b>2014-15</b>	Project Details:	Design and implement a joint revenue (income & expenditure) budget on a 50/50 costs apportionment model	2	1	2
End date	<b>2016-17</b>					

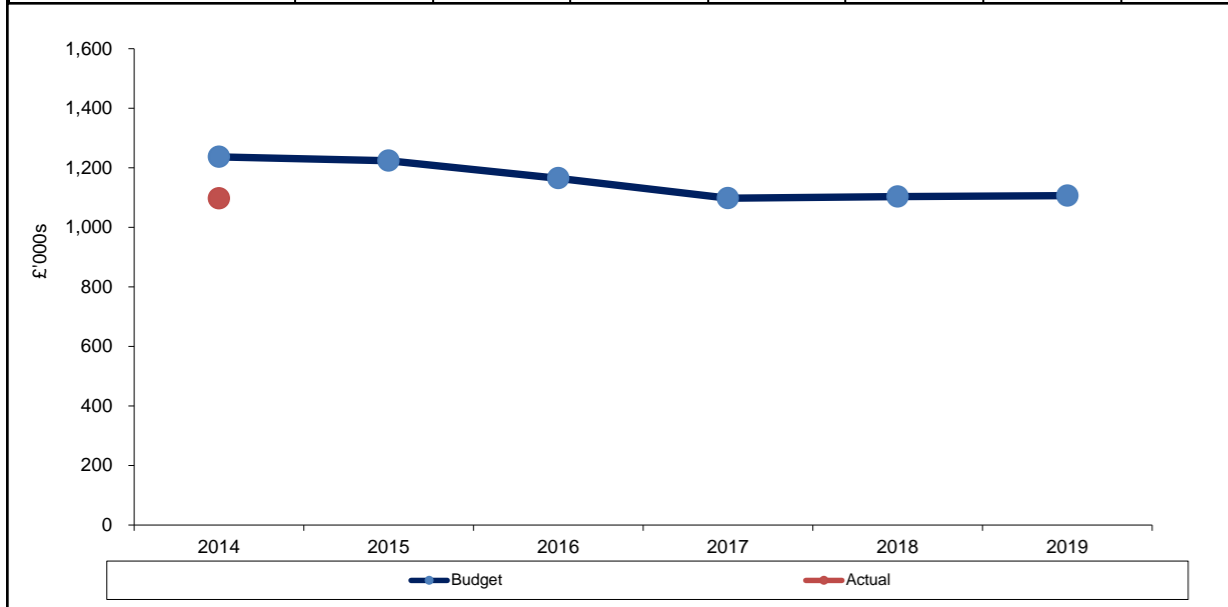
Safer Merton	Planning Assumptions							The Corporate strategies your service contributes to			
<b>Cllr Edith Joan Macauley Cabinet Member for Engagement &amp; Equality</b>	Anticipated demand	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20				
Enter a brief description of your main activities and objectives below  Safer Merton is a partnership of the statutory, voluntary and business sector partners who work together to combat crime & disorder and increase safety & the perceptions of safety, within the borough. The team consists of Voluntary Sector and Police and Health funded staff. The delivery of Crime and Disorder reduction is achieved through a range of interventions such as <ul style="list-style-type: none"> <li>Tackling anti social behaviour and domestic violence</li> <li>Managing Neighbourhood Watch</li> <li>Other support and commissioned services are part of the team's remit as well as ensuring that the council is compliant with legislation.</li> </ul> The service is managed through the council, and delivered in partnership with Police, Probation and other stakeholder services The Statutory duty of the council consists of: <ul style="list-style-type: none"> <li>A duty to establish a crime and disorder partnership</li> <li>Complete an annual strategic assessment and agree a plan with partners in response</li> <li>Respond to and deal with crime and disorder through evidence based analytical work</li> <li>Delivering Anti-Social Behaviour actions and interventions</li> <li>Specific duties around Domestic Violence.</li> </ul>	Number of new ASB cases	609	620	640	640	600	600	Adult Treatment Plan			
	Population	208,822	211,569	214,229	216,806	216,806	216,806	Anti Social Behaviour			
	No. Multi Agency Risk Assessment cases (domestic abuse)	158	160	162	162	162	162	Central Government			
	Clients presenting at the One Stop Shop	230	260	280	280	290	300	Children & Young person's Plan			
	Anticipated non financial resources	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20				
	Staff (FTE)	21.97	18.83	9.10	7.10	7.10	7.10	Crime & Disorder (partnership plan)			
								E Merton & Mitcham N'bourhood Renewal			
	Performance indicator	Performance Targets (T) & Provisional Performance Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
		2014/15(T)	2015/16(T)	2016/17(P)	2017/18(P)	2018/19(P)	2019/20(P)				
% of residents worried about drunk & rowdy behaviour (ARS)	44	40	39	39	38	38	Low	Annual	Perception	Reputational risk	
% of residents worried about ASB (ARS)	43	43	42	42	41	41	Low	Annual	Perception	Reputational risk	
% of residents worried about crime (ARS)	50	50	49	49	48	48	Low	Annual	Perception	Reputational risk	
Multi Agency Risk Assessment cases - domestic abuse	129	141	153	153	153	153	High	Monthly	Business critical	Breach statutory duty	

DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>1,632</b>	<b>1,456</b>	<b>1,502</b>	<b>1,444</b>	<b>1,377</b>	<b>1,382</b>	<b>1,385</b>
Employees	848	758	741	743	673	673	673
Premises	2	5	2	2	2	2	2
Transport	7	1	7	7	7	7	7
Supplies & Services	179	164	142	137	139	142	144
3rd party payments	272	194	251	252	253	255	256
Transfer payments	0	0	0	0	0	0	0
Support services	230	240	234	247	247	247	247
Depreciation	94	94	125	56	56	56	56
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Income</b>	<b>395</b>	<b>359</b>	<b>278</b>	<b>279</b>	<b>279</b>	<b>279</b>	<b>279</b>
Government grants	226	203	108	108	108	108	108
Reimbursements	163	154	164	165	165	165	165
Customer & client receipts	6	2	6	6	6	6	6
Recharges							
Reserves							
Capital funded							
<b>Council Funded Net Budget</b>	<b>1,237</b>	<b>1,097</b>	<b>1,224</b>	<b>1,165</b>	<b>1,098</b>	<b>1,103</b>	<b>1,106</b>



Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
	0	0	0	0	0	0	0

Summary of major budget etc. changes	
Year	Change (£'000s)
2016/17	
2017/18	
2018/19	
2019/20	



Year	Revenue (£'000s)
2014	1,097
2015	1,165
2016	1,098
2017	1,106
2018	
2019	

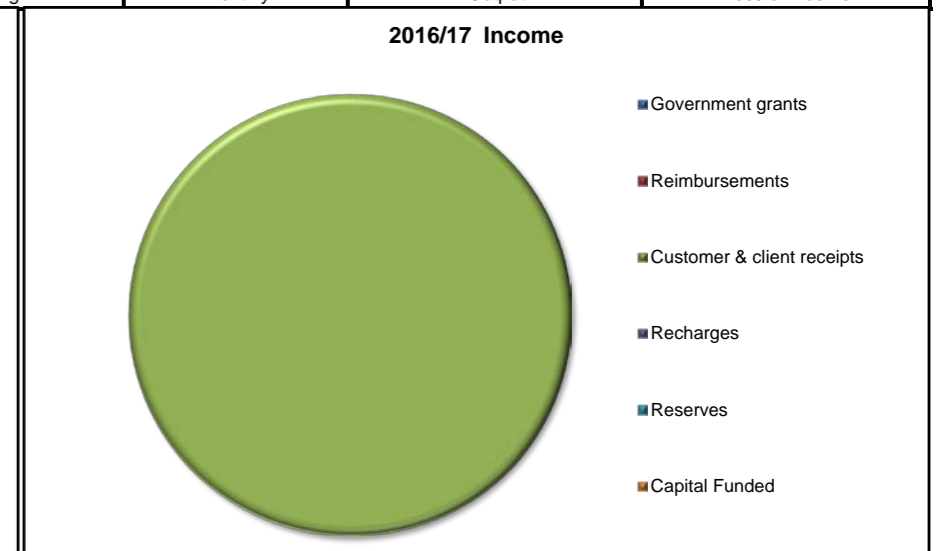
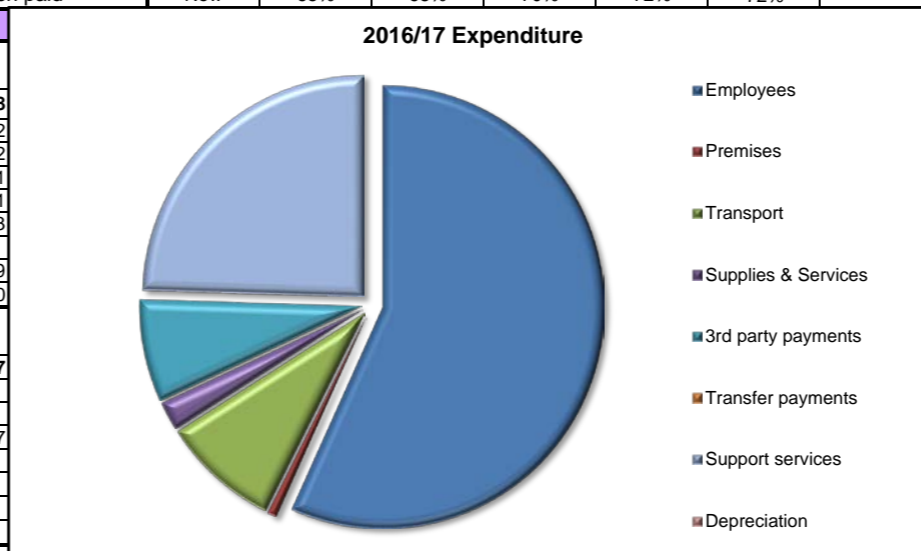
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Safer Merton

PROJECT DESCRIPTION		MAJOR PROJECT BENEFITS			Risk			
					Likelihood	Impact	Score	
Project 1		Project Title:	There are no projects for 2016/17					0
Start date		Project Details:						
End date								

Street Cleaning	Planning Assumptions						The Corporate strategies your service contributes to				
Cllr Judy Saunders Cabinet Member for Performance & Implementation	Anticipated demand	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20				
<p>Enter a brief description of your main activities and objectives below</p> <p>Street Cleaning: to improve the street scene by maintaining the public highway, collecting fly tips, removing litter, detritus, graffiti, fly posting and keeping gullies clean. Enforcement: to improve the street scene by education, advice and enforcement, reducing fly tipping, litter, dog fouling, abandoned vehicles, graffiti and fly posting; and collecting stray dogs.</p> <p>Winter Gritting: delivering an efficient service in accordance with Highways section priorities.</p> <p>Objectives</p> <ul style="list-style-type: none"> <li>fulfil the council's statutory responsibilities in respect of street cleansing</li> <li>maximise efficiencies through co-ordinated and partnership working</li> <li>provide value for money services that meet the needs of residents and businesses</li> <li>champion the needs of the service users</li> <li>improve our customer information and improve feedback</li> <li>protect and care for the welfare and development of our employees, the environment, our customers and the local community in which we operate</li> <li>provide a safe and supportive environment for all our employees and strive for outstanding health and safety performance</li> <li>provide a customer focussed approach to service design and improvement</li> <li>improve levels of satisfaction with services provided.</li> </ul>	Population	208,822	211,569	214,229	216,806	218,000	220,000	Anti Social Behaviour			
	Housing Properties	81,000	81,400	81,800	82,100	82400	85000	Performance Management Framework			
	Kilometers of Roads	375	375	375	375	375	375	Waste Management Plan			
								Community Plan			
	Anticipated non financial resources	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20				
	Staff (FTE)	127.00	127.00	116.00	100.00	100.00	100.00				
	Transport	26	26	26	26	26	26				
	Performance indicator	Performance Targets (T) & Provisional Performance Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
		2014/15(T)	2015/16(T)	2016/17(P)	2017/18(P)	2018/19(P)	2019/20(P)				
	% Residents satisfied with street cleanliness	60	56	57	58	59	59	High	Annual	Perception	Reputational risk
	% Sites surveyed below standard for litter	7.5	9.5	9	8.5	8	8	Low	Quarterly	Perception	Reputational risk
% Sites surveyed below standard for Detritus	12	15	14.5	14	13.5	13.5	Low	Quarterly	Perception	Reputational risk	
% Sites surveyed below standard for graffiti	5.0	5.5	5.5	5.5	5.5	5.5	Low	Quarterly	Perception	Reputational risk	
% Sites surveyed below standard for weeds	14.00	13.50	12.00	12.5	12	12	Low	Quarterly	Perception	Reputational risk	
Number of fly tips reported	3200	3700	3600	3500	3400	3400	Low	Monthly	Outcome	Reputational risk	
Days lost through sickness per FTE	10	15	14	13	12	12	Low	Quarterly	Outcome	Increased costs	
% Sites surveyed below standard for flyposting	1	1	1	1	1	1	Low	Quarterly	Perception	Reputational risk	
% of FPNs issued that have been paid	New	65%	68%	70%	72%	72%	High	Monthly	Output	Loss of income	

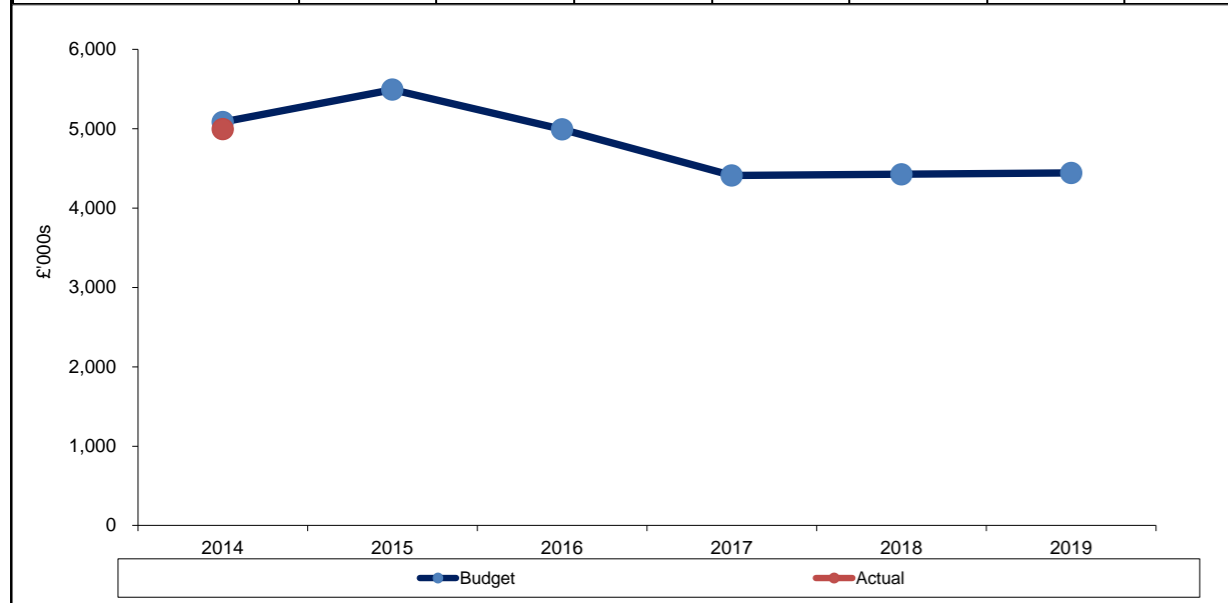
DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>5,535</b>	<b>5,580</b>	<b>5,944</b>	<b>5,461</b>	<b>4,877</b>	<b>4,891</b>	<b>4,908</b>
Employees	3,270	3,351	3,289	3,097	2,602	2,602	2,602
Premises	27	35	37	37	31	31	32
Transport	482	474	482	469	397	404	411
Supplies & Services	160	158	160	115	98	99	101
3rd party payments	428	365	435	404	410	416	423
Transfer payments							
Support services	1,168	1,197	1,447	1,339	1,339	1,339	1,339
Depreciation	0	0	94	0	0	0	0
<b>Revenue £'000s</b>	<b>Final Budget 2014/15</b>	<b>Actual 2014/15</b>	<b>Budget 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>
<b>Income</b>	<b>452</b>	<b>587</b>	<b>452</b>	<b>472</b>	<b>469</b>	<b>467</b>	<b>467</b>
Government grants							
Reimbursements							
Customer & client receipts	452	587	452	472	469	467	467
Recharges							
Reserves							
Capital Funded							
<b>Council Funded Net Budget</b>	<b>5,083</b>	<b>4,993</b>	<b>5,492</b>	<b>4,989</b>	<b>4,408</b>	<b>4,424</b>	<b>4,441</b>



Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
	0	0	0	0	0	0	0

**Summary of major budget etc. changes 2016/17**

EN14 = (£100k)  
E&R17 = (£134k)  
E&R20 = (£20k)  
E&R22 = (£42k)



**2017/18**

E&R16 = (£600k)  
E&R20 = £3k

**2018/19**

E&R20 = £2k

**2019/20**



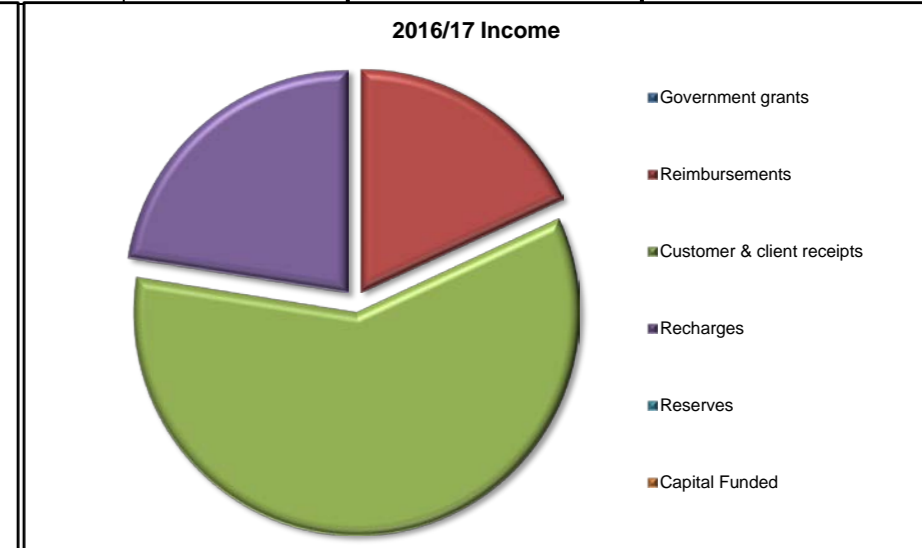
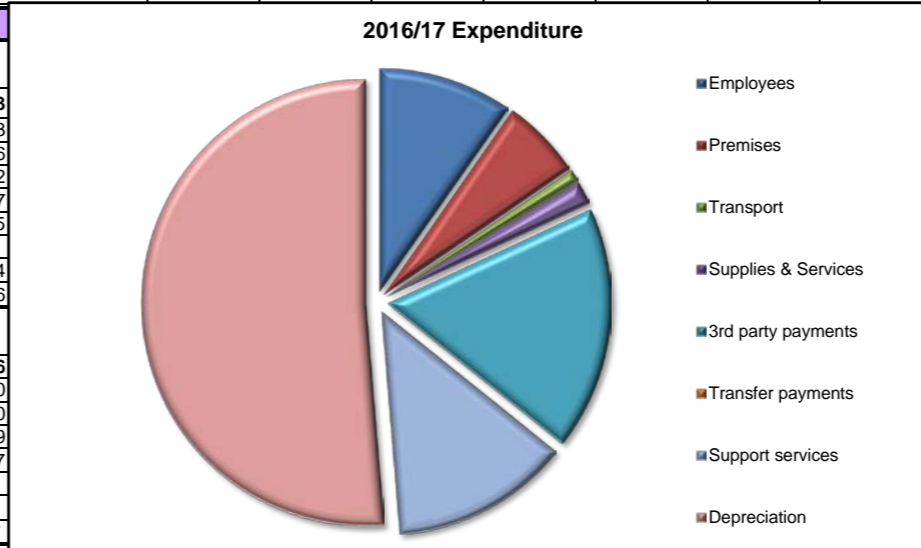
**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Street Cleaning**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT	Risk			
			Likelihood	Impact	Score	
<b>Project 1</b>		Project Title: <b>Introduce mobile working</b>  Project Details: This to introduce the use of handheld devices for all operators enabling receiving of reports from residents and also to report any to the office.	Improved effectiveness	2	2	4
Start date	2014-15					
End date	2016-17					
<b>Project 2</b>		Project Title: <b>Introduce timed commercial waste collections in town centres</b>  Project Details: Introduce time banded waste collections in town centres starting with Wimbledon and Morden town centre now completed. We are expanding this to include Colliers Wood and Mitcham town centres in the future.	Improved customer experience	2	2	4
Start date	2013-14					
End date	2016-17					
<b>Project 3</b>		Project Title: <b>Review Street Cleansing equipment</b>  Project Details: Review of Mechanicals sweeping resource with a view to consider more flexible vehicles. Procurement of new pedestrian vehicles (Gluttons) has been completed - 5 in operation across the borough. Two more machines being purchased.	Improved effectiveness	2	2	4
Start date	2014-15					
End date	2016-17					
<b>Project 4</b>		Project Title: <b>Increase Enforcement Capacity</b>  Project Details: Procurement is currently in progress with the aim of securing a two year contract for additional enforcement capacity for littering and dog fouling offences. OJEU issued Oct 2015.	Improved reputation	3	1	3
Start date	2014-15					
End date	2016-17					

Traffic & Highways		Planning Assumptions						The Corporate strategies your service contributes to					
Cllr Andrew Judge Cabinet Member for Sustainability & Regeneration		Anticipated demand		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20				
Enter a brief description of your main activities and objectives below		Street lights		12,673	12,673	12,673	12,673	12,673	12,673	Road Safety Plan			
The service discharges the council's responsibilities as a Highway, Traffic and Local Flood Risk Authority, assists with its responsibilities as a Local Planning Authority and assists in the delivery of the Community Plan vision. It maintains 12,673 street lights, 363.5 kms of road network and 16,500 trees on the public highway with an anticipated additional 70 new trees planted per year.		Number of trees to be maintained		16,640	16,710	16,710	16,710	16,710	16,710	Local Transport Plan			
		Network Maintenance and Improvement		363.5km	363.5km	363.5km	363.5km	363.5km	363.5km	363.5km	Local Implementation Plan		
		Number of Streetwork Permits issued		18,000	18,000	18,000	18,000	18,000	18,000	18,000	Capital Programme		
		Anticipated non financial resources		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20		Local Development Framework		
The main aims of the service are to:		Staff (FTE)		36.60	26.60	24.00	23.00	23.00	23.00				
<ul style="list-style-type: none"> <li>Ensure the safe and expeditious movement of all traffic on the Highway Network.</li> <li>Improve the condition of the highway network</li> <li>Improve the Public Realm.</li> <li>Improve the Street Scene.</li> <li>Improve the quality of life of local residents</li> </ul> Objectives: The overall objectives of the Service is to effectively maintain and manage the highway network and to ensure that this network is safe and serviceable for all road users.  Specific Objectives: Introduce Mobile working Channel shift and move to on-line self service system		Performance indicator		Performance Targets (T) & Provisional Performance Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
				2014/15(T)	2015/16(T)	2016/17(P)	2017/18(P)	2018/19(P)	2019/20(P)				
		Avg days taken to repair out of light Lamp Columns		3	3	3	3	3	3	Low	Quarterly	Quality	Reduced customer service
		% response to Emergency Callouts (within 2 hrs)		100	100	100	100	100	100	High	Monthly	Quality	Increased costs
		% Streetworks permitting determined		98	98	98	98	98	98	High	Monthly	Quality	Loss of income
		% Streetworks inspections completed		35	37	38	38	38	38	High	Quarterly	Unit cost	Loss of income
		% jobs completed where no Fixed Penalty Notice issued		98	93	93	93	93	93	High	Monthly	Outcome	Reduced customer service
		% of Condition Surveys completed on time		92%	95%	95%	95%	95%	95%	High	Annual	Quality	Increased costs
		Carriageway Condition - Unclassified Roads non principal Defectiveness Condition Indicator		21%	20%	19%	19%	19%	19%	Low	Annual	Quality	Increased costs
		Footway condition - Defectiveness Condition Indicator		21%	20%	19%	19%	19%	19%	Low	Annual	Quality	Increased costs

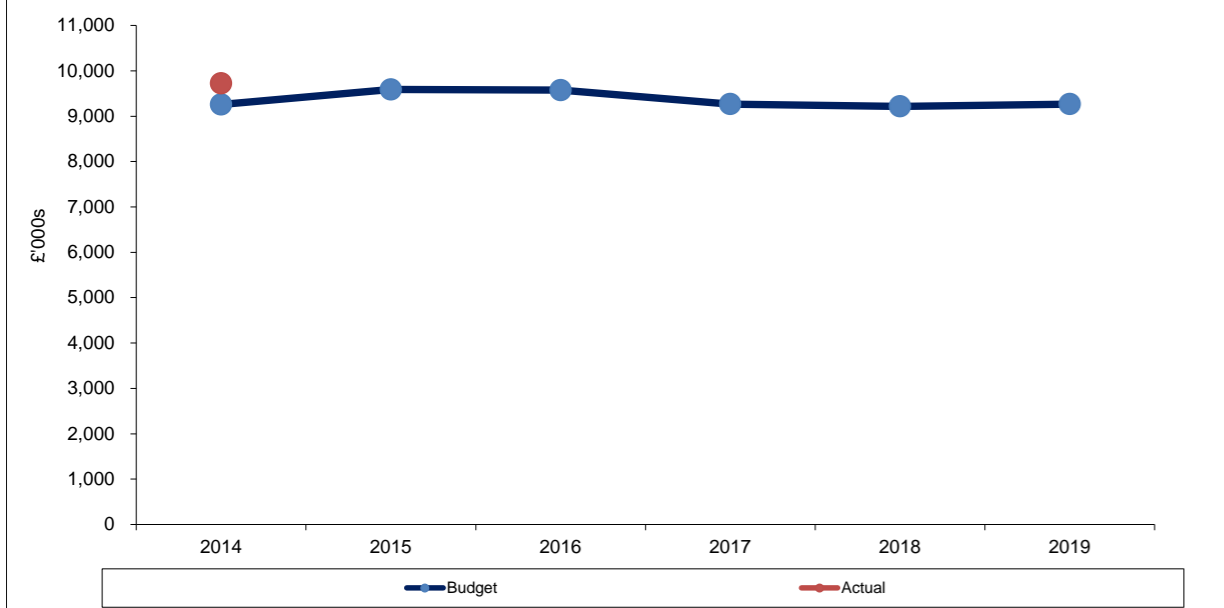
DEPARTMENTAL BUDGET AND RESOURCES							
Revenue £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>Expenditure</b>	<b>12,363</b>	<b>11,866</b>	<b>11,895</b>	<b>11,784</b>	<b>11,535</b>	<b>11,484</b>	<b>11,533</b>
Employees	1,819	1,585	1,333	1,143	1,113	1,113	1,113
Premises	702	707	732	686	548	557	566
Transport	128	126	128	107	108	110	112
Supplies & Services	263	169	252	198	201	204	207
3rd party payments	2,277	2,447	2,414	2,080	1,995	1,930	1,965
Transfer payments							
Support services	1,259	917	1,385	1,524	1,524	1,524	1,524
Depreciation	5,915	5,915	5,651	6,046	6,046	6,046	6,046
<b>Revenue £'000s</b>	<b>Final Budget 2014/15</b>	<b>Actual 2014/15</b>	<b>Budget 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>
<b>Income</b>	<b>3,104</b>	<b>2,140</b>	<b>2,307</b>	<b>2,211</b>	<b>2,266</b>	<b>2,266</b>	<b>2,266</b>
Government grants	280	243	219	0	0	0	0
Reimbursements	834	389	362	400	400	400	400
Customer & client receipts	1,493	1,477	1,229	1,314	1,369	1,369	1,369
Recharges	497	31	497	497	497	497	497
Reserves							
Capital Funded							
<b>Council Funded Net Budget</b>	<b>9,259</b>	<b>9,726</b>	<b>9,588</b>	<b>9,573</b>	<b>9,269</b>	<b>9,218</b>	<b>9,267</b>



Capital Budget £'000s	Final Budget 2014/15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Highways Gen Planned Works		511	484	419	419	422	427
Footways Planned Works		1,002	1,000	1,000	1,000	1,000	1,000
Street Lighting		421	600	462	290	509	290
Street Scene		59	151	60	60	60	60
Highways Planned Road Works		1,757	1,500	1,500	1,500	1,500	1,250
Transport For London		1,906	2,878	1,754	1,845	1,865	TBA
	<b>0</b>	<b>5,655</b>	<b>6,613</b>	<b>5,195</b>	<b>5,114</b>	<b>5,356</b>	<b>3,027</b>

**Summary of major budget etc. changes 2016/17**

ER23 = (53k)  
 EN27 = (£10k)  
 EN30 = (£20k)  
 EN31 = (£30k)  
 EN32 = (£10k)  
 E&R32 = (£20k)  
 E&R35 = (£25k)  
 E&R36 = (£60k)  
 E&R38 = (£50k)  
 E&R39 = (£50k)



**2017/18**

E&R32 = (£5k)  
 E&R34 = (£30k)  
 E&R35 = (£25k)  
 E&R37 = (£50k)  
 ENV15 = (£148k)  
 ENV16 = (£65k)

**2018/19**

ENV16 = (£65k)  
 ENV17 = (£35k)

**2019/20**

**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Traffic & Highways**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT		Risk		
				Likelihood	Impact	Score
<b>Project 1</b>		Project Title:	<b>Flood and Water Management Schemes</b>	Improved reputation		1
Start date	<b>2013-14</b>	Project Details:	Development and adoption of Local Flood Risk Management Strategy.	1	1	
End date	<b>2016-17</b>					
<b>Project 2</b>		Project Title:	<b>Delivery of Mitcham Town Centre scheme</b>	Improved reputation		12
Start date	<b>2013-14</b>	Project Details:	Major improvement to road network around Mitcham Town Centre dependent on approval from TfL	4	3	
End date	<b>2017-18</b>					
<b>Project 3</b>		Project Title:	<b>On-line self Service System</b>	Improved effectiveness		4
Start date	<b>2015-16</b>	Project Details:	Move to on-line self service system	2	2	
End date	<b>2016-17</b>					
<b>Project 4</b>		Project Title:	<b>4 Year Work Programme</b>	Improved reputation		2
Start date	<b>2015-16</b>	Project Details:	Development and delivery of a 4 year Capital funded work programme across the borough	2	1	
End date	<b>2019-20</b>					
<b>Project 5</b>		Project Title:	<b>Street Lighting Investment - Conversion to LED</b>	Improved sustainability		4
Start date	<b>2015-16</b>	Project Details:	Conversion to LED to generate energy saving targets and reduce on-going maintenance costs	2	2	
End date	<b>2018-19</b>					



**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Transport**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT	Risk		
			Likelihood	Impact	Score
<b>Project 1</b>		Improved efficiency (savings)	2	2	4
Project Title:	<b>New Joint Passenger Transport Framework</b>				
Project Details:	Joint Passenger Transport Framework with neighboring boroughs Sutton and Kingston.				
Start date	<b>2015-16</b>				
End date	<b>2019-20</b>				
<b>Project 2</b>		Improved efficiency (savings)	2	2	4
Project Title:	<b>Benchmarking - Internal Services</b>				
Project Details:	To carry out benchmarking exercises on internal services to find alternative options, value for money and possible savings to client departments				
Start date	<b>2014-15</b>				
End date	<b>2016-17</b>				



**DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD**

**Waste Management**

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT	Risk		
			Likelihood	Impact	Score
<b>Project 1</b>		Improved efficiency (savings)  to ensure sustainable and affordable waste disposal solutions mitigating the need for Landfill	2	4	8
Project Title:	<b>South London waste partnership (phase B)</b>				
Project Details:	The partnership manages the waste disposal for Merton, Kingston, Croydon and Sutton. Management consists of disposing waste in a sustainable manner and to ensure cost effectiveness. Interim service commencing on 1 April 2014. A rolling 3 month plan to be developed covering Communications, Construction and Operational plans for the construction period and commissioning of new facility.				
Start date	2012-13				
End date	2016-17				
<b>Project 2</b>		Improved efficiency (savings)	3	2	6
Project Title:	<b>Mobile technology including GPS and in cab monitors</b>				
Project Details:	Procurement and introduction of the GPS, driver behavioural management, route optimisation system. This project has been delayed as planned to introduce during 2014-15. Will not start to be implemented until 2015-16, planned savings have been deferred. Revised specification and service requirements amended.				
Start date	2014-15				
End date	2016-17				
<b>Project 3</b>		Improved efficiency (savings)	2	2	4
Project Title:	<b>LWARB efficiency review of Domestic waste collections</b>				
Project Details:	Review of existing service to ensure we have the most efficient service and consider options for the future. Phase one completed need to agree if we move forward with phase 2.				
Start date	2014-15				
End date	2016-17				
<b>Project 4</b>		Improved efficiency (savings)	3	2	6
Project Title:	<b>South London waste partnership (phase C)</b>				
Project Details:	The SLWP includes Merton, Sutton, Croydon and Kingston. If Members of the 4 boroughs agree the partnership will procure contracts for a wide range of environmental services including : waste collection, street cleansing , grounds and parks maintenance, winter gritting and fleet maintenance as well as commercial waste collection. On schedule for contract award December 2016 with contract start date of April 17.				
Start date	2014-15				
End date	2017-18				

# **Section F**

## **List of Revenue Savings 2016-20**



**G) LIST OF REVENUE SAVINGS 2016-20**  
Contained in the Members Pack

# **Section G**

## **Revenue Estimates 2016-17**

**G) REVENUE ESTIMATES 2015-16**  
In section 2 of the report

## **BUSINESS PLAN - GLOSSARY OF TERMS**

### **ANNUAL MINIMUM REVENUE PROVISION**

The council is required to pay off an element of the accumulated General Fund capital spend each financial year through a revenue charge, as required by the Local Government and Housing Act 1989.

### **ASSET MANAGEMENT PLAN / REVIEW**

An Asset Management Plan (AMP) is a tactical plan for managing an organisation's infrastructure and other assets to deliver an agreed standard of service. This information is reviewed annually.

### **BALANCES**

Balances are maintained to meet expenditure pending the receipt of income and to provide a cushion against expenditure being higher or income lower than expected. Contributions to balances can be either a planned contribution from the revenue budget or a transfer of any revenue surplus at the year end. The maintenance of an appropriate level of balances is a fundamental part of prudent financial management.

### **BASELINE FUNDING LEVEL**

The amount of an individual council's Start-up Funding Assessment for 2013-14 provided through the local share of the Estimated Business Rates Aggregate, uprated in line with the small business rates multiplier (set at the September forecast of the Retail Price Index, unless otherwise decided).

### **BILLING AUTHORITIES**

A unitary council, or a lower tier council in a two-tier area, which collects the council tax for its own activities, and for those of the precepting authorities in its area. The billing authority passes on the precept receipts to each precepting authority in its area. These are the 326 billing authorities that collect council tax and business rates: district councils, London boroughs, and unitary councils. Before 1 April 2009 there were 354.

### **BORROWING STRATEGY**

A borrowing strategy set up the parameters within which money may be borrowed by the Authority. These parameters are designed to manage the risk taken by the authority within best practice.

### **BUDGET**

Statement of the spending plans for the year.

### **BUDGET PROFILE**

An allocated annual budget is split over the months in which it is estimated that expenditure will be incurred. For example, utility bills may well be split into four and entered into the months in which quarterly payments are due.

### **BUSINESS RATES**

These rates, formally called national non-domestic rates, are the means by which local businesses contribute to the cost of providing local council services.

### **BUSINESS RATE BASELINE**

Determined for individual councils at the outset of the business rates retention scheme by dividing the local share of the Estimated Business Rates Aggregate (England) between billing authorities on the basis of their proportionate shares, before the payment of any major precepting authority share.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **BUSINESS RATE RETENTION SCHEME**

The name given to the current system of funding local authorities through the local government finance settlement, set out in the Local Government Finance Act 2013. The local government sector retains 50% of the business rates they collect. In addition they also receive Revenue Support Grant to help support their services.

### **CAPITAL EXPENDITURE**

Expenditure on the acquisition of a fixed asset or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

### **CAPITAL FINANCING REQUIREMENT (CFR)**

Is the total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resources i.e. a measure of the underlying borrowing need.

### **CAPITAL PROGRAMME**

Is documentation which summarises the outcome of priority allocations contained in the capital strategy and details individual schemes for approval by Council / Cabinet.

### **CAPITAL PROGRAMME BOARD**

The Capital Programme Board ensures:

- that the overall capital investment strategy is consistent with strategic objectives, is affordable within the revenue budget strategy, examining potential funding options.
- that bids are submitted in accordance with set framework and guidelines (including business cases, value for money and options appraisal) and prioritised in accordance of agreed criteria
- compiles and manages a multi-year capital programme for consideration by CMT and approval by Cabinet

### **CAPITAL PROJECTS / SCHEMES**

Capital Projects / Schemes is the level at which Member approval is obtained.

### **CAPITAL RECEIPTS**

Proceeds from the sale of fixed assets and repayments of capital grants and loans. These are divided into reserved and usable parts.

### **CAPITAL MONITORING**

The monthly comparison of actual spend against the anticipated spend (profiled budget) and the revision of projected year end spend where necessary. Periodically budget managers will be required to review their in year budget requirement and re-profile their projected expenditure over subsequent financial years.

### **CAPITAL STRATEGY**

A Capital Strategy is a core planning document designed to dovetail with the MTFs and Treasury Strategy to ensure that limited capital resources are deployed in accordance with corporate priorities / achieving our vision. The document will also detail how the proposed capital programme will be funded.

### **CASH FLOW MANAGEMENT**

Cash flow is the movement of money into or out of a business. Cash flow management optimises activity and investment around these cash flows.

### **CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)**

The Institute produces standards and codes of practice that must be followed in preparing the Council's financial statements.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **CODE OF PRACTICE LOCAL AUTHORITY ACCOUNTING**

These are designed to support consistent standards of financial accounting in local authorities. There are two accounting codes :-

The Code of Practice on Local Authority Accounting supports consistent financial reporting at the level of the formal statements of accounts.

The Service Reporting Code of Practice (SerCOP) supports consistent financial reporting between local authorities below the level of the formal statement of accounts. In particular the SerCOP is designed to support consistency and comparability in reporting the cost of individual services and activities. The IFRS based Code of Practice requires that the analysis of services in the Consolidated Revenue Account should follow that prescribed by the SerCOP.

### **COLLECTION FUND**

This is a statutory 'ring fenced' account. It records income and expenditure on Council Tax, Non Domestic Rates, payments to the precepting authorities and transfer to the Council's General Fund.

### **COMMUNITY ORGANISATION**

An organisation with benevolent or philanthropic purposes.

### **COMPACT**

Compacts are partnership agreements between statutory bodies and the voluntary and community sector to improve their relationships and provide a framework within which the sectors can understand what to expect from each other. Compacts offer the means of supporting the development of the voluntary and community sector's capacity so that groups can do more to meet both their aims and those of their statutory partners, thereby enhancing their contribution to the local community. The national compact (between central government and the voluntary and community sector) was launched in 1998 and it is now a requirement for all local authorities and PCTs to develop a compact with the voluntary and community sector. They are not legally binding documents but the Compact is approved and signed policy and affects the conduct of all partners.

### **COMPREHENSIVE SPENDING REVIEW (CSR)**

The CSR is a governmental process carried out by HM Treasury which sets out fixed three-year departmental expenditure limits and, through public sector service agreements, defines key service improvements.

### **CONTINGENCY**

A contingency is the setting aside of a finite sum to offset the cost of a future event or circumstance which may or may not occur.

### **CORE SPENDING POWER**

To provide some certainty for the period 2016-17 through to 2019-20, the local authority core spending power as from the following core components:

- The Modified Settlement Funding Assessment as set out in the provisional local government finance settlement consultation.
- The council tax requirement estimated by applying the average annual growth in the council tax base between 2013-14 and 2015-16 and assuming that local authorities increase their Band D council tax in line with the OBR's forecast for CPI for each year.
- The potential additional council tax available from the adult social care council tax flexibility.
- The potential additional council tax available from a £5 cash principle for districts with a lower quartile Band D council tax level.
- The Improved Better Care Fund.
- Rural Services Delivery Grant.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **CORPORATE AND DEMOCRATIC CORE**

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. It has two elements - corporate management and democratic representation and management. The activities within the corporate and democratic core are in addition to those which would be carried out by a series of independent, single purpose bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.

### **CORPORATE GOVERNANCE**

Corporate Governance is the system by which local authorities direct and control their functions and communicate to their communities.

### **COUNCIL TAX**

A local tax on domestic property, set by councils – calculated by deducting any funding from reserves, income it expects to raise and general funding it will receive from the Government – in order to meet its planned spending. 31

### **COUNCIL TAX BASE**

This is the number of Band D equivalent dwellings in a council area. To calculate the tax base for an area, the number of dwellings in each council tax band is reduced to take account of discounts and exemptions. The resulting figure for each band is then multiplied by its proportion relative to Band D (from 6/9 for Band A to 18/9 for Band H) and the total across all eight bands is calculated. An adjustment is then made for the collection rate.

### **COUNCIL TAX BANDS**

There are eight council tax bands. How much council tax each household pays depends on the value of the homes. The bands are set out below:

<b>Value of home estimated at 1 April 1991</b>		<b>Proportion of the tax due April 1991 for a band D property</b>
Band A	Under £40,000	66.7%
Band B	£40,001 - £52,000	77.8%
Band C	£52,001 - £68,000	88.9%
Band D	£68,001 - £88,000	100%
Band E	£88,001 - £120,000	122.2%
Band F	£120,001 - £160,000	144.4%
Band G	£160,001 - £320,000	166.7%
Band H	Over £320,001	200%

### **COUNTRY LIMITS**

The current economic climate has not only affected companies and financial institutions; it has affected sovereigns (lending to countries[government bonds]) as well. This will be incorporated into counterparty selection.

### **CREDIT APPROVAL**

The permission to borrow given to each local authority annually by the Secretary of State. Local authorities can obtain supplementary credit approvals during the year for particular projects.

### **CREDITORS**

The individual or organisation to whom the Authority owes money. Accordingly, it does not include money on taxation to the Council.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **COUNCIL'S BORROWING REQUIREMENT**

Based on projected spend, this is the amount of money a local authority will need to borrow to finance this projected spend.

### **COUNTERPARTIES**

The organisation in respect of which the Authority borrows from or invests money with.

### **COUNTERPARTIES'DOWNGRADES Combine with Counterparties**

A counterparty will be removed, suspended or kept on close watch from the council's approved list if it fails to meet the Council's criteria.

### **CORPORATE BONDS**

Is a bond that a company issues to raise money in order to expand its business.

### **COUPON**

Is the interest rate stated on a bond at the time it is issued.

### **CREDITWORTHINESS**

An assessment of the likelihood that a borrower will default on their debt obligations. It is based upon factors, such as their history of repayment and their credit score. Lending institutions also consider the availability of assets and extent of liabilities to determine the probability of default.

### **DEBTORS**

A debtor is an organisation or individual that owes the Authority money.

### **DEBT RESCHEDULING**

Where certain debt may be redeemed and a further loan obtained. This may be undertaken to provide an even spread of debt redemption date and terms, It may also be used to optimise beneficial borrowing rates in the market while maintaining activity within acceptable risk levels.

### **DEPRECIATION**

Depreciation is a charge to the revenue account to reflect the reduction in the useful economic life of a fixed asset. The reduction in the value of a fixed asset in the balance sheets is in line with the expected useful life. But is not a charge to the General Fund as it is reversed in the Movement in Reserves Statement and replaced with the Minimum Revenue Provision.

### **EARMARKED CAPITAL RESOURCES / GRANTS**

Money received by the Authority which has certain conditions / restrictions (loose terminology) over its use limiting the type of expenditure that it may be applied against. IFRS refers to Stipulations and sub divides them into Conditions and Restrictions. Earmarked grants (revenue or capital) are grants which are subject to restrictions..

### **ESTIMATED BUSINESS RATES AGGREGATE**

The total business rates forecast at the outset of the business rate retention scheme to be collected by all billing authorities in England in 2013-14. The Estimated Business Rates Aggregate is updated year on year in line with the change in the small business multiplier (usually the September Retail Price Index).



## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **FINANCE LEASE**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership. Situations that would normally lead to a lease being classified as a finance lease include the following:

- the lease transfers ownership of the asset to the lessee by the end of the lease term
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised
- the lease term is for the major part of the economic life of the asset, even if title is not transferred
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset
- the lease assets are of a specialised nature such that only the lessee can use them without major modifications being made

### **FINANCIAL INSTRUMENT**

A real or virtual document representing a legal agreement involving some sort of monetary value. In today's financial marketplace, financial instruments can be classified generally as equity based, representing ownership of the asset, or debt based, representing a loan made by an investor to the owner of the asset.

### **FINANCIAL YEAR**

The financial year runs from 1 April to the following 31 March.

### **FIXED ASSETS**

Assets that yield benefits to the local authority and the services it provides for a period of more than one year. These assets can be tangible or intangible.

### **FLOOR DAMPING**

A method by which stability in funding is protected through limiting the effect of wide variations in grant. A floor guarantees a lower limit to a year-on-year change in grant. The grant amounts of councils who receive changes above the floor are scaled back by a fixed proportion to help pay for the floor.

### **FTSE 100**

This is the index of the top 100 UK listed companies by market capitalisation.

### **GENERAL FUND**

The main fund of the Council, from which all expenditure is met and all income is paid, with the exception of those items, which by statute have to be taken to some other account.

### **GOVERNMENT GRANTS**

Financial assistance by government and other bodies, in the form of cash transfers to an authority, issued in return for compliance with certain conditions relating to the activities of the authority.

### **GROSS EXPENDITURE**

The total expenditure of a fund or account.

### **GROUP LIMITS**

This is a limit on the amount of money that may be invested with or borrowed from a particular conglomerate.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **IMPAIRMENT**

This is where there is an adverse mismatch between the value of an asset to that stated on the balance sheet. When this occurs the asset must be written down to the required value. This cost is charged to revenue (written through the income and expenditure account)

### **INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)**

International Financial Reporting Standards are a single set of accounting standards, developed and maintained by the IASB (International Accounting Standards Board).for the purposes of being applied on a globally--consistent basis by developed and emerging and developing economies.. The Code of Practice on Local Authority is based on IFRSs.

### **INVESTMENT POLICY**

The London Borough of Merton's investment policy has regard to the CLG's Guidance on Local Government Investments and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes. The council's investment priorities will be security first, liquidity second, then return.

### **INVESTMENT STRATEGY**

The investment of the Authority's cash balances to optimise its strategic and operational needs.

### **INVESTMENT TREASURY INDICATOR AND LIMIT**

This is a prudential indicator for funds invested for more than 364 days, designed to measure the need for early investment redemption against the Authority's liquidity requirement.

### **LENDERS OPTION BORROWERS OPTION (LOBO)**

When borrowing or lending money, certain time related limits may be established when the arrangement is made e.g. at a certain point in time the interest rate of a loan will increase; at this point both parties have the opportunity to opt in / out of the arrangement.

### **LEVY**

Mechanism to limit disproportionate benefit from business rates. The levy is applied proportionally on a 1:1 basis (i.e. a 1% increase in business rates income results in an council getting a 1% increase in revenue from the rates retention scheme) but with a limit on the maximum levy rate that is imposed, at 50p in the pound. Levy payments are used to fund the safety net.

### **LIABILITIES**

An entity's obligations to transfer economic benefits as a result of past transactions or events.

### **LOCAL GOVERNMENT FINANCE SETTLEMENT**

The local government finance settlement is the annual determination of funding distribution as made by the Government and debated by Parliament.

### **LOCAL GOVERNMENT SPENDING CONTROL TOTAL**

The total amount of expenditure for Revenue Support Grant in the Department for Communities and Local Government's Local Government Departmental Expenditure Limit plus the local share of the Estimated Business Rates Aggregate that is allocated to the local government sector by Government for each year of a Spending Review.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **LOCAL SHARE**

The percentage share of locally collected business rates that is retained by local government. This is set at 50%.

### **LOCALISM ACT 2011**

It sets out a series of proposals with the potential to achieve a substantial and lasting shift in power away from central government and towards local people. They include: new freedoms and flexibilities for local government; new rights and powers for communities and individuals; reform to make the planning system more democratic and more effective

### **LOWER TIER COUNCILS**

Councils that carry out the functions which in shire areas with two tiers of local government are carried out by shire districts. They are the same councils as billing authorities.

### **MERTON IMPROVEMENT BOARD**

Merton Improvement Board oversees the management and monitoring of the Merton improvement programme and the promotion of best practices within the Council. Its work falls into four main areas:

- manage and monitor the Merton improvement programme including giving the “go ahead” for new projects and project closure;
- steer the implementation and future development of the Merton improvement programme;
- lead on developing and maintaining cross-cutting initiatives; and
- manage, co-ordinate and monitor business improvement activity across the council.

### **MINIMUM REVENUE PROVISION**

The council is required to pay off an element of the accumulated General Fund capital spend each financial year through a revenue charge, as required by the Local Government and Housing Act 1989.

### **MULTIPLIER**

The business rates multiplier which, when multiplied by the rateable value of a property, determines a ratepayer's business rate bill. There are two multipliers – one for small businesses and one for larger businesses. These are set nationally. The small business multiplier is updated annually by the Retail Price Index, unless the Government decides otherwise and the other multiplier adjusted accordingly, to fund rate relief for small businesses.

### **NATIONAL CONTROL TOTALS**

These are the national totals for each of the individual elements within the local spending control total. They are determined as part of the Spending Review. It is also the name given to the size of each of the different elements within the Settlement Funding Assessment.

### **NON-DOMESTIC RATE (NDR)**

A levy on businesses based on national ‘rateable value’ of the premises occupied. NDR is collected by the Council in line with national criteria, paid into a national pool and then redistributed to all local and police authorities on the basis of population.

### **NON-SPECIFIED INVESTMENTS**

A body which has been provided with a government issued guarantee for wholesale deposits within specific timeframes.

### **OPERATIONAL BOUNDARY**

The operational boundary is a prudential indicator for monitoring the total external debt, gross of investments, and separately identifying borrowing from other long term liabilities.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **OPERATING LEASE**

A contract that allows for the use of an asset, but does not convey rights of ownership of the asset. An operating lease is not capitalized; it is accounted for as a rental expense in what is known as "off balance sheet financing." For the lessor, the asset being leased is accounted for as an asset and is depreciated as such

### **PENSION FUND**

The Local Government Pension Scheme (LGPS) is a scheme established by statute to provide death and retirement benefits for all eligible employees. The scheme's benefits are defined in the LGPS Regulations, and are geared to a scheme member's final salary and length of service (this current scheme is currently under review).

The scheme is financed by a combination of employee and employer contributions, together with income from a fund of investments. The employee contribution rate is set at 6% of pensionable pay, whilst the employer's rate varies according to an assessment of the funds current and forecast pension/benefit costs, (the fund's liabilities), relative to its income. This assessment is undertaken, in accordance with LGPS Regulations, every three years by the Fund's appointed actuary, who sets the necessary level of employer contribution into the fund so that the fund's liabilities can be paid.

### **PERFORMANCE MANAGEMENT FRAMEWORK**

Performance management is about how an organisation consistently plans and manages to ensure continuous improvement. Sustainable improvements in services are unlikely to happen without it. A performance framework is designed to help individuals, teams, divisions etc. understand :

- what the organisation is trying to achieve (golden thread),
- the planning, monitoring and review cycle
- their responsibilities.

### **PRECEPT**

This is the amount of council tax income all billing and precepting authorities need to provide their services. The amounts for all authorities providing services in an area appear on one council tax bill, which is administered by the billing authority.

### **PRECEPTING AUTHORITY**

An authority or body that does not collect council tax or business rates but is part of the business rates retention scheme. This is an authority which sets a precept to be collected by billing authorities. County councils, police authorities, the Greater London Authority, single purpose fire and rescue authorities and parish councils are all precepting authorities.

### **PRIVATE FINANCE INITIATIVE (PFI)**

PFI contracts are agreements with private sector organisations to refurbish, maintain and operate fixed assets on behalf of public sector organisations such as local authorities.

### **PROCUREMENT BOARD**

The Procurement Board provides a corporate focus for procurement issues and oversees the procurement development in Merton. The Board also provides both strategic direction for, and effective governance of, the procurement arrangements across the Authority, ensuring they are effective, efficient and utilised.

### **PROPORTIONATE SHARE**

This is the percentage of the national business rates yield which a council has collected on the basis of the average rates collected by councils over the two years to 2011-12. This percentage was applied to the local share of the 2013-14 Estimated Business Rates Aggregate to determine the billing authority's business rates baseline.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **PROVISIONS**

Amounts set aside for any liabilities or losses which are likely to be incurred, but which are uncertain as to the amounts or the dates on which they will arise.

### **PRUDENTIAL CODE OF BORROWING**

The Local Government Finance Act (NI) 2011 requires the Council to adopt the CIPFA Prudential Code for Capital Finance in Local Authorities. In doing so, the Council is required to set and monitor a series of Prudential Indicators, the key objectives of which are to ensure that, within a clear framework, the capital investment plans of the council are affordable, prudent and sustainable.

### **RECEIVING AUTHORITIES**

These are the 421 authorities that are eligible to receive Revenue Support Grant (billing authorities plus county councils and fire and rescue authorities).

### **RESCHEDULING OF DEBT**

The switching of debt between the short term and the longer term and vice versa to obtain favourable borrowing rates.

### **REVENUE RESERVES**

These are amounts set aside for specific purposes. The Council has discretion in whether it wishes to set aside these amounts as distinct from sums set aside in provisions.

### **REVENUE EXPENDITURE**

Expenditure incurred on day to day running costs and confined to accounts within one financial year.

### **REVENUE MONITORING**

The monthly comparison of actual expenditure and income spend against the anticipated spend (profiled budget). A budget manager will then allow for known income/expenditure to project the year end position

### **RESERVES**

This is a council's accumulated surplus income (in excess of expenditure) which can be used to finance future spending.

### **REVENUE SUPPORT GRANT**

A Government grant which can be used to finance revenue expenditure on any service.

### **RINGFENCED GRANT**

A grant paid to councils which has conditions attached to it, which restrict the purposes for which it may be spent.

### **RISK MANAGEMENT**

A risk is a threat, obstacle or, barrier, that will stop the Authority from achieving its ambitions, aims and objectives. Risk management is the process of managing the risks that may prevent delivery of desired outcomes so that the organisation can anticipate and respond positively to change. Merton's approach to risk management is to raise awareness, integrate it into day to day operations and establish a robust framework and procedures to identify, analyse, assess and manage risk.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **SECTION 151 OFFICER**

Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. The Section 151 officer is usually the local authority's treasurer and must be a qualified accountant belonging to one of the recognised chartered accountancy bodies. The Section 151 officer has a number of statutory duties, including the duty to report any unlawful financial activity involving the authority (past, present or proposed) or failure to set or keep to a balanced budget.

### **SECURITISATION**

'Securitisation' as used in this context means the disposal of future revenues. For example, someone receiving rents from properties might transfer the entitlement to that income to a bank for (e.g.) 20 years, in exchange for an immediate lump-sum payment.

### **SAFETY NET**

Mechanism to protect any council which sees its business rates income drop, in any year, by more than 7.5% below its baseline funding level (with baseline funding levels being uprated by the small business rates multiplier for the purposes of assessing eligibility for support).

### **SETS OF SERVICES**

There are four sets of services, corresponding to the services supplied by the four types of local authorities (although some councils may provide more than one tier of service). These are:

- upper-tier services – those services, other than fire, supplied by county councils in two-tier areas, and described in this consultation as relating to 'social care councils'
- police services
- fire and rescue services lower-tier services – those services supplied by district councils ('non-social care councils' in the consultation) in two-tier areas.

### **SETTLEMENT CORE FUNDING**

The definition of settlement core funding for this purpose takes into account the main resources available to councils, which for this purpose comprise:

- council tax income from 2015-16 (including any Council Tax Freeze Grant)
- the Settlement Funding Assessment, comprising:
  - estimated business rates income (baseline funding level under the rates retention scheme)
  - Revenue Support Grant.

### **SETTLEMENT FUNDING ASSESSMENT**

Previously referred to as Start-Up Funding Assessment. It comprises at a national level the total Revenue Support Grant and the local share of Estimated Business Rates Aggregate for the year in question. On an individual council level it comprises each council's Revenue Support Grant for the year in question and its baseline funding level, uprated year-on-year in line with the September forecast of the Retail Price Index, unless otherwise decided

### **SPECIFIC GRANT**

Grants paid under various specific powers, but excluding Revenue Support Grant or area-based grant. Some specific grants are ringfenced.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **SPECIFIED BODY**

This is the term used for a body or bodies which are directly funded from Revenue Support Grant, and which provide services centrally for local government as a whole.

### **SPECIFIED INVESTMENTS**

These are to be sterling investments of a maturity period of not more than 364 days, or those which could be for a longer period but where the Council has the right to be repaid within 364 days if it wishes. These are low risk assets where the possibility of loss of principal or investment income is considered negligible.

### **SUPER OUTPUT AREA**

A Super Output Area (SOA) is a geographical area designed for the collection and publication of small area statistics. It is used on the Neighbourhood Statistics site, and has a wider application throughout national statistics. SOAs give an improved basis for comparison throughout the country because the units are more similar in size of population than, for example, electoral wards

### **SUPPORT SERVICES**

These are services that are not statutory local authority services but which give support to those services.

### **SUPPORTED CAPITAL EXPENDITURE**

This is the term for central government support for local authority capital expenditure with effect from 1 April 2004. Under the new system, central government provides allocations to replace the previous system of credit approvals. The allocations enable services to borrow to finance capital schemes. The services also receive revenue funding through the revenue support grant to pay for the borrowing.

### **TARIFFS AND TOP UPS**

Calculated by comparing at the outset of the business rate retention scheme an individual council's business rates baseline against its baseline funding level. Tariffs and top ups are self-funding, fixed at the start of the scheme and updated year-on-year in line with the September forecast of the Retail Price Index, unless otherwise decided.

### **TAX INCREMENTAL FINANCING**

The Local Government Finance Bill was passed in December 2011 and introduces a rate retention scheme enabling local authorities to retain a proportion of the business rates generated in their area. The Bill also includes a framework for the localisation of support for council tax in England, which alongside other council tax measures will give councils increased financial autonomy and a greater stake in the economic future of their local area, while providing continuation of council tax support for the most vulnerable in society. In determining the affordability of borrowing for capital purposes, authorities currently take account of their current income streams and forecast future income.

### **TREASURY MANAGEMENT**

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

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **TREASURY MANAGEMENT PRACTICES / TREASURY MANAGEMENT CODE OF PRACTICE**

The Local Government Finance Act (NI) 2011 requires the Council to adopt the CIPFA Prudential Code for Capital Finance in Local Authorities. In doing so, the Council is required to set and monitor a series of Prudential Indicators, the key objectives of which are to ensure that, within a clear framework, the capital investment plans of the council are affordable, prudent and sustainable.

### **USEFUL LIFE**

This is the period over which the local authority derives benefit from the use of a fixed asset.



## **BUSINESS PLAN – LIST OF ACRONYMS**

<b><u>Acronym</u></b>	<b><u>Definition</u></b>
AD	Assistant Director
ADASS	Association of Directors of Adult Social Services
Apps	Applications
ASB	Anti Social Behaviour
ASC	Adult Social Care
ASH	Our miscellaneous income, invoicing and recovery system
BC	Building Control
BESD	Behavioural Emotional and Social Difficulties
BME	Black Minority Ethnic
C & YP	Children and Young People
CAF	Common Assessment framework
CAMHS	Child and Adolescent Mental Health Services
CC	Children's Centre
CCTV	Close Circuit Television
CEN	Creative Environmental Networks
CEO	Civil Enforcement Officer
CFR	Capital Financing Requirement
CIPFA	Chartered Institute Public Finance and Accountancy
CMT	Corporate Management Team
CNEA	Clean Neighbourhood and Environment Act
COM	Current Operating Model
CPD	Centre for Professional Development
CPD	Continuing Professional Development
CPZ	Controlled Parking Zone
CRB	Criminal Records Bureau
CRM	Customer Relationship Management
CSC	Children's Social Care
CSF	Children Schools & Families
CYP	Children and Young People
CYPP	Children and Young peoples Plan
DC	Development Control
DEFRA	Department for Environment Food and Rural Affairs
DFG	Disabled Facilities grant
DMT	Departmental Management Team
DSG	Dedicated Schools Grant
E&R	Environment and Regeneration
EA	Equality Analysis
EAL	English as an Additional Language
EH	Environmental Health
EIA	Equalities Impact Assessment
EIG	Early Intervention Grant
ERTG	Enforcement Review Task Group
ESOL	English for Speakers of Other Languages
EU	European Union
EY	Early Years
FACS	Fair Access to Care Services
FM	Facilities Management
FOI	Freedom Of Information
FPN	Fixed Penalty Notice
FTE	Full Time Equivalent
GLA	Greater London Authority
HB	Housing Benefits
HC&OP	Healthier Communities and Older People

## **BUSINESS PLAN – LIST OF ACRONYMS Continued.....**

<b><u>Acronym</u></b>	<b><u>Definition</u></b>
HCA	Homes and Community Agency
HNES	Housing Needs and Enabling Services
HRRC	Household Reuse and Recycling Centre
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standard
IP	Intellectual Property
IT	Information Technology
iTrent	Our new payroll system
JD	Job Description
K	£ Thousand
L & D	Learning and Development
LA	Local Authority
LAC	Looked After Children
LALO	Local Authority Liaison Officer
LATS	Landfill Allowances and Trading Scheme
LB	London Borough
LBM	London Borough of Merton
LCGS	London Councils Grant Scheme
LDD	Learning Development and Diversity
LGA	Local Government Association
LLC	Local Land Charges
LSC	Learning Skills Council
LSCB	Local Safeguarding Children's Board
LSP	Local Strategic Partnership
LOBO	Lenders Option Borrowers Option
MAE	Merton Adult Education
MARAC/DV	Multi Agency Risk Assessment Case Conference / Domestic Violence
MCIL	Merton Centre for Independent Living
MIS	Management Information System
MP	Member of Parliament
MRP	Minimum Revenue Provision
MSLT1&2	Merton's Senior Leadership Team Levels 1 and 2
MTFS	Medium Term Financial Strategy
MVSC	Merton Voluntary Service Council
NEET	Not in Education Employment or Training
NNDR	National Non Domestic Rate
O&S	Overview and Scrutiny
OJEU	Official Journal of the European Union
OT	Occupational Therapy
PATAS	Parking And Traffic Appeals Service
PC	Police Constable
PCN	Penalty Charge Notice
PCT	Primary Care Trust
PFI	Private Finance Initiative
PM&R	Pavement Maintenance and Repair
PPD	Public Protection and Development

## **BUSINESS PLAN – LIST OF ACRONYMS Continued.....**

<b><u>Acronym</u></b>	<b><u>Definition</u></b>
PPP	Policy Planning and Performance
PRS	Private Rented Sector
PVI	Private Voluntary and Independent
QA	Quality Assurance
SC	Sustainable Communities
SEN	Special Educational Needs
SEND	Special Educational Needs and Disabilities
SFA	Skills Funding Agency
SLA	Service Level Agreement
SLWP	South West London Partnership
SME	Subject Matter Expert
SMT SOAs	Senior Management team Super Output Areas
SSQ	School Standards and Quality
SW	South West
SWLSG	South West London and St George's Mental Health NHS Trust
TBC	To Be Confirmed
TEC	Transport and Environment Committee
TFL	Transport For London
TOM	Target Operating Model
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations
VAT	Value Added Tax
VLE	Virtual Learning Environment
VS	Voluntary Sector
YOT	Youth Offending Team

## SECTION 2: GENERAL FUND REVENUE BUDGET AND COUNCIL TAX STRATEGY

### 1. Background to Financial Planning

- 1.1 The approach to Medium Term Financial Planning provides a great deal of flexibility in decision making and enables the impact of alternative options to be modeled. This has assisted with progress towards a balanced budget over the four year plan.
- 1.2 The MTFS has been re-priced and rolled forward a year so that each year from 2016/17 to 2019/20 starts from the approved budget 2015/16 and is built up showing the cumulative effect of variations over the period. The initial re-priced MTFS showing the budget gap as reported to Council in March 2015 was as follows:-

**Table 1: Initial Re-priced MTFS**

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
<b>Departmental Base Budget '15/16</b>	<b>150,913</b>	<b>150,913</b>	<b>150,913</b>	<b>150,913</b>
Departmental Budget Changes	(14,592)	(15,063)	(12,557)	(7,481)
<b>Re-Priced Departmental Budget</b>	<b>136,321</b>	<b>135,850</b>	<b>138,356</b>	<b>143,432</b>
Treasury/Capital financing	14,029	15,828	17,091	18,220
Other Corporate items	(8,894)	(8,539)	(7,860)	(9,048)
Levies	632	632	632	632
<b>Sub-total: Corporate provisions</b>	<b>5,767</b>	<b>7,921</b>	<b>9,863</b>	<b>9,804</b>
Use of Reserves	643	(6,727)	(474)	0
<b>BUDGET REQUIREMENT</b>	<b>142,731</b>	<b>137,044</b>	<b>147,745</b>	<b>153,236</b>
<b>TOTAL FUNDING</b>	<b>(142,731)</b>	<b>(137,044)</b>	<b>(133,378)</b>	<b>(131,519)</b>
<b>GAP (Cumulative)</b>	<b>0</b>	<b>0</b>	<b>14,367</b>	<b>21,717</b>

- 1.3 Since then, reports to Cabinet on 14 September 2015, 19 October 2015, 7 December 2015, and 18 January 2016 have presented updated information to Members, setting out the financial implications as assumptions have been reviewed and decisions made.
- 1.4 The decisions made in respect of each element of the MTFS impact on the overall financial position of the Authority and need to be taken into account as part of an overall package of decisions to balance the budget over 2016-20. In addition to the normal review of the base position, an appraisal of options and variables has been undertaken this year which has enabled the impact of different scenarios to be modeled.

## 1.5 Setting a Balanced Budget

1.5.1 Resource and expenditure projections have been continually updated throughout the year to inform Members and officers of the overall position for 2016-2020. A four-year forward plan is presented, but it is still a legal requirement that a balanced (i.e. fully funded) budget is achieved for 2016/17. There are a number of ways in which a balanced budget is achieved:

- Reducing expenditure/costs;
- Identifying new savings or additional income;
- Adjusting the level of Council Tax ;
- Using unallocated reserves as a temporary measure pending the implementation of the options above.

1.5.2 Budget savings and growth proposals have been formulated within the overall constraints of the resource projections. The proposals have been approved in principle by the Cabinet and then considered by Overview and Scrutiny Panels as part of the scrutiny process. Scrutiny Panels have met again during January 2016 and their feedback on the Council's spending proposals is set out in a separate report elsewhere on the agenda for this meeting.

1.5.3 The Medium Term Financial Strategy (MTFS) for the Council supports the achievement of the business plan and any financial implications arising from the agreed plan are included in financial planning for 2016/17 and beyond. The MTFS brings together all of the key elements relating to the Council's financial position which are reflected in the General Fund, and the Capital Programme.

1.5.4 The last detailed MTFS which was reported to Cabinet on 18 January 2016 showed that the budget gap was:-

**Table 2: Budget Gap Cabinet 18 January 2016**

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Gap remaining (cumulative)	0	0	0	5,668

1.5.5 There have been further changes to some of the key budget variables as more information has become available and the details are set out in this report.

## 1.6 Review of previous year's Savings

1.6.1 As with previous years, the business planning process is a multi-year approach and this includes a review of total expenditure and income over the period 2016-20.

- 1.6.2 Cabinet on 19 October 2015 and 7 December 2015 considered revisions to current savings proposals . The overall impact of these proposed amendments on the MTFS is as follows:-

**Table 3: Net Revisions to current savings**

<b>Net Revisions to current savings (cumulative)</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>
Corporate Services	582	458	0	0
Children, Schools & Families	0	0	0	0
Environment and Regeneration	744	0	0	0
Community and Housing	178	648	0	0
<b>Net Cumulative total</b>	<b>1,504</b>	<b>1,106</b>	<b>0</b>	<b>0</b>

- 1.6.3 The current MTFS includes the following amounts in respect of the full year effects of previous year's savings.

**Table 4: Full Year Effects of previous years savings**

<b>Full Year Effects of previous years savings</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>Total £000</b>
Corporate Services	2,840	1,656	165	0	4,661
Children, Schools & Families	2,191	621	0	0	2,812
Environment and Regeneration	5,514	935	(212)	0	6,237
Community and Housing	5,357	2,220	1,195	0	8,772
<b>Total</b>	<b>15,902</b>	<b>5,432</b>	<b>1,148</b>	<b>0</b>	<b>22,482</b>
<b>Total - Cumulative</b>	<b>15,902</b>	<b>21,334</b>	<b>22,482</b>	<b>22,482</b>	

- 1.6.4 One of the key objectives is to balance the budget and there has been a major improvement in recent years in the ability to look over a long-term period and identify significant savings over more than one year.
- 1.6.5 The Business planning framework aims to enable strategic resource allocation and investment decisions to be made that allow for services to transform and change at different times in the future and which would otherwise be very difficult to plan under an annual planning framework.
- 1.7 Growth
- 1.7.1 There is no additional growth included in the MTFS at the current time.

## 1.8. Better Care Fund (BCF) and Implementation of Care Act Funding

- 1.8.1 The BCF creates a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their well-being as the focus of health and care services. This funding is ring-fenced to Adult Social Care.
- 1.8.2 It has been assumed that the amount available to Adult Social Care will be the same for 2016/17.
- 1.8.3 The latest information on Adults' Personal Social Services funding allocations to local authorities for 2016/17 is summarised in Appendix 2. Further details of specific funding allocations for Merton are still to be announced.

## 2. Local Government Finance Settlement 2016-17

### 2.1 Local Government Finance Settlement

- 2.1.1 The financial projections in the report to Cabinet on 18 January 2016 were based on the information as announced in the provisional Local Government Finance Settlement on 17 December 2015. Information in this report has been updated as more information has become available.
- 2.1.2 The final Settlement allocations were confirmed by the Minister for Local Government on 8 February 2016 and by the House of Commons on 10 February 2016. The details were very similar to the provisional Settlement with some extra funding. Merton will receive RSG transition grant of £0.567m in 2016/17 and £0.557m in 2017/18.
- 2.1.3 Details of the Final Local Government Settlement are included in Appendix 2.
- 2.1.4 The Local Government Finance Settlement provides an indicative figure for the amount of business rates (NNDR) Merton could expect to have available in 2016/17. This is based on a baseline amount notified in 2013/14 when the Business Rates Retention Scheme was first introduced, uprated for inflation. However, the actual amount available to use is based on the latest NNDR information available to the Council as identified in its NNDR1 return which was completed and provided to the DCLG by the deadline of 31 January 2016. Details of the methodology and calculation are included in Appendix 3. The Business Rates implications are summarised in the following table:-

Table 5: Implications of NNDR1 2016/17 for Merton in 2016/17

	MTFS (January 2016) £000	NNDR1 £000	Difference £000
NNDR 2016/17	26,422	26,324	(98)
- Top-Up 2016/17	8,010	7,906	(104)
	34,432	34,230	(202)
Collection Fund Surplus/(Deficit) 2015/16	(1,469)	(1,721)	(252)
	32,963	32,509	(454)
Section 31 Grant	0	822	822
<b>Total</b>	<b>32,963</b>	<b>33,331</b>	<b>368</b>

2.2 Details of the Council Tax Base calculation, the resource implications arising from current business rates projections and impact on the Collection Fund are included elsewhere in this report and in Appendix 3.

### 3. **Review of Corporate and Technical Provisions**

3.1 Previous reports to Cabinet have set out the details and assumptions on which the budget has been formulated. The latest information is set out in the following paragraphs.

#### 3.2 Review of Technical and Corporate Provisions

3.2.1 Technical and corporate adjustments incorporated in the MTFS have been reported to Cabinet throughout the business planning process for 2016/17.

3.2.2 The key assumptions included in the MTFS have been continually reviewed and updated as the budget process has developed. It should be noted that any one-off adjustments will need to be addressed in future years. The latest information is set out in the following paragraphs:-

#### 3.3 Inflation

3.3.1 Predicting the level of inflation over a four year period with accuracy is not easy, particularly in the current economic climate and given the size of the Council's budget can lead to large variances if the actual inflation levels vary from the assumptions.



### 3.3.2 Pay

As reported to Cabinet in September 2015, in the Summer Budget 2015, which the government presented on 8 July 2015, it was announced that public sector pay awards will be funded for a pay award of 1% for 4 years from 2016/17 onwards. There is no further change proposed.

**Table 6: Provision for Pay Inflation:**

	2016/17	2017/18	2018/19	2019/20
Revised pay inflation (%)	1.0%	1.0%	1.0%	1.0%
Provision for Pay inflation (cumulative £000)	883	1,767	2,650	3,534

Following negotiations with the unions, the Local Government Employers made their final offer on 9 December 2015 concerning a pay deal that would cover the two years from April 2016. For the lowest paid (those on spinal points 6-17) this would mean a pay rise of between 6.6% and 1.01% in the first year, and between 3.4% and 1.3% in the second. Those on spinal points 18-49 would receive 1% in year one and the same again the following year. The increases at the bottom end of the pay scale are designed to meet the employers' legal obligations to comply with the Chancellor's 'national living wage' (that will be £7.20 an hour next April and £9 an hour by the end of the Parliament). The employers also refused the unions' demand that other workforce terms and conditions such as annual leave and sick pay be protected. However they did agree to a joint review of term-time working for school support staff if their pay offer were to be accepted. The employers say that the pay offer would increase the total local government pay bill by 2.4% (£364.2m) over the two years. Following consultation with their members, the three NJC unions (i.e. Unison, Unite and GMB) will meet in February 2016 to consider the outcome of their respective consultation processes and to decide next steps.

### 3.3.3 Prices

The Consumer Prices Index (CPI) rose by 0.2% in the year to December 2015, compared with a 0.1% rise in the year to November 2015. Although this is the first month since January 2015 for which the rate has exceeded 0.1%, this continues the trend since early 2015 of the rate being very close to zero. Movements in transport costs, particularly air fares and to a lesser extent motor fuels, were the main contributors to the rise in the rate. Downward pressures from prices for alcohol and tobacco along with food and non-alcoholic beverages partially offset the rise. CPIH grew by 0.5% in the year to December 2015, up from 0.4% in November 2015. RPI annual inflation stood at 1.2% in December 2015, up from 1.1% in November 2015.

#### Outlook for inflation:

On 14 January 2016, the Bank of England's Monetary Policy Committee (MPC) voted by a majority of 8-1 to maintain the Bank Base Rate at

0.5%. The Committee voted unanimously to continue with its programme of asset purchases totalling £375 billion, financed by the issuance of central bank reserves.

In the minutes of the MPC published on 14 January 2016, it was noted that “twelve-month CPI inflation rose to 0.1% in November and is likely to rise modestly further in the coming months as some of the large falls in energy and food prices a year earlier drop out of the annual comparison. But the 40% decline in dollar oil prices means that the increase in inflation is now expected to be slightly more gradual in the near term than forecast in the Committee’s November Inflation Report projections. Although a large part of the current deviation of CPI inflation from the 2% target reflects unusually large drags from energy and food prices, core inflation also remains relatively subdued – a consequence of the past appreciation of sterling, weak global inflation and restrained domestic cost growth.”

The quarterly inflation report for November 2015 set out the MPC’s most recent detailed assessment of the economic outlook . In the minutes on 14 January 2016 the MPC commented that “at that time, the Committee’s central view was that, if Bank Rate were to follow the gently rising path implied by the prevailing market yields, CPI inflation would slightly exceed the 2% target in two years’ time and then rise further above it, reflecting modest excess demand. The MPC judged that the risks to this projection lay a little to the downside in the first two years, reflecting global factors. Since then, the data regarding international activity have evolved broadly as expected ..., Domestically, the most recent data suggest that, after faster growth over the previous two years, output growth was steady during 2015 at rates a little below pre-crisis norms. Although indicators of private domestic spending appear healthy, business surveys imply that the near-term outlook for aggregate activity is slightly weaker than in the MPC’s November central projection... Despite continued reductions in the rate of unemployment, pay growth remains restrained and appears to have dipped slightly in the most recent data. Overall, while domestic cost growth over the past year has been below that necessary for inflation to return sustainably to the 2% target, its pace can be expected to increase over time.”

The MPC believe that “given the likely persistence of the headwinds weighing on the economy, when Bank Rate does begin to rise, it is expected to do so only gradually and to a level lower than in recent cycles. This guidance is an expectation, not a promise. The actual path that Bank Rate will follow over the next few years will depend on the economic circumstances.”

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

**Table 7: Forecasts for the UK Economy**

Source: HM Treasury - Forecasts for the UK Economy (January 2016)

	Lowest %	Highest %	Average %
2015 (Quarter 4)			
CPI	0.0	0.5	0.1
RPI	0.8	1.3	1.0
LFS Unemployment Rate	5.0	5.5	5.2
2016 (Quarter 4)			
CPI	0.7	2.3	1.3
RPI	1.8	3.9	2.4
LFS Unemployment Rate	4.7	5.9	5.1

The current assumptions regarding price inflation incorporated into the MTFS are

**Table 8: Price inflation assumptions in MTFS**

	2016/17	2017/18	2018/19	2019/20
Price inflation in MTFS (%)	0.5%	1.5%	1.5%	1.5%
Revised estimate (cumulative £000)	741	2,964	5,187	7,410

Given the downward trend for inflation and analysts recent forecasts for the coming months, it is anticipated that the current provision in the MTFS is adequate. Clearly, this will be treated as a cash limit and if the level of inflation during the year exceeds the amount provided for in the budget, this will put pressure on services to stay within budget and will require effective monitoring and control.

#### 3.3.4 Inflation > 1.5% on volatile budgets

There is also a corporate provision which is held to assist services that may experience price increases greatly in excess of the 0.5% and 1.5% inflation allowance provided when setting the budget. This will only be released for specific demonstrable demand but there are likely to be some requests to meet the National Living Wage on some contracts. There is no further change proposed.

**Table 9: Inflation exceeding 1.5%**

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Inflation exceeding 1.5%	540	536	536	536

The cash limiting strategy is not without risks but if current levels of inflation were applied un-damped across the period then the budget gap would not change significantly by 2019/20.

### 3.3.5 Income

The MTFS does not include any specific provision for inflation on income from fees and charges. However, service departments can identify increased income as part of their savings proposals.

## 3.4 Collection Fund

3.4.1 The Collection Fund is a statutory fund separate from the General Fund. It accounts for income from Council Tax and from NNDR (Business Rates).

3.4.2 The Collection Fund accounts are kept on an accrual basis and a surplus or deficit for the year in the collection fund is estimated accordingly. The audited accounts for 2014/15 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2015:-

**Table 10: Collection Fund Surplus/Deficit as at 31 March 2015**

	Surplus/ (deficit) as at 31/03/15 Outturn	Surplus/ (deficit) as at 31/03/15 Outturn	Total surplus/ (deficit) as at 31/03/15
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(3,102)	(3,102)
GLA	1,274	(1,241)	33
Merton	4,716	(1,862)	2,854
Total	5,990	(6,205)	(215)

3.4.3 A review of the Collection Fund, related bad debt provisions, write offs and anticipated collection rates in 2016/17 has been undertaken. With respect to Business Rates, the NNDR1 return has been submitted (31 January 2016 deadline) which analyses the estimated Business Rates for 2016/17, estimated deficit as at 31<sup>st</sup> March 2016 and estimated Section 31 Grant for 2016/17, and the allocations between Merton, Central Government, and the GLA

3.4.4 As a result of the further analysis, the estimated surplus/deficit on the Collection Fund as at 31<sup>st</sup> March 2016 is as follows:-

**Table 11: Collection Fund Surplus/Deficit as at 31 March 2016**

	Surplus/ (deficit) as at 31/03/16 Estimate	Surplus/ (deficit) as at 31/03/16 Estimate	Total surplus/ (deficit) as at 31/03/16
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(2,868)	(2,868)
GLA	853	(1,721)	(868)
Merton	3,200	(1,147)	1,479
<b>Total</b>	<b>4,053</b>	<b>(5,736)</b>	<b>(1,683)</b>

A more detailed summary of the calculations relating to the Collection Fund is included in Appendix 3 together with a copy of Merton's NNDR1 form for 2016/17.

### 3.5 Taxicards and Freedom Passes

- 3.5.1 These schemes are administered by London Councils on behalf of London boroughs. Initial information from London councils indicates that there is more than sufficient provision in the latest draft MTFS to fund the cost of these schemes in 2016/17. The latest available details are set out in the following table:-

**Table 12: Freedom Passes and Taxicards 2016/17**

<u>Budget 2015/16</u>	£000
Freedom Passes	9,009
Taxicards	170
<b>Total Budget 2015/16</b>	<b>9,179</b>
Increase allowed for in MTFS in 2016/17	450
<b>Total Provision 2016/17 in latest draft MTFS</b>	<b>9,629</b>
<b><u>Latest Details from London Councils</u></b>	
Charge to Merton for Freedom Passes	(9,298)
Charge to Merton for Taxicards	(93)
<b>Latest Estimated Cost for 2016/17</b>	<b>(9,391)</b>
<b>Estimated Surplus Provision in MTFS</b>	<b>(238)</b>

### 3.6 Contingency

- 3.6.1 The latest MTFS includes provision of £1.5m as a contingency to meet unforeseen cost and demand pressures, particularly those arising as the economy recovers from the recession.
- 3.6.2 As for the current financial year, there is a need for temporary resources, potentially up to £0.460m for Children, Schools and Families to be able to respond to the Children and Families Act, extended statutory duties associated with 0-25 agenda and transition. This need will be kept under quarterly review.

### 3.7 Bad Debt Provision

- 3.7.1 The bad debt provision is calculated on the basis of an examination of debts within the council's financial systems to assess the probability of their collection. Due to effective and proactive debt management it is not considered that an increase in contribution will be necessary for 2016/17, even under the current economic circumstances. The level of provision will be kept under review within the MTFS.

### 3.8 Revenuisation

In recent budgets it has been recognised that some expenditure formerly included in the capital programme could no longer be justified as it did not meet the definition of expenditure for capital purposes. Nevertheless, it is important that some of this expenditure takes place and the following amounts have been included in the latest MTFS for 2015-19:-

**Table 13: Revenuisation**

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Revenuisation	3,410	2,385	2,380	2,380

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

### 3.9 Pensions

- 3.9.1 The pension scheme is due for revaluation based on data at 31st March 2016. This will be implemented at 1st April 2017. Given the current volatility of markets it is not feasible to predict what the variation from the figures currently in the MTFS will be so these have been left unchanged.
- 3.9.2 Those staff employed since 1st April 2013 who have opted out will need to be re-enrolled 1st April 2016. This will be contained within existing budgets and should be relatively small. On the 1st October 2017 all staff who were not in the pension scheme at 1st April 2013 and not currently in the pension fund will need to be auto enrolled with the option of then opting out. The salary of staff not in the fund total £5.7m. This has a potential full year cost of £787k and a part year cost in 2017/18 of £394k.

Assuming an 80% retention rate this would cost £315,000 in 2017/18 and £630,000 in a full year. These figures have been built into the MTFS.

### 3.10 Summary of Corporate and Technical Adjustments

3.10.1 The financial implications of the corporate and technical adjustments discussed in this report are summarised in Appendix 4.

## 4. **Departmental Savings Proposals 2016-20 and Service Planning**

4.1 In allocating savings targets for each Department, Cabinet has aimed to protect front-line services and services to the vulnerable in line with the 'July principles'. Weightings for each department; Corporate Services, Environment and Regeneration, Community and Housing, and Children, Schools and Families in the ratio 1.5 : 1.5 : 1.0 : 0.75 have been applied which reduces the impact on Adult Social Care, Children's Social Care and vulnerable groups. Cabinet on 14 September agreed departmental targets to be met from savings and income proposals as follows:-

**Table 14: Savings targets agreed by Cabinet**

<b>SERVICE DEPARTMENT'S SAVINGS TARGETS FOR 2016-2020 BUSINESS PLANNING PROCESS</b>	<b>Total £000</b>
Corporate Services	2,338
Children, Schools & Families	2,580
Environment & Regeneration	6,568
Community & Housing	3,815
<b>Total Savings/Income Proposals</b>	<b>15,301</b>

4.2 Service departments reviewed their budgets and formulated proposals to address their targets. These were considered by Cabinet on 19 October 2015 and 7 December 2015 and referred to Overview and Scrutiny Panels and the Commission for scrutiny in November 2015 (October proposals) and January 2016 (all proposals).

4.3 The proposals submitted by each department are summarised in the following table and set out in detail in Appendix 9.

**Table 15: Savings Proposals to Cabinet on 7 December 2015**

	<b>Targets</b>	<b>Proposals</b>	<b>Proposals</b>	<b>Balance</b>
	<b>£'000</b>	<b>October</b>	<b>December</b>	<b>£'000</b>
		<b>£'000</b>	<b>£'000</b>	
Corporate Services	2,338	(438)	(659)	1,241
Children, Schools & Families	2,580	(555)	(390)	1,635
Environment & Regeneration	6,568	(2,537)	(533)	3,498
Community & Housing	3,815	(2,435)	0	1,380
<b>Total</b>	<b>15,301</b>	<b>(5,965)</b>	<b>(1,582)</b>	<b>7,754</b>

4.4 Where departments have not met their target or put forward options that are deemed not to be acceptable then the shortfall will be carried forward to later meetings and future years budget processes to be made good.

#### 4.5 Feedback from the Scrutiny Process:-

4.5.1 Comments from the Overview and Scrutiny Commission on 28 January 2016 were provided in a separate report to Cabinet on 15 February 2016.

4.5.2 Cabinet reviewed the feedback from the Scrutiny process and made resolutions which are set out in paragraph 1.4 of the covering report on the Business Plan 2016-20.

#### 4.6 Financial Implications of Changes arising from response to Scrutiny

4.6.1 The draft MTFs shown in Appendix 7 includes the impact of any changes recommended by Cabinet in February 2016 as set out in the resolutions which are repeated in paragraph 1.4 of the covering report for this agenda item. This will include, in response to concerns raised at Scrutiny, a review of the current level of service being provided by Crossroads if they were to continue into 2016/17, with any shortfall being met from non-recurring savings and work with them to enable them to re-focus their service from 2017 in line with the needs of carers and in particular in order to offer a competitive and quality service to carers with personal budgets who want to choose the respite package that suits their needs best.

### 5. **Budgetary Control 2015/16**

5.1 The revenue budgetary control information below summarises the corporate position using the latest available information as at 31<sup>st</sup> December 2015 as shown in a separate report on the agenda for this meeting. As at 31<sup>st</sup> December 2015, there is a forecast overspend for the Council of £2.605m.



5.2 The overspend of £2.605m is made up as follows :-

▪ departmental overspend	£5.051m
▪ corporate underspend	<u>(£2.446m)</u>
	£2.605m

5.3 Where appropriate these reduced projections are being incorporated into the Medium Term Financial Strategy for 2016-20.

5.4 In terms of addressing issues which have been identified as pressures that need to be addressed in 2016/17 the following adjustments have been made to the MTFS:-

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Merton Adult Education	600	0	0	0
Loss of Housing Benefit Admin. Grant	200	200	200	200

## 6. Capital Financing and Treasury Management

### Treasury Management, Capital Financing and Investment Income:

6.1 Details are included in Section 5 of this report. Capital financing costs are derived from the draft capital programme which is discussed in Section 4 and estimated revenue funding is built into the MTFS for the level of borrowing that is expected.

6.2 Details relating to how the capital programme has changed from that approved by Council in March 2015 to the capital programme for 2016-20 are discussed in Section 4 of this report and related appendices. The capital programme has continued to be subject to major review as part of monthly monitoring and the process of developing the Business Plan for 2016-20.

6.3 In addition to reviewing the capital programme, focus has also been maintained on the treasury management aspects of funding the programme, to improve forecasts of available funding and to minimise as far as possible the costs of funding capital. This has included improved cash flow forecasting to enable the programme to be funded from capital receipts and internal resources for as long as possible to take advantage of current low levels of interest. Work is also continuing to ensure that grants and contributions are utilised effectively and this work will continue into the closing of accounts process for 2015/16 to ensure that the revenue impact of the capital programme is minimised in 2016/17 and beyond.

6.4 The revenue budget implications of the capital programme 2016-20 compared to those included in the MTFS approved by Council in March 2015 are summarised in the following table:-

**Table 16: Summary of Capital Financing Costs and movement since 2015/16**

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Budgeted Capital financing costs of Programme approved by Council 4/03/2015	<b>14,029</b>	<b>15,828</b>	<b>17,091</b>	<b>18,220</b>
Change arising from recalculation of charges including financing and review and re-profiling of capital programme as set out in Section 4	(1,124)	(3,458)	(4,891)	(5,129)
Estimated capital financing costs of Capital Programme 2016-20	<b>12,905</b>	<b>12,370</b>	<b>12,200</b>	<b>13,091</b>

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

**Table 17: Details of Budgets for capital financing costs**

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
MRP	6,948	6,802	6,660	7,262
Interest	6,696	6,296	6,136	6,316
<b>Capital financing costs</b>	<b>13,644</b>	<b>13,098</b>	<b>12,796</b>	<b>13,578</b>
Investment Income	(739)	(728)	(596)	(487)
<b>Net</b>	<b>12,905</b>	<b>12,370</b>	<b>12,200</b>	<b>13,091</b>

## 7 GENERAL FUND BALANCES AND RESERVES

- 7.1 In determining an appropriate level of general fund balances previously, an analysis of the overall expenditure of the authority had been prepared. An updated version of this analysis has been prepared and is attached as Appendix 11. The overall level of balances is summarised below and compares with current GF balances of £15.152m as shown in the final accounts for 2014/15, but will need to be adjusted for outturn, with a projected overspend of £2.6m, leaving a balance of £12.5m.

**Table 18: Indicative range of balances**

	Min	Medium	Max
	£m	£m	£m
Level of balances	12.01	17.59	23.29

- 7.2 An alternative approach would be to look at a percentage based on the net spending of the authority. From the Audit Commission's report

“Striking a Balance”, most Chief Officers regarded an amount of between 3 and 5 per cent as a prudent level and the minimum the auditors would consider prudent. There are also some other areas of risk and unknowns in relation to the localisation of business rates and how this impact will flow through, in particular in relation to appeals. There is now an amount calculated for Merton called the safety net, below which income must fall before Merton becomes entitled to funding from central government. This approach is set out below, using an amount of 5 per cent.

**Table 19: Indicative level of balances**

	£m
Net spending	7.4
Safety Net	2.5
Appeals	5.1
Level of balances	15.0

- 7.3 The average level of General Fund balances for outer London boroughs for 2014/15 was £17.6m, with a low of £8.0m and a high of £42.0m.
- 7.4 There has been a regular quarterly update on the use of earmarked reserves for 2015/16 reported through to Cabinet as part of the financial monitoring report. An initial review of their use over the MTFS has been undertaken as is shown in Appendix 8. This shows the level of earmarked reserves falling from £30.2m to £6.5m by 31 March 2020.
- 7.5 The average level of earmarked reserves for outer London boroughs for 2014/15 was £64.2m, with a low of £20.2m and a high of £123.3m. Merton, with £43.9m (excluding schools) is ranked 8<sup>th</sup> lowest out of 20 outer London boroughs

## 8. Revenue Support Grant and Baseline Funding (Non-Domestic Rates)

- 8.1 In 2013/14 there was a fundamental change in the funding methodology for local government services. This introduced the Business Rates Retention Scheme. Estimates of business rates receivable for 2016/17 have been produced and a summary is provided in Appendix 3.
- 8.2 The overall changes in formula grant compared to 2015/16, the original MTFS estimate for 2016/17 and the funding announced in the Final Local Government Finance Settlement are summarised in the following table:-

**Table 20: Changes in Local Government Finance Settlement**

	2015/16 £000	Original 2016/17 £000	Final 2016/17 £000
RSG	30,425	23,161	22,589
RSG – Transition Grant	0	0	567
NNDR	33,686	34,432	34,230*
NNDR - Section 31 Grant	1,134	0	822*
<b>Total</b>	<b>65,245</b>	<b>57,593</b>	<b>57,641</b>

\* Based on NNDR1

## 9. Council Tax Strategy

9.1 In the Annual Residents Survey 2014, the residents' personal concerns over the level of council tax continued to reduce and stood at 21%. The Residents' Survey for 2014 took place from 15 September 2014 until 24 October 2014. Due to the withdrawal of the contractor from delivering the Survey of Londoners package it was not possible to run the usual survey in 2015.

### 9.2 Council Tax and Council Tax Freeze Grant

9.2.1 There will be no Council Tax Freeze Grant in 2016/17. As happened for previous years, the Government are going to roll the Council Tax Freeze Grant for 2015/16 into RSG for those authorities that qualified for the scheme in 2015/16.

9.2.2 The Settlement sets out the Government's council tax referendum principles for 2016/17. As for previous years, the core threshold for triggering the requirement for a local referendum is 2%.

9.2.3 The Settlement also confirmed the policy outlined in the Spending Review 2015 which enables authorities with adult social care responsibilities to increase Council Tax by up to 2% each year between 2016/17 to 2019/20 to fund adult social care services. Therefore, the effective threshold for local referendums for London boroughs is 4% for 2016/17.

## 10. Council Tax Base

10.1 Cabinet on 18 January 2016 agreed the Council Tax Base calculation for 2016/17. Details of the calculation are included as Appendix 3.

10.2 For 2016/17 the Council Tax Base has been calculated as:-

**Table 21: Council Tax Base 2016/17**

<b>Council Tax Base 2016/17</b>	<b>71,327.0</b>
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- 10.3 A separate council tax base calculation has been produced for the properties covered by the Wimbledon and Putney Common Conservators (WPCC) area. For 2016/17 the Council Tax Base for Wimbledon and Putney Commons Conservators has been calculated as:-

**Table 22: WPCC Council Tax Base 2016/17**

<b>WPCC Council Tax Base 2016/17</b>	<b>11,127.2</b>
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## 11. Greater London Authority Precept and Other Levies

- 11.1 The Greater London Authority (GLA) sets a budget for itself and each of the four functional bodies: Transport for London, the London Development Agency, the Metropolitan Police Authority, and the London Fire and Emergency Planning Authority. These budgets together form the consolidated budget.
- 11.2 On 21 December 2015, the Mayor of London published his draft revenue budget and capital spending plan for 2016-17 for consultation. This includes his draft budget proposals for the GLA (Mayor and Assembly), the Mayor's Office for Policing and Crime (MOPAC), the London Fire and Emergency Planning Authority (LFEPA), Transport for London (TfL), the London Legacy Development Corporation (LLDC) and the new Old Oak and Park Royal Development Corporation (OPDC).
- 11.3 The consultation budget proposed a reduction in the Mayor's Band D council tax precept of £19.00 (6.4 percent) from £295.00 to £276.00 in 2016-17 for council taxpayers in the 32 London boroughs.
- 11.4 The Mayor's 2016-17 final budget was approved unamended by the London Assembly on Monday 22 February 2016 (Band D £276.00).
- 11.5 **Other Levies**
- 11.5.1 The Council is required by statute to pay certain levies to the organisations listed below. The levies for 2016/17 are still to be confirmed but the latest estimates are set out in the following table:-

**Table 23: Other Levies**

	2015/16 £000	2016/17 £000	2016/17 Change %
London Pension Fund Authority	264	262	(1.0)%
Lee Valley Regional Park	209	204	(2.5)%
Environment Agency	159	162	1.9%

## 11.6 Wimbledon and Putney Commons Conservators (WPCC)

11.6.1 A separate precept is levied in respect of those residents of properties bordering the Wimbledon and Putney Commons. The amount is calculated on the basis of the amount levied by the Commons Conservators and the Band D Council Tax in respect of the WPCC precept in 2016/17 will be £300,042, an increase of £7,096 from the 2015/16 levy of £292,946.

**Table 24: Wimbledon and Putney Commons Conservators Precept**

	2015/16 £000	2016/17 £000	Change %
Wimbledon & Putney Commons Conservators	293	300	2.4%

11.6.2 The average Band D cost to a council taxpayer in the WPCC area has changed from £26.93 in 2015/16 to £26.97 in 2016/17.

## 12. CONCLUSIONS

12.1 It is a statutory requirement that the council sets a balanced budget in 2016/17.

12.2 In accordance with sections 52ZY and 68 of the Local Government Finance Act 1992 ('the 1992 Act'), section 139A of the Local Government Finance Act 1988, and section 230 of the Local Government Act 1972 authorities are required to supply information required to measure whether any proposed Council Tax increase is in excess of the principles laid down requiring a local referendum.

12.3 The Government return is the Council Tax Requirement form CTR1 which was due to be received from the department of Communities and Local Government in the week commencing 1 February 2016 and will need to be returned within 7 days of the Council Tax being set. However, the issue of the form has been delayed until week commencing 12 February 2016.

12.4 The Government are changing the form in response to changes in legislation and in particular the changes relating to potential increases in council tax to fund adult social care.

- 12.5 The Medium Term Financial Strategy assumes that all of the corporate provisions, proposals for growth and proposals for savings, in 2016/17 discussed in this report are agreed and if this is the case, the following financial position is achieved:-

**Table 25: Average Band D Council Tax**

<b>Average Council Tax Calculation at Band D</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>
Budget Requirement	155.016	147.596
RSG + Business Rates + Transition	(64.111)	(57.386)
Section 31 Grant (NNDR)	(1.134)	(0.822)
New Homes Bonus	(2.642)	(4.192)
PFI Grant	(4.797)	(4.797)
Council Tax Freeze Grant	(0.861)	0
Collection Fund Surplus	(4.420)	(1.479)
Council Tax Requirement	77.051	78.920
Council Tax Base	69,638.0	71,327.0
<b>Average Council Tax</b>	<b>1,106.45</b>	<b>1,106.45</b>

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

**Table 26: Council Tax calculation**

<b>Council Tax Calculation Band D</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>
Budget requirement	155.016	147.596
WPCC	(0.293)	(0.300)
RSG + Business Rates (inc. S.31 grant) + Transition	(65.245)	(58.208)
New Homes Bonus	(2.642)	(4.192)
PFI Grant	(4.797)	(4.797)
Council Tax Freeze Grant	(0.861)	0
Collection Fund Surplus	(4.420)	(1.479)
Balance to be met from Council Tax	76.758	78.620
Implied Council Tax (Band D)	1,102.25	1,102.25

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

**Table 27: Band D Council Tax**

<b>Council Tax at Band D</b>	<b>2015/16 £</b>	<b>2016/17 £</b>	<b>% change from 2015/16</b>
Merton (exc. WPCC)	1,102.25	1,102.25	0.0%
GLA Precept (Provisional)	295.00	276.0	(6.4)%
<b>Implied Council Tax at Band D</b>	<b>1,397.25</b>	<b>1,378.25</b>	<b>(1.4)%</b>

12.7 A summary Statement of Council Tax requirements and balances based on the proposals set out in this report is attached as Appendix 6, and a revised MTFs summary incorporating the proposed changes set out in this report is provided at Appendix 7.

### 13. Risk Management

13.1 The management of risk is strategically driven by the Corporate Risk Management Group. This is the central hub of a number of council mechanisms for risk management including a Corporate Key Strategic Risk Register, departmental risk registers and project risk registers. The group collates on a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership, to be put forward for discussion at CMT. Reports on risk are made through the General Purposes to cabinet and council. Developing a corporate business plan and setting a balanced budget 2016-20 and beyond has been highlighted as a key strategic risk on the corporate risk register.

13.2 Currently £8.3 million of savings are being progressed for 2015-16, coupled with a further £30m of savings identified for 2016-20. Current practice is to monitor delivery of savings as part of the monthly Business Plan Monitoring, it is envisaged that given the size of the savings target over the next three years, additional mechanisms may need to be established to monitor more transformational and longer term projects.

### 14. Summary

14.1 Taking into account the changes that have taken place since the Cabinet meeting in February, the budget gap in the MTFs has changed to the following:-

**Table 28: Cumulative MTFs Gap 2016-2020**

	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>
MTFS gap (cumulative)	0	0	0	3.469



14.2 There is the offer for authorities to apply for a four year budget and we have until 14 October 2016 to respond. There is a high level of uncertainty about RSG and Business Rates funding in the future, particularly with the review of Business Rates and their retention by local authorities. Current forecasts for the gap beyond 2019/20 indicate that it will be significant.

## 15. **Future Years**

15.1 As indicated in the updated MTFS there is a gap between the forecast level of resources and budget requirements for later years which will need to be addressed if balanced budgets are to be set for those years. The updated MTFS is set out in Appendix 7.

15.2 The budget process for 2017/18 will commence in the new financial year and some of the options available to the Council to eliminate the budget gaps include:-

- Savings – reduction/deletion of services
- Savings – efficiencies including procurement
- Income – increase in fees and charges/new sources of income
- Council Tax increase
- Adult Social Care Precept
- Use of balances

## 16. **Positive Assurance Statement**

16.1 Section 25(2) of the Local Government Act 2003 requires the Chief Financial Officer of an authority to report on:

- (a) the robustness of the estimates made for the purposes of the calculations, and
- (b) the adequacy of the proposed financial reserves.

16.2 In doing so, the Director of Corporate Services has had particular regard to the guidance offered by the Chartered Institute of Public Finance and Accountancy and the views of the Council's external auditor.

16.3 One of the Council's stated priorities is to keep council tax low. To achieve this, the Council must have regard to the major risks to its financial position and in particular:

- The current economic position
- Whether budget setting and monitoring processes are robust and effective
- Demand pressures on the budget
- Identifying and achieving cost and income improvements
- Risks to Government funding levels

- Risks to other income streams
- 16.4 Local government finance issues have been dominated in recent times by cuts in government funding and pressure to keep council tax increases down, with the offer of government grant to help do so. The final Settlement confirms the 2% Council Tax referendum threshold in order to keep bills down for hard working people. Alongside this, the longer term position is also made more uncertain by the changes in the way Government Funding is calculated and the changes proposed to Business Rates. Although the MTFs shows significant progress to date towards a balanced budget over the medium term, the longer term position remains extremely challenging. Local authorities have been offered an additional 2% flexibility for the rest of the current Parliament on their current council tax referendum threshold to be used entirely for adult social care. This flexibility is being offered in recognition of demographic changes which are leading to growing demand for adult social care, and increased pressure on council budgets. Final details of how this will work are still to be confirmed. The impact of this and potentially on the level of the council tax threshold will be kept under review during the MTFs. Members should also note that freezing Council Tax levels produces a permanent real terms reduction in Council Tax yield.
- 16.5 With relatively low allowance for demand growth, uncertainty over Government funding, increased concerns over income funding streams, and the need to achieve challenging savings targets, the risks inherent in the revenue budget are inevitably increased. The Council has sufficient reserves to deal with such a position in the short term and will be reviewing transformation of the authority to identify further saving opportunities over the next four year budgeting period.
- 16.6 The Council's reserves and their usage is linked to both the capital and revenue budget. A list of the current reserves held by the Council is attached at Appendix 8. Although reserves are likely to reduce overall, this is a result of their use for the purposes they were established. The overall level therefore remains adequate.
- 16.7 It should be noted that the Pension Fund Reserve is, in common with many other Pension Funds, showing a large deficit. The Council has a long term recovery plan for the fund and expects employer funding requirements to be improved by the outcome of the Governments proposed changes to public sector pension schemes. Balancing this, the expected reducing numbers contributing to the fund over time will increase pressure on employer contribution rates. Officers will be continuing discussions with the fund's actuary and the Council's Pension Fund Committee on how best to address this position in the longer term.
- 16.8 Chief Officers have reviewed their budgets in line with departmental finance officers and are confident that the budgets set for their services are robust and with the corporate contingency will meet the strategic objectives and performance targets set out in the Business Plan.

16.9 In summary, it is the view of the Chief Financial Officer (being the Director of Corporate Services) that the estimates are robust for the purposes of the required budget/council tax calculations and that the Council's reserves are adequate.

**17. Business Rates Retail Reliefs**

17.1 The transitional relief discount to small and medium businesses who meet the criteria expires on 31 March 2017.

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

1. Members approve the proposed budget for 2016/17 set out in Section 2 of the revenue report, together with the proposed Council Tax levy in 2016/17.
2. That it be noted that at its meeting on 18 January 2016 the Council calculated its **Council Tax Base for the year as 71,327.0** 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 11,127.2** 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

	<b>£m</b>
Gross Revenue Expenditure of Service Committees	<b>512.373</b>
Corporate Provisions	<b>6.895</b>
Amounts Payable to the Levying Bodies	<b>0.928</b>
Contribution to/(from) Financial Reserves	<b>1.693</b>
<b>Gross Expenditure</b>	<b>521.889</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

	<b>£m</b>
<b>Gross Income</b>	<b>442.969</b>

NB: The final analysis of gross expenditure and income may vary from the figures shown above as a result of some minor changes in allocations e.g. overheads

- 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

	<b>£m</b>
Council Tax Requirement for the Council's own purposes for 2016/17 (including special expenses re WPCC)	<b>78.920</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 including Transition Grant	<b>(23.156)</b>
Baseline funding NNDR & Section 31 Grant	<b>(35.052)</b>
Formula Grant	<b>(58.208)</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>300,042</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 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>1,129.22</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 £
Part of the Councils Area	734.83	857.31	979.78	1,102.25	1,347.19	1,592.14	1,837.08	2,204.50
Parts inc. WPCC	752.81	878.28	1,003.75	1,129.22	1,380.16	1,631.10	1,882.03	2,258.44

5. To note that the Greater London Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below, and that the Council agrees the Council Tax levy for 2016/17 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	184.00	214.67	245.33	276.00	337.33	398.67	460.00	552.00

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 £
Part of the Council's Area	918.83	1,071.98	1,225.11	1,378.25	1,684.52	1,990.81	2,297.08	2,756.50
Parts inc. WPCC	936.81	1,092.95	1,249.08	1,405.22	1,717.49	2,029.77	2,342.03	2,810.44

## Local Government Finance Settlement 2016-17 – Main Issues

The provisional 2016-17 Local Government Finance Settlement was announced on 17 December 2015 with the Final Settlement being issued on 8 February 2016. The Settlement provides final core funding allocations (Settlement Funding Assessment – SFA) for 2016/17 and provisional figures for 2017//18 to 2019/20, for local authorities for the four year period 2016-17 to 2019-20. Councils accepting the provisional figures for the four years will have to publish an efficiency plan and have until 14 October 2016 to decide.

### Key Changes between the Provisional Settlement to the Final Settlement

- No council will receive less funding in 2016-17 than outlined in the provisional settlement.
- Over £400 million additional funding has been provisionally allocated: this is “new” money from HM Treasury
- Transitional funding for the first two years of £150 million a year for councils with the “sharpest reductions in Revenue Support Grant”. Merton will receive £0.567m in 2016/17 and £0.557m in 2017/18.
- No authority will have “negative RSG” before 100 per cent retention of business rates
- An increase in Rural Services Grant from £20 million to £85 million in 2016-17.
- District councils will be able to raise a de minimis £5 more a year in Council Tax without triggering a referendum (generating an additional £109 million over the SR period).
- A “Fair Funding” review of needs assessments will be carried out ahead of 100 percent business rates retention.
- Government will consult on allowing well-performing planning departments to increase their fees in line with inflation.
- New Homes Bonus allocations have reduced by £1m since the provisional Settlement

### Other Key Points from the Settlement

- The government is proposing a new method for distributing Revenue Support Grant taking into account the relative distribution of each authority’s 2015-16 RSG, Baseline Funding and Council Tax.
- Overall, the Settlement Funding Assessment for England will fall by 12.5% in 2016-17 (11.3% for London Boroughs), and by 30.8% by 2019-20 (28.2% for London Boroughs).
- Core funding from government to London boroughs will have fallen by 63% in real terms between 2010-11 and 2019-20.
- There will be no Council Tax Freeze Grant in 2016-17. Funding for previous years’ grants will continue.
- The council tax referendum threshold will remain at 2%, and as announced in the Spending Review, upper tier authorities will be allowed to raise a further 2% to spend on social care.
- In 2016-17, £1.5bn of New Homes Bonus (NHB) will be awarded nationally. London’s share is £308m (21%). The Government is consulting on options to

reform the NHB – moving from a 6 year to a 4 year rolling scheme and sharpening the incentives (meaning a reduction to annual award) that will save £800m in 2019-20 to partly fund the “improved” Better Care Fund (BCF)

- The new BCF funding will be £105m in 2017-18 rising to £1.5bn by 2019-20.
- Education Support Grant (ESG) will be cut from £564m to £514m nationally (8.8%) and from £94m to £86m across London (8.8%)

#### Four year settlement

Unlike previous years, the Settlement includes figures for four years (2016-17 to 2019-20). The Government have presented this as an ‘offer’ to local government with the only clear proviso in the consultation being that any council accepting the offer will have to publish an efficiency plan. There are no details about what this would include or when councils will have to submit these plans. However the Government, in the consultation, has indicated that Councils should use their multi-year settlements to “strengthen financial management and efficiency, including by maximising value in arrangements with suppliers and making strategic use of reserves in the interests of residents”. In the final Settlement announcement, Councils were notified that they have until 14 October 2016 to agree funding for the remaining years of the Spending Review period (2017/18 to 2019/20)

#### Spending Power

There has been a definitional change to revenue spending power compared with previous years. From 2016-17 onwards it will be known as “Core Spending Power” and is defined as the sum of:

- Settlement Funding Assessment
- Estimated Council Tax excluding Parish Precepts
- Potential additional Council Tax revenue from Adult Social Care flexibility
- Potential additional Council Tax revenue from £5 referendum principle for districts with lower quartile Band D Council Tax levels
- Proposed Improved Better Care Fund (from 2017-18 onwards)
- New Homes Bonus; and
- Rural Services Delivery Grant.

Core Spending Power for England will reduce by 2.8% in 2016-17 (from £6.8 billion to £6.6 billion), and by 0.5% (7.6% in real terms) over the four year period. It will reduce by 3.0% in 2016-17 and by 1.9% over the four (8.9% in real terms) across London boroughs.

#### Changes to the distribution of central resources

The main changes to local government funding in 2016-17 include:

- £1.275 billion to be held back to fund the New Homes Bonus
- £50 million to be held back for the business rates safety net; and
- Additional funding of £20 million for the most rural authorities.

There are a number of transfers of funding into the 2016-17 settlement including:



- £307.7 million funding for the Care Act 2014, alongside existing provision for the 2014 Act.
- Council Tax Freeze Grant, ensuring those councils that chose to freeze their council tax in 2015-16 continue to receive the benefit of the funding in future years
- Efficiency Support Grant for 2015-16, ensuring those councils that received it continue to benefit
- £10 million funding, combined with the existing £20.6 million of funding within the settlement, for lead local flood authorities and £1.9 million for lead local flood authorities to act as statutory consultees in planning Sustainable Drainage Systems to also be rolled into the settlement. This funding will also be supplemented by a new section 31 grant

The settlement also incorporates funding additional to the settlement which includes:

- Compensation to continue in 2016-17 for the 2% cap on the small business rates multiplier announced at the 2013 and 2014 Autumn Statements, calculated on the basis of the reduction to estimated retained income, as in 2014-15, and;
- Unspecified funding for the Improvement & Development Agency (IDeA) which is still to be agreed.

#### New RSG distribution

The settlement includes an important change to the way central resources will be allocated in order to ensure that “local councils delivering similar services receive a similar percentage change in ‘settlement core funding’ for those services”. Unlike the last 3 years, when the Government ‘protected’ rolled-in grants on the funding trajectories set out in Spending Review 2010 thereby focusing larger proportionate cuts on upper and lower tier funding element, the new funding distribution method for RSG takes into account the wider resources available to councils including Council tax (including CTFG grants), locally retained business rates and RSG, when distributing RSG. There is no proposed damping or scaling.

#### Settlement Funding Assessment

The Government has confirmed the local government control total (i.e. total Settlement Funding Assessment) to be £18.6 billion in 2016-17. This comprises £7.2 billion of Revenue Support Grant (RSG) and £11.4 billion of Baseline Funding (i.e. the amount the government expects to be retained locally under the business rates retention net of tariffs and top-ups).

At a national level, Settlement Funding Assessment (SFA) will reduce from £21.3 billion in 2015-16 to £18.6 billion in 2016-17 (12.5%). For the period to 2019/20 the reduction is 30.8% (35.7% real terms) For London boroughs SFA reduces by 11.3% (from £3.8 billion to £3.4 billion) in 2016-17. This is split between an increase of £17 million or 0.8% in baseline funding and a reduction in RSG of £452 million or 24.7%. For London in the period to 2019/20 the reduction is 28.2% and this is a real terms decrease of 33.4%.

Business rates reform

The government's intends, as outlined in the Spending Review, to reform the business rates retention system and move to 100 per cent retention by 2020. The relevant new information relating to business rates devolution from the settlement consultation is that the Government will:

- Conduct a review of what the needs assessment formula will be;
- consider giving more responsibility to councils in England and to Wales, to support older people with care needs, including people who under the current system would be supported through Attendance Allowance and is planning to consult in 2016 on this proposal, including on the right model of devolution and the level of flexibility that councils would need in order to effectively deliver this additional responsibility;
- seek the “earliest opportunity” to legislate on this in 2016/17;
- set up systems to involve councils, businesses and others in the process early in 2016; and
- consult on the implementation of the 100% business rates retention scheme in summer 2016, following a period of extensive engagement with councils and their representatives in the preceding months.

The business rates multiplier will increase by 0.8% (the impact of September's RPI inflation on the Small Business Rates Multiplier). All tariff and top-up payments, business rates baselines and funding baselines will therefore increase by 0.8%. The size and extent of safety net payments for 2016-17 are not yet known – these will be determined by local forecasts reported in the NNDR1 returns in January 2016. The retrospective levy payments due from tariff authorities for 2015-16 will be calculated after the current financial year using the final NNDR3 returns. The safety net threshold will remain at 7.5% meaning authorities are guaranteed 92.5% of their baseline funding. The trigger point for a safety net payment is different for each authority as it depends on the relative size of funding and business rates baselines.

Special and specific grants

The provisional settlement provided details of three special and specific grants (included within the Core Spending Power allocations spread sheet): the proposed Improved Better Care Fund (from 2017-18 onwards); New Homes Bonus allocations; and Rural Services Delivery Grant. London boroughs will receive £312 million from revenue grants in 2016-17, rising to £437 million in 2019-20.

New Homes Bonus

The Spending Review set out the overall envelope for New Homes Bonus payments over the period to 2019-20 as being £1.485 billion for 2016-17, reducing to £900 million by 2019-20. The Government has published provisional allocations for 2016-17 – the final year of the 6 year rolling New Homes Bonus (NHB) scheme. London boroughs' share of the national total has stayed broadly the same at 21%, receiving £308 million of the £1.46 billion national total. The Autumn Statement 2013 announced that local authorities in London would be required to pool £70 million of New Homes Bonus in 2015-16 to support of the work of London's Local Enterprise Partnership. The LEP top slice will not continue in 2016-17.

Alongside the settlement consultation there is a separate consultation on reforms to NHB that were announced at the Spending Review. This consultation seeks views on the options for change to two aspects of the Bonus: reducing overall costs by moving from 6 years to 4 of payments and reform of the Bonus in order to better reflect local authorities' performance on housing growth (i.e. "to sharpen the incentive"). It also considers options for staying within the funding envelope in the event of a sudden surge in housing growth. Further work will be done to understand the implications of these options. The core spending power figures include an estimate for NHB allocations in each of the years to 2019-20. For 2016-17, the funding line includes both New Homes Bonus allocations and returned funding which are the actual allocations. For 2017-18 onwards, the national totals set at the Spending Review are used and are apportioned between local authorities according to local authority shares in 2016-17. These should therefore be treated with caution.

### Better Care Fund

Together with the additional council tax flexibility for adult social care, the Government is providing £1.5 billion additional funding for authorities to spend on adult social care by 2019-20, to be included in an improved Better Care Fund. Government proposes to allocate this funding through a separate grant to local government using a methodology which benefits those councils who benefit less from the additional council tax flexibility for social care. For exemplification of core spending power projections to 2020, the methodology adopted is essentially one of allocations of the improved Better Care Fund being adjusted so that where an authority could receive more from the additional council tax flexibility than its share of the national amount of the 2013 adult social care relative needs formula, its allocation is set to zero rather than a notional figure. This affects 12 London boroughs in 2017-18, two in 2018-19 and one (Richmond-upon-Thames) in 2019-20. The Government will invite views on the approach and there will be a separate, formal consultation on the Government's proposed distribution methodology

### Independent Living Fund

The settlement did not mention the Independent Living Fund. It must be concluded that the current intention is not to maintain funding for the ILF from 2016-17 onwards.

### Council Tax

The provisional settlement sets out the Government's council tax referendum principles for 2016-17. Once again, the core threshold for local referendums will be at 2%. It also confirms the policy outlined in Spending Review 2015 that councils with adult social care responsibilities (upper tier authorities) will be able to increase council tax by up to 2% for each year between 2016-17 and 2019-20 to fund adult social care services. The effective threshold for local referendums for London boroughs is 4% for 2016-17. The threshold for the (51) lowest district councils will be £5 a year. Adult social care authorities can increase their council tax by up to 2% more than the core referendum principle on the following basis: 'Spending on ASC in 2016-17 is £X higher than it would have been, where X= revenue from additional ASC council tax flexibility'.

Section 151 officers in ASC authorities are required to provide information demonstrating that an amount equivalent to the additional council tax has been

allocated to adult social care. This must be done within 7 days of their authority setting its budget and council tax for 2016-17.

ASC authorities must confirm the level of their average Band D (excluding parish precepts) council tax increase for 2016-17, and the proportion of it attributable to funding for adult social care on the Council Tax Requirement form that must be returned to DCLG within 7 days of their council tax having been set.

The amounts allocated to adult social care must be reflected in Revenue Account returns sent to DCLG in April/May 2016; and in the Revenue Outturn forms which will be submitted to DCLG in May 2017.

This information will be required each year that the scheme is in operation. From 2017-18 onwards, the requirement will also encompass the cumulative year-on-year revenue being allocated to adult social care

There is no Council Tax Freeze Grant in 2016-17. The Government intends to roll the 2015-16 Council Tax Freeze grant into RSG (paid only to those authorities who qualified for the scheme in 2015-16) in the same way as the grant in previous years.

#### School Revenue Funding Settlement: 2015 to 2016

The School Revenue Funding Settlement: 2016 to 2017 was also published on 17th December 2015, confirming details of the Dedicated Schools Grant (DSG), Education Services Grant (ESG) and pupil premium.

#### Education Services Grant

The overall ESG will be cut by 7.5% from £815 million in 2015-16 to £750 million in 16/17. This is “a first step towards achieving the savings announced in the spending review” of £600 million. The amount paid directly to local authorities will fall 8.8% from £564 million in 2015-16 to £514 million in 2016-17, including an 8.5% cut from £93.6m to £85.7m in London. The remainder is paid directly to academies, which will continue to receive protection against large falls in ESG.7. The retained duties rate of £15 per pupil will be maintained, but general funding rates will be reduced by 11.5% across all school types.

#### Dedicated Schools Grant (DSG)

The DSG continues to be set out in three notional blocks: the early years block, the schools block and the high needs block. Total DSG will be £40.2 billion in 2016-17, with London receiving 18.5% (£7.4 billion).

#### Schools block

Per pupil units of funding will be the same as in 15/16, with a slight adjustment for former non-recoupment academies. The minimum funding guarantee will continue to be set at -1.5% per pupil before the pupil premium is applied<sup>8</sup>. The government will consult on proposals for a new national funding formula in the New Year.

#### High needs block

£92.5million of extra funding on top of the 2015/16 baseline has been provided for the high needs block, distributed using age 2-19 population projections for 2016.<sup>9</sup>

Early years block

Early years per child rates are the same as in 2015-16. The amount per pupil for the early years pupil premium will also remain the same.

Pupil premium

Pupil premium rates for 2016-17 will be the same as in 2015-16, with final allocations published in June 2016.

The provisional Settlement outlined provisional core funding allocations (Settlement Funding Assessment (SFA) for local authorities for the four year period 2016-17 to 2019-20. Four year funding is an offer to local authorities subject to authorities publishing an efficiency plan. Details of what is required in the plan and the deadlines required are still to be provided. The Settlement Funding Assessment is the total of Revenue Support Grant (RSG) and Baseline Funding (BF) from Business Rates. Councils have until 14 October 2016 to agree funding for the remaining years of the Spending Review period (2017/18 to 2019/20)

### Settlement Funding Assessment

	Adjusted SFA	Settlement Funding Assessment				Cumulative % change in SFA from 2015-16 to 2019-20				Real terms cumulative
	2015-16	2016-17	2017-18	2018-19	2019-20	2016-17	2017-18	2018-19	2019-20	% change
Merton	64.9	55.5	48.5	44.6	40.7	-14.5%	-25.3%	-31.3%	-37.3%	-41.8%
<b>London Boroughs</b>	<b>3,833.4</b>	<b>3,398.5</b>	<b>3,076.8</b>	<b>2,896.8</b>	<b>2,717.7</b>	<b>-11.3%</b>	<b>-19.7%</b>	<b>-24.4%</b>	<b>-29.1%</b>	<b>-34.2%</b>
<b>England</b>	<b>21,249.9</b>	<b>18,601.5</b>	<b>16,621.6</b>	<b>15,536.0</b>	<b>14,499.7</b>	<b>-12.5%</b>	<b>-21.8%</b>	<b>-26.9%</b>	<b>-31.8%</b>	<b>-36.7%</b>

### Settlement Core Funding

	Adjusted SCF	Settlement Core Funding				Cumulative % change in Settlement Core Funding from 2015-16 to 2019-20				Real terms cumulative
	2015-16	2016-17	2017-18	2018-19	2019-20	2016-17	2017-18	2018-19	2019-20	% change
Merton	142.0	132.6	125.6	121.7	117.8	-6.6%	-11.6%	-14.3%	-17.0%	-23.0%
<b>London Boroughs</b>	<b>6,561.8</b>	<b>6,127.0</b>	<b>5,805.3</b>	<b>5,625.3</b>	<b>5,446.2</b>	<b>-6.6%</b>	<b>-11.5%</b>	<b>-14.3%</b>	<b>-17.0%</b>	<b>-22.9%</b>
<b>England</b>	<b>43,281.1</b>	<b>40,632.6</b>	<b>38,652.8</b>	<b>37,567.2</b>	<b>36,527.9</b>	<b>-6.1%</b>	<b>-10.7%</b>	<b>-13.2%</b>	<b>-15.6%</b>	<b>-21.6%</b>

Defined by DCLG as: 2015-16 CT requirement (incl. CTFG) + SFA

### Core Spending Power

	Adjusted CSP	Core Spending Power				Cumulative % change in Core Spending Power from 2015-16 to 2019-20				Real terms cumulative
	2015-16	2016-17	2017-18	2018-19	2019-20	2016-17	2017-18	2018-19	2019-20	% change
Merton	145.8	141.4	139.2	140.0	143.2	-3.0%	-4.5%	-3.9%	-1.8%	-8.8%
<b>London Boroughs</b>	<b>6,815.9</b>	<b>6,608.3</b>	<b>6,504.8</b>	<b>6,538.1</b>	<b>6,688.4</b>	<b>-3.0%</b>	<b>-4.6%</b>	<b>-4.1%</b>	<b>-1.9%</b>	<b>-8.9%</b>
<b>England</b>	<b>44,501.3</b>	<b>43,254.8</b>	<b>42,690.1</b>	<b>43,170.3</b>	<b>44,278.9</b>	<b>-2.8%</b>	<b>-4.1%</b>	<b>-3.0%</b>	<b>-0.5%</b>	<b>-7.6%</b>

Defined by DCLG as: SFA + CT requirement\* + NHB + BCF + Rural Services Grant

### Settlement core funding

The definition of settlement core funding for this purpose takes into account the main resources available to councils, which for this purpose comprise:

- council tax income from 2015-16 (including any Council Tax Freeze Grant)
- the Settlement Funding Assessment, comprising:
  - estimated business rates income (baseline funding level under the rates retention scheme)
  - Revenue Support Grant.

### Settlement Funding Assessment

Previously referred to as Start-Up Funding Assessment. It comprises at a national level the total Revenue Support Grant and the local share of Estimated Business Rates Aggregate for the year in question. On an individual council level it comprises each council's Revenue Support Grant for the year in question and its baseline funding level, updated year-on-year in line with the September forecast of the Retail Price Index, unless otherwise decided.

### Core Spending Power

Defined by the DCLG as Settlement Funding Assessment plus Council Tax Requirement plus Better Care Fund plus Rural Services Grant.

## THE COLLECTION FUND, COUNCIL TAX BASE AND BUSINESS RATES

### 1. Introduction

- 1.1 This appendix summarises three key areas which are fundamental to the Council's revenue resource generation. It sets out the procedures and calculations that underpin each of them.

### 2. Collection Fund

- 2.1 The Collection Fund is a statutory fund separate from the General Fund. It accounts for income from Council Tax, including those properties within the Wimbledon and Putney Commons Conservators area. The bodies on whose behalf the income has been raised are the Council and the Greater London Authority (which includes the services of the Metropolitan Police and the London Fire and Emergency Planning Authority (LFEPA). The Council's demand on the Collection Fund is by its General Fund. The Greater London Authority's demand is expressed as a precept.
- 2.2 Under the localised arrangements for council tax support, the Collection Fund entries for council tax remain unchanged, and council tax discounts reduce the council tax base and the amount of collectable council tax income. The additional resources to cover the loss of council tax income are provided by council tax support grant which is credited to the General Fund.
- 2.3 The Collection Fund also accounts for National Non-Domestic Rates and there have been significant changes to the treatment of NNDR due to the changes to local government funding arising from business rates retention and the Local Government Finance Act 2012 (Section 3, part 2)
- 2.4 The Collection Fund will account for receipts from business ratepayers, together with payments:
- to central government in respect of the central share
  - to/from central government in respect of transitional protection payments where applicable
  - to relevant precepting authorities in respect of their share of rating income
- 2.5 While there remains a single Collection Fund, local authorities now have to be able to separate the elements relating to council tax and non-domestic rates and calculate separate surpluses and deficits on each.
- 2.6 A billing authority needs to ensure that its collection fund has sufficient resources to meet the demands on it at all times. To the extent that there is insufficient in the collection fund to meet those demands at any time, the billing authority has temporarily to "borrow" from its general fund.

- 2.7 The Collection Fund accounts are kept on an accrual basis and a surplus or deficit for the year in the collection fund is estimated accordingly.
- 2.8 The audited accounts for 2013/14 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2014:-

	Surplus/ (deficit) as at 31/03/15 Outturn	Surplus/ (deficit) as at 31/03/15 Outturn	Total surplus/ (deficit) as at 31/03/15
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(3,102)	(3,102)
GLA	1,274	(1,241)	33
Merton	4,716	(1,862)	2,854
Total	5,990	(6,205)	(215)

2.9 Council Tax

The estimated surplus on the Collection Fund as at 31<sup>st</sup> March 2016 due to Council Tax is £4.053m. This is to be shared £3.200m (78.95%) to Merton and £0.853m (21.05%) to the GLA.

2.10 NNDR

Since 2013/14, it is necessary to calculate the estimated surplus/deficit on the Collection Fund arising from Business Rates. This estimation is required as part of the council's NNDR1 Return which has to be submitted to the Department for Communities and Local Government (DCLG) by 31 January 2016. Part 4 of this return relates to the calculation of the estimated Collection Fund balance as at 31/3/16.

Based on the calculation in the Council's NNDR1 (Part 4) there is an estimated deficit on the Collection Fund as at 31<sup>st</sup> March 2016 due to NNDR of £5.736m. This is to be shared £2.868m (50%) to Central Government, £1.721m (30% to Merton) and £1.147m (20%) to the GLA.

**3. Council Tax Base 2016/17**

- 3.1 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent).
- 3.2 Since 2013/14 the Council Tax Base calculation has been affected by the introduction of the new local council tax support scheme and technical reforms to council tax. On 30 November 2012, new regulations set out in the



Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) came into force. These regulations ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.

- 3.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 3.4 The relevant amounts are calculated as
- number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
  - adjusted for the number of discounts, and reductions for disability, that apply to those Dwellings
- 3.5 All authorities notify the DCLG of their unadjusted Council Tax Base using a CTB Form and the deadline for return was 16 October 2015 and Merton met this deadline.
- 3.6 The CTB form for 2016/17 includes the latest details about the Council Tax Support Scheme and the technical reforms which impacted on discounts and exemptions.
- 3.7 There is a separate council tax base for those properties within the area covered by Wimbledon and Putney Commons Conservators. The Conservators use this, together with the Council Tax bases from RB Kingston, and Wandsworth to calculate the levy which is charged each year.
- 3.8 Assumptions in the MTFS for calculating the 2016/17 Council Tax Base
- 3.8.1 In producing a forecast of council tax yield in future years, there are two key variables to be considered:-
- the year on year change in Council Tax Base
  - the council tax collection rate
- 3.8.2 The draft MTFS reported to Cabinet assumes that the Council Tax Base increases 0.5% per year and that the collection rate is 97.25% in each of the years.
- 3.9 Details of the Council's Tax Base calculation for 2016/17 were reported to Cabinet on 18 January 2016 and a Council Tax Base for Merton as a whole and for the Wimbledon and Putney Commons Conservators area was agreed as follows:-

<b>Council Tax Base</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Change</b>
			%
Whole Area	69,638.0	71,327.0	2.4%
Wimbledon & Putney Common Conservators	10,880.0	11,127.2	2.3%

### 3.10 Council Tax Yield 2016/17

3.10.1 Based on the latest information about Council Tax proposals for 2016/17 the estimated Council Tax yield for 2016/17 is:-

<b>Council Tax: Whole area</b>	<b>Tax Base</b>	<b>Band D 2016/17</b>	<b>Council Tax Yield 2016/17</b>	<b>Council Tax Yield 2015/16</b>
Merton	71,327.0	£1,102.25	£78.620m	£76.758m
WPCC	11,127.2	£26.97	£0.300m	£0.293m
GLA	71,327.0	£276.00	£19.686m	£20.543m

The amounts collected for the GLA and WPCC are paid over to each of them as precepts.

## 4. Business Rates

### 4.1 Introduction

The Local Government Finance Act 2012 entailed major changes to the funding of local government. From April 2013, the Government reformed the way in which local government is funded through the introduction of the business rates retention scheme. 2016-17 will be the fourth year of the rates retention scheme. From 2013/14 for London boroughs, 50% of the income is paid to central government, the Greater London Authority (GLA) receives 20%, leaving London boroughs with the remaining 30%.

4.2 The 2013-14 local government finance settlement was the first under the new arrangements. It provided each local authority with its starting position under the business rates retention scheme. These are fixed until the first system reset, that the Government intends will take place in 2020. However, they will be uprated for inflation using the annual increase in the small business rates multiplier which is usually based on September RPI.

For 2013/14, the Department for Communities and Local Government (DCLG) calculated a baseline funding level of £31.415m and a “top-up” payment of £7.547m in 2013/14. Based on the uprate for inflation, Merton’s baseline funding level for 2016/17 announced in the Final Local Government Finance Settlement is £32.911m and the top-up is £7.906m.

4.3 The estimates for NNDR income included in the MTFS will be based on Merton’s share of the estimated NNDR income submitted on the NNDR1

form. Merton keeps 30% of any growth in the total business rates collected in the borough but if there is a decline in yield Merton will need to meet 30% of the shortfall. Based on the NNDR1 return for 2016/17 Merton's share is £26.324m which when added to the top-up payment for 2016/17, produces an NNDR estimate for 2016/17 of £34.230m.

#### 4.4 NNDR1

The statutory framework effectively requires a billing authority, before the beginning of a financial year, to forecast the amount of business rates that it will collect during the course of the year and, from this, to make a number of allowable deductions in order to arrive at a figure for its non-domestic rating income. It is the non-domestic rating income that is shared between the parties to the scheme. The framework also sets out how the billing authority is to treat allowable deductions – requiring that either they are paid to major precepting authorities, or transferred to the authority's General Fund.

4.5 The calculations that authorities make before the start of the financial year determine how much they must pay to central government and their major precepting authorities during the course of the year. Since these payments are fixed at the outset of the year, it follows that any difference between forecast amounts and final outturns will result in a surplus, or deficit on the billing authority's Collection Fund. Any such surplus or deficit is shared between government, billing authorities and their major preceptors (excluding policing bodies) in line with their share of the business rates baseline.

4.6 The estimate for the actual income figure (or net rate yield) for 2016/17 is based on the NNDR1 return to the DCLG. This had to be finalised by 31 January 2016, and calculates the amounts to be paid to central government, to the GLA and the amount to be retained by Merton to be used as part of the budget setting process.

#### 4.7 Latest developments

In the Spending Review 2015 and confirmed in the provisional Local Government Finance Settlement, the Government announced that it "will allow local government to keep the rates they collect from business, give councils the power to cut business rates to boost growth, and give elected city-region mayors the power to levy a business rates premium for local infrastructure projects – with the support of local business. By the end of the Parliament local government will retain 100% of business rate revenues to fund local services". The Government will consult on this in summer 2016.

The Settlement also announced that compensation will continue in 2016-17 for the 2% cap on the small business rates multiplier announced at the 2013 and 2014 Autumn Statements, calculated on the basis of the reduction to estimated retained income, as in 2014-15

The September 2015 RPI figure has been announced as 259.6 which gives an inflation rate of 0.8%. This should result in a Small Business Non Domestic Rating Multiplier for 2016/17 of 0.484, so, if the supplement for Small Business Rate Relief (SBRR) remains unchanged at 0.013 then the full multiplier for England in 2016/17 will be 0.497

The multipliers are still classed as Provisional and will not be confirmed until February.

The business rate multipliers for 2015/16 are:-

- Small Business Multiplier 48.4p per £ (48.0p in 2015/16)
- Standard Multiplier 49.7p per £ (49.3p in 2015/16)

Large individual properties in London with a rateable value of more than £55,000 will also be subject to a 2p in the £ business rate supplement to help pay for Crossrail.

#### 4.8 **Estimating the net rate yield for 2016/17**

The starting point is the aggregate rateable value for Merton as at 31 December 2015. (£201.743m) This is a fixed figure based on the VO's valuations for all business properties in Merton at that date. A multiplier is then applied to this rateable value as set by central government (the rate in the pound charged for that year, which for 2016/17 will be 48.4p in the £). This gives a gross rates figure of £97.643m.

#### 4.9 Estimating the income figure is extremely difficult, as there are many factors which can significantly affect the overall figure. These include:

- Changes in rateable value from new properties entering rating or properties being taken out of rating
- Revaluations due to the backlog of appeals which, if successful, will be backdated in most cases to April 2010
- Empty and charitable reliefs
- Losses in collection

#### 4.10 Estimated Surplus or Deficit

Due to the variability of some of the factors, it is inevitable that the final figure at the end of each year will be different to the estimate. Therefore, a further calculation is required at the end of each year to estimate the surplus or deficit on the Collection Fund (as is also done for Council Tax).

#### 4.11 2015-16 was the first year for which authorities had to estimate the non-domestic rating surplus, or deficit on the Collection Fund. The Non-Domestic Rating (Rates Retention) Regulations 2013 (SI 2013/452) require billing authorities to notify the Secretary of State and their major precepting authorities of their calculation of non-domestic rating income for 2016-17 and estimate the surplus/deficit on the Collection Fund by 31 January 2016.

Regulation 13 effectively requires an estimate of the surplus/deficit that the authority believes will exist at 31 March 2016, on the basis of a statutory calculation set out in Schedule 4 to the Regulations. The estimated amount will be shared between the authority, its major preceptors and central Government and will be added (or subtracted) from each party's share of 2016-17 non-domestic rating income.

- 4.12 A copy of Merton's NNDR1 for 2016/17 is attached.
- 4.13 The following table summarises the difference between the estimates from the NNDR1 for 2016/17 and the figures included in the MTFS at the January 2016 Cabinet:-

#### Implications of NNDR1 2016/17 for Merton in 2016/17

	MTFS £000	NNDR1 £000	Difference £000
NNDR 2016/17	26,422	26,324	(98)
- Top-Up 2016/17	8,010	7,906	(104)
	34,432	34,230	(202)
Collection Fund Surplus/Deficit(-) 2015/16	(1,469)	(1,721)	(252)
	32,963	32,509	(454)
Section 31 Grant	0	822	822
Total	32,963	33,331	368

**NATIONAL NON-DOMESTIC RATES RETURN - NNDR1  
2016-17**

Please e-mail to: [ndr.statistics@communities.gsi.gov.uk](mailto:ndr.statistics@communities.gsi.gov.uk) by no later than 31 January 2016.  
In addition, a certified copy of the form should be returned by no later than 31 January 2016 to the same email address

**All figures must be entered in whole £**

If you are content with your answers please return this form to DCLG as soon as possible

Select your local authority's name from this list:

- Melton
- Mendip
- Merton
- Mid Devon
- Mid Suffolk
- Mid Sussex

Authority Name  
E-code  
Local authority contact name  
Local authority contact number  
Local authority e-mail address

Merton  
E5044  
Richard Mason  
020 8545 3670  
[richard.mason@merton.gov.uk](mailto:richard.mason@merton.gov.uk)

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**PART 1A: NON-DOMESTIC RATING INCOME**

**COLLECTIBLE RATES**

1. Net amount receivable from rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs and accounting adjustments £ **88,018,196**

**TRANSITIONAL PROTECTION PAYMENTS**

2. Sums due to the authority **0**

3. Sums due from the authority **0**

**COST OF COLLECTION (See Note A)**

4. Cost of collection formula **272,612**

5. Legal costs **0**

6. Allowance for cost of collection **272,612**

**SPECIAL AUTHORITY DEDUCTIONS**

7. City of London Offset : Not applicable for your authority **0**

**DISREGARDED AMOUNTS**

8. Amounts retained in respect of Designated Areas. Not applicable for your authority **0**

9. Amounts retained in respect of Renewable Energy Schemes (See Note B) **0**

of which:

10. sums retained by billing authority **0**

11. sums retained by major precepting authority **0**

**NON-DOMESTIC RATING INCOME**

12. Line 1 plus line 2, minus lines 3 and 6 - 9 **87,745,584**

**NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
2016-17

Please e-mail to: [nndr.statistics@communities.gsi.gov.uk](mailto:nndr.statistics@communities.gsi.gov.uk) by no later than 31 January 2016.  
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**All figures must be entered in whole £**

If you are content with your answers please return this form to DCLG as soon as possible

Local Authority : Merton

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**PART 1B: PAYMENTS**

**This page is for information only; please do not amend any of the figures**

The payments to be made, during the course of 2016-17 to:

- i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013;
- ii) major precepting authorities in accordance with Regulations 5, 6 and 7; and to be
- iii) transferred by the billing authority from its Collection Fund to its General Fund,

are set out below

	Column 1 Central Government	Column 2 Merton	Column 3 Greater London Authority	Column 4	Column 5 Total
<b>Retained NNDR shares</b>	£	£	£	£	£
13. % of non-domestic rating income to be allocated to each authority	50%	30%	20%	0%	100%
<b>Non-Domestic Rating Income for 2016-17</b>					
14. Non-domestic rating income from rates retention scheme	43,872,792	26,323,675	17,549,117	0	87,745,584
15. (less) qualifying relief in Enterprise Zones	0	0	0	0	0
16. Not used this year					
17. <b>TOTAL:</b>	43,872,792	26,323,675	17,549,117	0	87,745,584
<b>Other Income for 2016-17</b>					
18. add: cost of collection allowance		272,612			272,612
19. add: amounts retained in respect of Designated Areas		0			0
20. add: amounts retained in respect of renewable energy schemes		0	0		0
21. add: qualifying relief in Enterprise Zones		0	0	0	0
22. add: City of London Offset		0			0
23. Not used this year					
<b>Estimated Surplus/Deficit on Collection Fund</b>	£	£	£	£	£
24. Estimated Surplus/Deficit at end of 2015-16	-2,867,945	-1,720,767	-1,147,178	0	-5,735,890
<b>TOTAL FOR THE YEAR</b>	£	£	£	£	£
25. Total amount due to authorities	41,004,847	24,875,520	16,401,939	0	82,282,306

**NATIONAL NON-DOMESTIC RATES RETURN - NDR1**  
2016-17

Please e-mail to: [ndr.statistics@communities.gsi.gov.uk](mailto:ndr.statistics@communities.gsi.gov.uk) by no later than 31 January 2016.  
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All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Local Authority : Merton

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**PART 1C: SECTION 31 GRANT (See Note C)**

This page is for information only; please do not amend any of the figures

Estimated sums due from Government via Section 31 grant, to compensate authorities for the cost of changes to the business rates system announced in the 2013, 2014 & 2015 Autumn Statements

	Column 2 Merton	Column 3 Greater London Authority	Column 4	Column 5 Total
	£	£	£	£
<b>2015-16 Multiplier Cap</b>				
26. Cost of 2% cap on 2015-16 small business rates multiplier	380,714	253,810	0	634,524
<b>Small Business Rate Relief</b>				
27. Cost of temporary doubling SBRR for 2016-17	423,064	282,043	0	705,107
28. Cost to authorities of maintaining relief on "first" property	8,547	5,698	0	14,245
<b>"New Empty" Property Relief</b>				
29. Cost to authorities of giving relief to newly-built empty property	0	0	0	0
<b>"Long Term Empty" Property Relief</b>				
30. Relief on occupation of "long-term empty" property	7,578	5,052	0	12,630
<b>In lieu of Transitional Relief</b>				
31. Payments in lieu of Transitional Relief	1,913	1,275	0	3,188
<b>TOTAL FOR THE YEAR</b>				
32. Amount of Section 31 grant due to authorities to compensate for reliefs	821,816	547,878	0	1,369,694

NB To determine the amount of S31 grant due to it, the authority will have to add / deduct from the amount shown in line 32, a sum to reflect the adjustment to tariffs / top-ups in respect of the multiplier cap (See notes for Line 32)

**Certificate of Chief Financial Officer / Section 151 Officer**

I confirm that the entries in this form are the best I can make on the information available to me and amounts are calculated in accordance with regulations made under Schedule 7B to the Local Government Act 1988. I also confirm that the authority has acted diligently in relation to the collection of non-domestic rates.

Name of Chief Financial Officer or Section 151 Officer : Carolyn Adams

Signature : [Signature]

Date : 29.1.16



**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
**2016-17**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.31

**Local Authority : Merton**

**PART 2: NET RATES PAYABLE**

**You should complete column 1 only**

	Column 1 BA Area (exc. Designated areas) <b>Complete this column</b>	Column 2 Designated areas <b>Do not complete this column</b>	Column 3 TOTAL (All BA Area) <b>Do not complete this column</b>
	£	£	£
<b>GROSS RATES PAYABLE</b> (All data should be entered as +ve unless specified otherwise)			
1. Rateable Value at <input type="text" value="31/12/2015"/>	<input type="text" value="201,743,435"/>	<input type="text" value="0"/>	<input type="text" value="201,743,435"/>
2. Small business rating multiplier for 2016-17 (pence) <input type="text" value="48.4"/>			
3. Gross rates 2016-17 (RV x multiplier)	<input type="text" value="97,643,823"/>	<input type="text" value="0"/>	
4. Estimated growth/decline in gross rates (+ = increase, - = decrease)	<input type="text" value="0"/>	<input type="text" value="0"/>	
5. Forecast gross rates payable in 2016-17	<input type="text" value="97,643,823"/>	<input type="text" value="0"/>	<input type="text" value="97,643,823"/>
<b>TRANSITIONAL ARRANGEMENTS (See Note E) - Not applicable in 2016-17</b>			
6. Revenue foregone because increases in rates have been deferred (Show as -ve)	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
7. Additional income received because reductions in rates have been deferred (Show as +ve)	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
8. Net cost of transitional arrangements	<input type="text" value="0"/>	<input type="text" value="0"/>	
9. Changes as a result of estimated growth / decline in cost of transitional arrangements (+ = decline, - = increase)	<input type="text" value="0"/>	<input type="text" value="0"/>	
10. Forecast net cost of transitional arrangements	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
<b>TRANSITIONAL PROTECTION PAYMENTS (See Note F) - Not applicable in 2016-17</b>			
11. Sum due to/(from) authority	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
<b>MANDATORY RELIEFS (See Note G) (All data should be entered as -ve unless specified otherwise)</b>			
<b>Small Business Rate Relief</b>			
12. Forecast of relief to be provided in 2016-17	<input type="text" value="-2,808,303"/>	<input type="text" value="0"/>	<input type="text" value="-2,808,303"/>
13. of which: relief on existing properties where a 2nd property is occupied	<input type="text" value="-28,083"/>	<input type="text" value="0"/>	<input type="text" value="-28,083"/>
14. Additional yield from the small business supplement (Show as +ve)	<input type="text" value="2,255,247"/>	<input type="text" value="0"/>	<input type="text" value="2,255,247"/>
15. Net cost of small business rate relief (line 12 + line 14)	<input type="text" value="-553,056"/>	<input type="text" value="0"/>	<input type="text" value="-553,056"/>
<b>Charitable occupation</b>			
16. Forecast of relief to be provided in 2016-17	<input type="text" value="-5,156,574"/>	<input type="text" value="0"/>	<input type="text" value="-5,156,574"/>
<b>Community Amateur Sports Clubs (CASCs)</b>			
17. Forecast of relief to be provided in 2016-17	<input type="text" value="-108,485"/>	<input type="text" value="0"/>	<input type="text" value="-108,485"/>
<b>Rural rate relief</b>			
18. Forecast of relief to be provided in 2016-17	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>

**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
**2016-17**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.31

**Local Authority : Merton**

**PART 2: NET RATES PAYABLE**

**You should complete column 1 only**

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
19. Forecast of mandatory reliefs to be provided in 2016-17 (Sum of lines 15 to 18)	-5,818,115	0	
20. Changes as a result of estimated growth/decline in mandatory relief (+ = decline, - = increase)	-40,727	0	
<b>21. Total forecast mandatory reliefs to be provided in 2016-17</b>	<b>-5,858,842</b>	<b>0</b>	<b>-5,858,842</b>

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

<b>Partially occupied hereditaments</b>			
22. Forecast of 'relief' to be provided in 2016-17	-65,000	0	-65,000
<b>Empty premises</b>			
23. Forecast of 'relief' to be provided in 2016-17	-769,270	0	-769,270
24. Forecast of unoccupied property 'relief' to be provided in 2016-17 (Line 22 + line 23)	-834,270	0	
25. Changes as a result of estimated growth/decline in unoccupied property 'relief' (+ = decline, - = increase)	-628,175	0	
<b>26. Total forecast unoccupied property 'relief' to be provided in 2016-17</b>	<b>-1,462,445</b>	<b>0</b>	<b>-1,462,445</b>

**DISCRETIONARY RELIEFS (See Note J) (All data should be entered as -ve unless specified otherwise)**

<b>Charitable occupation</b>			
27. Forecast of relief to be provided in 2016-17	-402,645	0	-402,645
<b>Non-profit making bodies</b>			
28. Forecast of relief to be provided in 2016-17	-114,169	0	-114,169
<b>Community Amateur Sports Clubs (CASCs)</b>			
29. Forecast of relief to be provided in 2016-17	-194	0	-194
<b>Rural shops etc</b>			
30. Forecast of relief to be provided in 2016-17	0	0	0
<b>Small rural businesses</b>			
31. Forecast of relief to be provided in 2016-17	0	0	0
<b>Other ratepayers</b>			
32. Forecast of relief to be provided in 2016-17	-200,000	0	-200,000
	<i>of which:</i>	<i>of which:</i>	
33. Relief given to Case A hereditaments		0	
34. Relief given to Case B hereditaments	0		

**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
**2016-17**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1.31

**Local Authority : Merton**

**PART 2: NET RATES PAYABLE**

**You should complete column 1 only**

Column 1  
BA Area (exc.  
Designated areas)

Column 2  
Designated  
areas

Column 3  
TOTAL  
(All BA Area)

35. Forecast of discretionary relief to be provided in 2016-17 (Sum of lines 27 to 32)

-717,008

0

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

-35,850

0

37. Total forecast discretionary relief to be provided in 2016-17

-752,858

0

-752,858

**DISCRETIONARY RELIEFS FUNDED THROUGH SECTION 31 GRANT**  
(See Note K) (All data should be entered as -ve unless specified otherwise)  
"New Empty" properties

38. Forecast of relief to be provided in 2016-17

0

0

0

"Long term empty" properties

39. Forecast of relief to be provided in 2016-17

-24,900

0

-24,900

In lieu of Transitional Relief

40. Payments to ratepayers in lieu of Transitional Relief in 2016-17

-6,286

0

-6,286

41. Forecast of discretionary reliefs funded through S31 grant to be provided in 2016-17 (Sum of lines 38 to 39)

-31,186

0

42. Changes as a result of estimated growth/decline in Section 31 discretionary relief (+ = decline, - = increase)

0

0

43. Total forecast of discretionary reliefs funded through S31 grant to be provided in 2016-17

-31,186

0

-31,186

**NET RATES PAYABLE**

44. Forecast of net rates payable by rate payers after taking account of transitional adjustments, unoccupied property relief, mandatory and discretionary reliefs

£ 89,538,492

£ 0

£ 89,538,492

Checked by Chief Financial / Section 151 Officer : 

**-1250000**  
**2016-17**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

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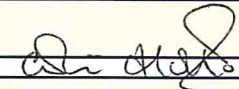
**Local Authority : Merton**

**PART 3: COLLECTABLE RATES AND DISREGARDED AMOUNTS**

You should complete column 1 only

	Column 1	Designated areas			Column 5
	BA Area (exc. Designated areas) Complete this column	Column 2 Do not complete this column	Column 3 Do not complete this column	Column 4 Do not complete this column	TOTAL (All BA Area) Do not complete this column
	£	£	£	£	£
<b>NET RATES PAYABLE</b>					
1. Sum payable by rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs	89,538,492	0	0	0	89,538,492
<b>(LESS) LOSSES</b>					
2. Estimated bad debts in respect of 2016-17 rates payable	-1,250,000	0	0	0	-1,250,000
3. Estimated repayments in respect of 2016-17 rates payable	-270,296	0	0	0	-270,296
<b>COLLECTABLE RATES</b>					
4. Net Rates payable less losses	88,018,196	0	0	0	88,018,196
<b>DISREGARDED AMOUNTS</b>					
5. Renewable Energy	0	0	0	0	0
6. Transitional Protection Payment		0	0	0	
7. Baseline		0	0	0	
<b>DISREGARDED AMOUNTS</b>					
8. Total Disregarded Amounts		0	0	0	Total Designated Areas 0

Checked by Chief Financial / Section 151 Officer :



**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
**2016-17**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

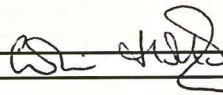
Ver 1.31

**Local Authority : Merton**

**PART 4: ESTIMATED COLLECTION FUND BALANCE**

	£	£
<b>OPENING BALANCE</b>		
1. Opening Balance (From Collection Fund Statement)		-6,205,401
<b>BUSINESS RATES CREDITS AND CHARGES</b>		
2. Business rates credited and charged to the Collection Fund in 2015-16	86,061,908	
3. Sums written off in excess of the allowance for non-collection	0	
4. Changes to the allowance for non-collection	-408,877	
5. Amounts charged against the provision for appeals following RV list changes	3,589,000	
6. Changes to the provision for appeals	-6,022,000	
<b>7. Total business rates credits and charges (Total lines 2 to 6)</b>		83,220,031
<b>OTHER RATES RETENTION SCHEME CREDITS</b>		
8. Transitional protection payments received, or to be received in 2015-16	452,217	
9. Transfers/payments to the Collection Fund for end-year reconciliations	0	
10. Transfers/payments into the Collection Fund in 2015-16 in respect of a previous year's deficit	1,309,337	
<b>11. Total Other Credits (Total lines 8 to 10)</b>		1,761,554
<b>OTHER RATES RETENTION SCHEME CHARGES</b>		
12. Transitional protection payments made, or to be made, in 2015-16	-134,524	
13. Payments made, or to be made, to the Secretary of State in respect of the central share in 2015-16	-41,894,896	
14. Payments made, or to be made to, major precepting authorities in respect of business rates income in 2015-16	-16,757,995	
15. Transfers made, or to be made, to the billing authority's General Fund in respect of business rates income in 2015-16	-25,452,047	
16. Transfers made, or to be made, to the billing authority's General Fund; and payments made, or to be made, to a precepting authority in respect of disregarded amounts in 2015-16	-272,612	
17. Transfers/payments from the Collection Fund for end-year reconciliations	0	
18. Transfers/payments made from the Collection Fund in 2015-16 in respect of a previous year's surplus	0	
<b>19. Total Other Charges (Total lines 12 to 18)</b>		-84,512,074
<b>20. Adjustment for 5-Year Spread</b>		0
<b>ESTIMATED SURPLUS/(DEFICIT) ON COLLECTION FUND IN RESPECT OF FINANCIAL YEAR 2015-16</b>		
21. Opening balance plus total credits, less total charges, plus adjustment for 5-year spread (Total lines 1, 7, 11, 19 & 20)		-5,735,890

Checked by Chief Financial / Section 151 Officer :



## OTHER CORPORATE ITEMS COUNCIL MARCH 2016 UPDATE

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Recharge to Education of Past Service				
Deficiency/Redundancy	(463)	(463)	(463)	(463)
Autoenrollment	300	300	300	300
Corporate expenditure (utilities inflation)	300	300	300	300
Changes in Corporate Specific and Special Grants	204	206	209	209
Loss of HB Admin. Grant	200	200	200	200
CHAS IP fee and dividend income	(1,152)	(1,152)	(1,152)	(1,152)
Bad Debt provision	500	500	500	500
Contingency	1,500	1,500	1,500	1,500
Additional Revenuisation & miscellaneous	1,264	264	264	264
WPCC Levy	300	300	300	300
Depreciation/Impairment	(17,637)	(17,637)	(17,637)	(17,637)
Transport	0	0	0	0
Redundancy/Pension Strain	1,000	1,000	1,000	1,000
Overheads Charge to Non-GF	224	224	224	224
Local Election 2018	0	0	350	0
Apprenticeship Levy	0	450	450	450
Merton Adult Education - Year 1 contribution	600	0	0	0
P3/P4	400	400	400	400
Provision for Excess Inflation > 1.5%	540	536	536	536
<b>Other Corporate items</b>	<b>(11,920)</b>	<b>(13,072)</b>	<b>(12,719)</b>	<b>(13,069)</b>

## BUDGET TRANSITION FROM MARCH 2015

	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000
<b>Balanced Budget in 2015/16</b>	-	-	-	-
Pay Inflation	883	1,767	2,650	3,534
Price Inflation	741	2,964	5,187	7,410
Inflation > 1.5%	16	12	12	12
Concessionary Fares, Taxicards	212	662	1,113	1,563
FYE of previous years savings	(15,687)	(20,861)	(22,009)	(22,009)
FYE of Replacement savings	1,504	1,106	-	-
ANPR	1,300	1,300	1,300	1,300
National Insurance changes	1,458	1,458	1,458	1,458
PFI Affordability	448	448	448	448
Changes in Specific & Special Grants	351	353	356	356
New Savings	(200)	(4,057)	(7,547)	(7,547)
Overheads	261	261	261	261
Treasury related income & expenditure	(2,454)	(2,987)	(3,158)	(2,267)
CHAS IP	(978)	(978)	(978)	(978)
Corporate expenditure (utilities inflation)	200	200	200	200
Pensions deficit and Lump Sum	190	387	594	810
Local election	-	-	350	-
Merton Adult Education - First Year Redundancies	600	-	-	-
Revenuisation	1,000	-	-	-
Loss of HB Admin. Grant	200	200	200	200
Apprenticeship Levy	-	450	450	450
Other	(174)	729	1,111	1,187
Levies	(5)	(5)	(5)	(5)
Appropriations	2,708	808	(3,896)	(8,793)
RSG - Total	7,269	14,905	20,354	25,349
Business Rates	(232)	(27)	(733)	(1,475)
New Homes Bonus	(1,550)	(2,121)	(351)	(229)
Council Tax income	(1,862)	(2,255)	(2,650)	(3,047)
Council Tax Freeze Grant	861	861	861	861
Collection Fund t/f of surplus/deficit - Council Tax	1,613	4,813	4,813	4,813
Collection Fund t/f of surplus/deficit - Business Rates	1,328	(393)	(393)	(393)
Rounding	1	1	2	-
<b>COUNCIL 2 March 2016</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,469</b>

STATEMENT OF COUNCIL TAX REQUIREMENTS AND BALANCES

	ORIGINAL BUDGET 2010/11 £m	ORIGINAL BUDGET 2011/12 £m	ORIGINAL BUDGET 2012/13 £m	ORIGINAL BUDGET 2013/14 £m	ORIGINAL BUDGET 2014/15 £m	ORIGINAL BUDGET 2015/16 £m	ORIGINAL BUDGET 2016/17 £m	2010/11 Band D Council Tax Equivalent £	2011/12 Band D Council Tax Equivalent £	2012/13 Band D Council Tax Equivalent £	2013/14 Band D Council Tax Equivalent £	2014/15 Band D Council Tax Equivalent £	2015/16 Band D Council Tax Equivalent £	2016/17 Band D Council Tax £
<b>Merton</b>														
Net Cost of General Fund Services	148.599	148.193	145.820	153.491	151.258	149.062	134.496	2,001.34	1,989.55	1,949.04	2,291.55	2,221.53	2,140.53	1,885.63
Contingency	2.900	1.820	2.000	1.500	1.500	1.500	1.500	39.06	24.43	26.73	22.39	22.03	21.54	21.03
	151.499	150.013	147.820	154.991	152.758	150.562	135.996	2,040.39	2,013.98	1,975.77	2,313.95	2,243.56	2,162.07	1,906.66
<b>Levies</b>														
Lee Valley	0.227	0.220	0.215	0.220	0.214	0.209	0.204	3.06	2.95	2.87	3.28	3.14	3.00	2.86
London Pensions Fund	0.283	0.254	0.253	0.268	0.266	0.264	0.262	3.81	3.41	3.38	4.00	3.91	3.79	3.67
Environment Agency	0.148	0.146	0.146	0.157	0.157	0.159	0.162	1.99	1.96	1.95	2.34	2.31	2.28	2.27
Total Levies	0.658	0.620	0.614	0.645	0.637	0.632	0.628	8.86	8.32	8.21	9.63	9.36	9.08	8.80
<b>TOTAL BUDGET (before balances, etc adjustment)</b>	<b>152.157</b>	<b>150.633</b>	<b>148.434</b>	<b>155.636</b>	<b>153.395</b>	<b>151.194</b>	<b>136.624</b>	<b>2,049.25</b>	<b>2,022.31</b>	<b>1,983.98</b>	<b>2,323.58</b>	<b>2,252.91</b>	<b>2,171.14</b>	<b>1,915.46</b>
<b>Provisions, Contributions and Balances</b>														
Appropriations to/from Reserves	0.000	0.000	0.000	0.000	0.000	(4.771)	1.683	0.00	0.00	0.00	0.00	0.00	-68.51	23.60
<b>TOTAL BUDGET REQUIREMENT</b>	<b>152.157</b>	<b>150.633</b>	<b>148.434</b>	<b>155.636</b>	<b>153.395</b>	<b>146.423</b>	<b>138.307</b>	<b>2,049.25</b>	<b>2,022.31</b>	<b>1,983.98</b>	<b>2,323.58</b>	<b>2,252.91</b>	<b>2,102.63</b>	<b>1,939.06</b>
<b>Less: Central Government Support</b>														
Government (Formula) Grant:														
Revenue Support Grant (including Transition Grant)	(8.588)	(15.730)	(1.180)	(47.221)	(39.738)	(30.425)	(23.156)	-115.66	-211.17	-15.77	-704.99	-583.63	-436.90	-324.65
National Non-Domestic Rates inc. Section 31 Grant	(59.145)	(50.888)	(60.841)	(32.020)	(34.371)	(34.820)	(35.052)	-796.56	-683.19	-813.21	-478.04	-504.81	-500.01	-491.43
Total Revenue Support Grant + Baseline NNDR Funding:	(67.733)	(66.617)	(62.021)	(79.241)	(74.109)	(65.245)	(58.208)	-912.23	-894.36	-828.98	-1,183.03	-1,088.44	-936.92	-816.07
Contribution to/(from) Collection Fund	(2.519)	(1.859)	(3.891)	(2.545)	(4.236)	(4.420)	(1.479)	-33.93	-24.96	-52.01	-38.00	-62.21	-63.47	-20.74
<b>Council Tax Requirement</b>														
Merton - General (excluding WPCC)	81.905	82.157	82.522	73.850	75.049	76.758	78.620	1,103.10	1,102.99	1,102.99	1,102.55	1,102.25	1,102.25	1,102.25
<b>Merton - COUNCIL TAX FUNDING REQUIREMENT</b>	<b>81.905</b>	<b>82.157</b>	<b>82.522</b>	<b>73.850</b>	<b>75.049</b>	<b>76.758</b>	<b>78.620</b>	<b>1,103.10</b>	<b>1,102.99</b>	<b>1,102.99</b>	<b>1,102.55</b>	<b>1,102.25</b>	<b>1,102.25</b>	<b>1,102.25</b>
<b>Greater London Authority Precept</b>														
Metropolitan Police Authority	16.657	16.979	17.467	14.753	14.903	14.939	14.750	224.34	227.95	233.46	220.25	218.88	214.52	206.79
Other Non-Police Services	6.347	6.098	5.481	5.543	5.367	5.391	4.636	85.48	81.87	73.26	82.75	80.12	80.48	69.21
<b>Greater London Authority Precept</b>	<b>23.004</b>	<b>23.077</b>	<b>22.948</b>	<b>20.295</b>	<b>20.270</b>	<b>20.329</b>	<b>19.385</b>	<b>309.82</b>	<b>309.82</b>	<b>306.72</b>	<b>303.00</b>	<b>299.00</b>	<b>295.00</b>	<b>276.00</b>
<b>TOTAL COUNCIL TAX REQUIREMENT</b>	<b>104.909</b>	<b>105.234</b>	<b>105.469</b>	<b>94.145</b>	<b>95.319</b>	<b>97.088</b>	<b>98.005</b>	<b>1,412.92</b>	<b>1,412.81</b>	<b>1,409.71</b>	<b>1,405.55</b>	<b>1,401.25</b>	<b>1,397.25</b>	<b>1,378.25</b>



<b>DRAFT MTFS 2016-20:</b>				
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Departmental Base Budget 2015/16</b>	<b>150,913</b>	<b>150,913</b>	<b>150,913</b>	<b>150,913</b>
Inflation (Pay, Prices)	1,624	4,731	7,837	10,944
Autoenrolment/Nat. ins changes	1,480	2,315	2,630	2,630
FYE – Previous Years Savings	(15,686)	(20,861)	(22,009)	(22,009)
Amendments to previously agreed savings	1,504	1,106	0	0
Transport from corporate provision	1,192	1,192	1,192	1,192
Change in Net Appropriations to/(from) Reserves	(2,817)	(5,398)	(5,884)	(5,595)
Revenuisation	20	30	27	27
Taxi card/Concessionary Fares	212	662	1,112	1,562
Change in depreciation/Impairment (Contra Other Corporate items)	1,132	1,132	1,132	1,132
Other	1,821	1,891	1,964	2,040
<b>Re-Priced Departmental Budget</b>	<b>141,395</b>	<b>137,713</b>	<b>138,914</b>	<b>142,835</b>
Treasury/Capital financing	12,905	12,370	12,200	13,091
Pensions	4,395	4,592	4,799	5,015
Other Corporate items	(11,920)	(13,072)	(12,719)	(13,069)
Levies	628	628	628	628
<b>Sub-total: Corporate provisions</b>	<b>6,008</b>	<b>4,518</b>	<b>4,908</b>	<b>5,665</b>
<b>Sub-total: Repriced Departmental Budget +</b>	<b>147,403</b>	<b>142,231</b>	<b>143,822</b>	<b>148,500</b>
Savings/Income Proposals 2016/17	(200)	(4,057)	(7,547)	(7,547)
<b>Sub-total</b>	<b>147,203</b>	<b>138,174</b>	<b>136,275</b>	<b>140,953</b>
Appropriation to/from departmental reserves	(2,000)	(719)	(233)	(522)
Appropriation to/from Balancing the Budget Reserve	2,394	1,785	(2,919)	(7,818)
<b>BUDGET REQUIREMENT</b>	<b>147,597</b>	<b>139,240</b>	<b>133,123</b>	<b>132,614</b>
<b>Funded by:</b>				
Revenue Support Grant	(23,156)	(15,520)	(10,071)	(5,076)
Business Rates (inc. Section 31 grant)	(35,052)	(34,847)	(35,553)	(36,295)
C. Tax Freeze Grant 2015/16	0	0	0	0
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(4,192)	(4,763)	(2,993)	(2,871)
Council Tax inc. WPCC	(78,920)	(79,313)	(79,708)	(80,105)
Collection Fund – (Surplus)/Deficit	(1,479)	0	0	0
<b>TOTAL FUNDING</b>	<b>(147,597)</b>	<b>(139,240)</b>	<b>(133,123)</b>	<b>(129,145)</b>
<b>GAP including Use of Reserves (Cumulative)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,469</b>

## Reserves

Forecast Movement in Reserves 2016/17	Actual Bal at 31/3/15 £'000	Net Movt. in year £'000	Bal. at 31/3/16 £'000	Net Movt. in year £'000	Bal. at 31/3/17 £'000	Net Movt. in year £'000	Bal. at 31/3/18 £'000	Net Movt. in year £'000	Bal. at 31/3/19 £'000	Net Movt. in year £'000	Bal. at 31/3/20 £'000
General Fund Reserve	15,151	(2,605)	12,546	0	12,546	0	12,546	0	12,546	0	12,546
Earmarked Reserves	30,198	(3,565)	26,632	(3,079)	23,554	(4,060)	19,494	(4,869)	14,625	(8,081)	6,544
Grants & Contributions	3,335	(2,377)	958	(566)	392	(40)	352	(19)	333	(19)	314
<b>Total Available Gen. Fund Rev. Reser</b>	<b>48,683</b>	<b>(8,547)</b>	<b>40,136</b>	<b>(3,645)</b>	<b>36,492</b>	<b>(4,100)</b>	<b>32,392</b>	<b>(4,888)</b>	<b>27,504</b>	<b>(8,100)</b>	<b>19,404</b>
<b>Fixed to Contracts</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>
<b>Total General Fund revenue reserves</b>	<b>50,637</b>	<b>(8,547)</b>	<b>42,090</b>	<b>(3,645)</b>	<b>38,446</b>	<b>(4,100)</b>	<b>34,346</b>	<b>(4,888)</b>	<b>29,458</b>	<b>(8,100)</b>	<b>21,358</b>
<b>Schools Balances &amp; Reserves</b>	<b>17,395</b>	<b>258</b>	<b>17,652</b>	<b>(724)</b>	<b>16,928</b>	<b>(546)</b>	<b>16,382</b>	<b>(714)</b>	<b>15,668</b>	<b>(891)</b>	<b>14,777</b>
<b>Capital Reserves</b>											
Capital Grants	5,409	(4,131)	1,278	(1,038)	240	(240)	0	0	0	0	0
Capital Contributions	185	(48)	137	(40)	97	(37)	60	0	60	0	60
Capital Receipts	31,263	(8,530)	22,733	(20,899)	1,834	(1,834)	0	0	0	0	0
<b>Total</b>	<b>36,857</b>	<b>(12,709)</b>	<b>24,148</b>	<b>(21,977)</b>	<b>2,171</b>	<b>(2,111)</b>	<b>60</b>	<b>0</b>	<b>60</b>	<b>0</b>	<b>60</b>
Revenue Reserves	68,032	(8,289)	59,743	(4,369)	55,374	(4,646)	50,728	(5,602)	45,126	(8,991)	36,135
Capital Reserves	36,857	(12,709)	24,148	(21,977)	2,171	(2,111)	60	0	60	0	60
<b>Overall Useable Reserves</b>	<b>104,889</b>	<b>(20,998)</b>	<b>83,891</b>	<b>(26,346)</b>	<b>57,545</b>	<b>(6,757)</b>	<b>50,788</b>	<b>(5,602)</b>	<b>45,186</b>	<b>(8,991)</b>	<b>36,195</b>

Analysis	Actual Bal at 31/3/15 £'000	Net Movt. in year £'000	Bal. at 31/3/16 £'000	Net Movt. in year £'000	Bal. at 31/3/17 £'000	Net Movt. in year £'000	Bal. at 31/3/18 £'000	Net Movt. in year £'000	Bal. at 31/3/19 £'000	Net Movt. in year £'000	Bal. at 31/3/20 £'000
<b>Earmarked Reserves</b>											
Outstanding Council Programme Board	9,515	(3,987)	5,528	(3,250)	2,278	(234)	2,044	(11)	2,033	0	2,033
For use in future years for budget	5,752	806	6,558	2,394	8,952	1,785	10,737	(2,919)	7,818	(7,818)	0
Revenue Reserves for Capital / Revn.	6,062	1,313	7,375	(571)	6,804	(4,582)	2,222	(1,105)	1,117	0	1,117
Energy renewable reserve	1,441	0	1,441	(1,141)	300	0	300	0	300	0	300
Repairs & Renewal Fund	1,424	(200)	1,224	(500)	724	(500)	224	(224)	0	0	0
Transforming families reserve	414	(298)	116	(116)	0	0	0	0	0	0	0
Pension Fund additional contribution	63	0	63	0	63	0	63	0	63	0	63
Local Land Charges Reserve	1,419	113	1,532	0	1,532	0	1,532	0	1,532	0	1,532
Apprenticeships	648	(347)	301	(210)	91	(91)	(0)	0	(0)	0	(0)
Community Care Reserve	1,385	(250)	1,135	(250)	885	(250)	635	(250)	385	(250)	135
Local Welfare Support Reserve	614	(100)	514	(200)	314	(200)	114	(195)	(81)	0	(81)
Economic Development Strategy	1,148	(609)	539	(539)	0	0	0	0	0	0	0
Wimbledon Tennis Courts Renewal	77	25	102	25	127	25	152	(152)	(0)	0	(0)
Governor Support Reserve	52	(44)	8	(8)	0	0	0	0	0	0	0
Corporate Services Reserves	183	13	196	(13)	183	(13)	170	(13)	157	(13)	144
Savings Mitigation Fund	0	0	0	1,300	1,300	0	1,300	0	1,300	0	1,300
<b>Earmarked Reserves</b>	<b>30,198</b>	<b>(3,565)</b>	<b>26,632</b>	<b>(3,079)</b>	<b>23,554</b>	<b>(4,060)</b>	<b>19,494</b>	<b>(4,869)</b>	<b>14,625</b>	<b>(8,081)</b>	<b>6,544</b>
Adult Social care contributions	425	(375)	50	(50)	0	0	0	0	0	0	0
Culture and Environment contributions	447	(243)	204	(156)	48	0	48	0	48	0	48
Culture and Environment grant	363	(36)	327	(110)	217	(19)	198	(19)	179	(19)	160
Childrens & Education grant	650	(584)	66	(66)	0	0	0	0	0	0	0
Housing Planning Development grant	189	(84)	105	(84)	21	(21)	0	0	0	0	0
Housing GF grants	106	0	106	0	106	0	106	0	106	0	106
Public Health	1,154	(1,054)	100	(100)	0	0	0	0	0	0	0
<b>Grants &amp; Contributions</b>	<b>3,335</b>	<b>(2,377)</b>	<b>958</b>	<b>(566)</b>	<b>392</b>	<b>(40)</b>	<b>352</b>	<b>(19)</b>	<b>333</b>	<b>(19)</b>	<b>314</b>
<b>Total</b>	<b>33,533</b>	<b>(5,942)</b>	<b>27,591</b>	<b>(3,645)</b>	<b>23,946</b>	<b>0</b>	<b>23,946</b>	<b>0</b>	<b>23,946</b>	<b>0</b>	<b>23,946</b>
Insurance Reserve	1,954	0	1,954	0	1,954	0	1,954	0	1,954	0	1,954
<b>Fixed to Contracts</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>
DSG Reserve	3,585	297	3,882	(950)	2,932	(500)	2,432	(500)	1,932	(389)	1,543
Refund of School PFI contributions	400	(300)	100	0	100	0	100	0	100	0	100
Schools Reserve	52	(52)	0	0	0	0	0	0	0	0	0
Schools own reserves	8,992	78	9,071	0	9,071	0	9,071	0	9,071	0	9,071
Schools PFI Fund	4,366	235	4,600	226	4,826	(46)	4,780	(214)	4,566	(502)	4,064
<b>Schools Reserves</b>	<b>17,395</b>	<b>258</b>	<b>17,652</b>	<b>(724)</b>	<b>16,928</b>	<b>(546)</b>	<b>16,382</b>	<b>(714)</b>	<b>15,668</b>	<b>(891)</b>	<b>14,777</b>

# **Draft Departmental Budget Summaries 2016-17**

<b>SUMMARY</b>				
<b>FULL TIME EQUIVALENTS</b>		<b>2015/16</b>		<b>2016/17</b>
Total FTE Staff		2,246.0		2,113.0
<b>SERVICE AREA ANALYSIS</b>				
	<b>2015/16</b>		<b>Other</b>	<b>2016/17</b>
	<b>Estimate</b>	<b>Inflation</b>	<b>Variations</b>	<b>Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Corporate Services	14,025	74	(2,740)	11,359
Education Services				
Children's Services	50,894	293	(1,004)	50,183
Environment and Regeneration	23,985	125	(2,880)	21,230
Adult Social Care				
Cultural Services	61,400	243	(5,425)	56,218
Housing General Fund				
Single Status	100	0	0	100
Pay Award	189	0	693	883
<b>TOTAL NET SERVICE EXPENDITURE</b>	<b>150,593</b>	<b>735</b>	<b>(11,356)</b>	<b>139,972</b>
<i>Corporate Provisions/Appropriations</i>	4,423	0	3,202	7,625
<b>NET EXPENDITURE</b>	<b>155,016</b>	<b>735</b>	<b>(8,154)</b>	<b>147,597</b>
<b>Funded by:</b>				
Revenue Support Grant	(30,425)	0	7,269	(23,156)
Business Rates	(34,820)	0	(232)	(35,052)
New Homes Bonus	(2,642)	0	(1,550)	(4,192)
Council Tax	(76,758)	0	(1,862)	(78,620)
Council Tax Freeze Grant 2015/16	(861)	0	861	0
Council Tax Freeze Grant 2014/15	0	0	0	0
WPCC Levy	(293)	0	(7)	(300)
Collection Fund	(4,420)	0	2,941	(1,479)
PFI Grant	(4,797)	0	0	(4,797)
	<b>(155,016)</b>	<b>0</b>	<b>7,419</b>	<b>(147,597)</b>
<b>NET</b>	<b>0</b>	<b>735</b>	<b>(735)</b>	<b>0</b>
NB				
<b>Public Health</b>	<b>320</b>	<b>0</b>	<b>96</b>	<b>416</b>
Appropriations to/from reserves	(320)		(96)	(416)
<b>Net Public Health</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other Variations: Contingency/Other				
<b>Major Items: Corporate Provisions</b>	<b>£000</b>		<b>fte</b>	
Corporate borrowing and Investment	(654)		0.0	
Further provision for revaluation/RCCO	(805)		0.0	
Pension Fund and Auto-enrolment	190		0.0	
Contingency and centrally held provisions	197		0.0	
Change in Grants	134		0.0	
Appropriation to/from Reserves	6,684		0.0	
Depreciation and impairment	(1,132)		0.0	
CHAS - IP	(978)		0.0	
Overheads - Charge to non-general fund	(44)		0.0	
Transport - Additional provision	(1,192)		0.0	
Merton Adult Education	600		0.0	
Loss of HB Admin. Grant	200		0.0	
Levies	2		0.0	
<b>TOTAL</b>	<b>3,202</b>		<b>0</b>	

## SUMMARY - SUBJECTIVE ANALYSIS

FULL TIME EQUIVALENTS		2015/16	2016/17	
Total FTE Staff		2,246.0	2,113.0	
SUBJECTIVE ANALYSIS OF ESTIMATES				
	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees	95,328	23	(3,827)	91,524
Premises	8,196	45	135	8,376
Transport	13,598	34	937	14,569
Supplies and Services	186,924	260	(22,810)	164,375
Third Party Payments	85,029	372	(4,000)	81,401
Transfer Payments	103,934	1	177	104,112
Support Services	30,127	0	251	30,378
Depreciation and Impairment Losses	16,506	0	1,132	17,637
<b>GROSS EXPENDITURE</b>	<b>539,643</b>	<b>735</b>	<b>(28,005)</b>	<b>512,373</b>
<b>Income</b>				
Government Grants	(274,532)	0	17,984	(256,548)
Other Reimbursements and Contributions	(25,190)	0	1,436	(23,754)
Customer and Client Receipts	(58,363)	0	(2,525)	(60,888)
Interest	(44)	0	(2)	(46)
Recharges	(30,944)	0	17	(30,927)
Reserves	24	0	(262)	(238)
<b>GROSS INCOME</b>	<b>(389,049)</b>	<b>0</b>	<b>16,648</b>	<b>(372,401)</b>
<b>NET EXPENDITURE</b>	<b>150,593</b>	<b>735</b>	<b>(11,356)</b>	<b>139,972</b>
Corporate Provisions	4,423	0	3,202	7,624
<b>NET EXPENDITURE</b>	<b>155,016</b>	<b>735</b>	<b>(8,155)</b>	<b>147,596</b>
<b>Funded by:</b>				
Revenue Support Grant	(30,425)	0	7,269	(23,156)
Business Rates	(34,820)	0	(232)	(35,052)
New Homes Bonus	(2,642)	0	(1,550)	(4,192)
Council Tax	(76,758)	0	(1,862)	(78,620)
Council Tax Freeze Grant 2015/16	(861)	0	861	0
Council Tax Freeze Grant 2014/15	0	0	0	0
WPCC Levy	(293)	0	(7)	(300)
Collection Fund	(4,420)	0	2,941	(1,479)
PFI Grant	(4,797)	0	0	(4,797)
	<b>(155,016)</b>	<b>0</b>	<b>7,419</b>	<b>(147,597)</b>
<b>NET</b>	<b>0</b>	<b>735</b>	<b>(735)</b>	<b>0</b>
Other Variations: Contingency/Other				
Major Items: Corporate Provisions		£000	fte	
Corporate borrowing and Investment		(654)	0.0	
Further provision for revaluation/RCCO		(805)	0.0	
Pension Fund and Auto-enrolment		190	0.0	
Contingency and centrally held provisions		197	0.0	
Change in Grants		134	0.0	
Appropriation to/from Reserves		6,684	0.0	
Depreciation and impairment		(1,132)	0.0	
CHAS - IP		(978)	0.0	
Overheads - Charge to non-general fund		(44)	0.0	
Transport - Additional provision		(1,192)	0.0	
Merton Adult Education		600	0.0	
Loss of HB Admin. Grant		200	0.0	
Levies		2	0.0	
<b>TOTAL</b>		<b>3,202</b>	<b>0</b>	

<b>CORPORATE ITEMS ANALYSIS</b>				
	<b>2015/16 Estimate £000</b>	<b>Inflation £000</b>	<b>Other Variations £000</b>	<b>2016/17 Estimate £000</b>
<b>Expenditure</b>				
Cost of Borrowing including Minimum Revenue Provision	14,117	0	(474)	13,643
Further provision for revaluation/RCCO	1,939	0	(805)	1,134
Pension Fund	3,742	0	190	3,932
Pensions: Auto-enrolment	300	0	0	300
Centrally held provision for Utilities inflation	100	0	200	300
Adjustment re Income re P3/P4	400	0	0	400
Overheads - Charge to non-general fund	194	0	(44)	150
Provision for excess inflation	543	0	(3)	540
Bad Debt Provision	500	0	0	500
Redundancy/Pension Strain	1,000	0	0	1,000
Transport - Additional provision	1,322	0	(1,192)	130
Contingency	1,500	0	0	1,500
Apprenticeship Levy	0	0	0	0
Merton Adult Education	0	0	600	600
Loss of HB Admin. Grant	0	0	200	200
Change in Corporate Specific and Special Grants	70	0	134	204
Levies:-				
Lee Valley	209		(5)	204
London Pensions Fund	264		(3)	262
Environment Agency	159		3	162
WPCC	293		7	300
<b>GROSS EXPENDITURE</b>	<b>26,653</b>	<b>0</b>	<b>(1,193)</b>	<b>25,460</b>
<b>Income</b>				
Investment Income	(559)		(180)	(739)
Depreciation & Impairment	(16,505)		(1,132)	(17,638)
Appropriations to/from reserves (excluding Public Health)	(4,991)		6,684	1,693
CHAS - IP	(174)		(978)	(1,152)
<b>GROSS INCOME</b>	<b>(22,230)</b>	<b>0</b>	<b>4,394</b>	<b>(17,836)</b>
<b>NET EXPENDITURE</b>	<b>4,423</b>	<b>0</b>	<b>3,202</b>	<b>7,625</b>



**2016/2017 ESTIMATES**

**CORPORATE SERVICES  
DEPARTMENT**



## SUMMARY: CORPORATE SERVICES DEPARTMENT

### FULL TIME EQUIVALENTS (FTE)

**Number of Permanent Staff**  
**Number of Fixed term contracts**  
**Number of FTE Sutton TUPE staff**  
**Number of FTE Richmond TUPE staff**  
**Total FTE**

2015/16	2016/17
454.6	474.9
71.0	57.0
39.0	0.0
0.0	6.0
<b>564.6</b>	<b>537.9</b>

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees	26,172	10	(2,415)	23,768
Premises	2,787	12	24	2,823
Transport	139	1	(3)	137
Supplies and Services	11,661	45	(1,142)	10,565
Third Party Payments	1,343	6	524	1,873
Transfer Payments	93,710	0	0	93,710
Support Services	8,432	0	357	8,789
Depreciation and Impairment Losses	2,045	0	278	2,322
<b>GROSS EXPENDITURE</b>	<b>146,290</b>	<b>74</b>	<b>(2,377)</b>	<b>143,986</b>
<b>Income</b>				
Government Grants	(95,165)	0	287	(94,878)
Other Reimbursements and Contributions	(5,531)	0	(59)	(5,590)
Customer and Client Receipts	(6,526)	0	(110)	(6,636)
Interest	0	0	0	0
Recharges	(25,043)	0	(481)	(25,524)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(132,265)</b>	<b>0</b>	<b>(363)</b>	<b>(132,628)</b>
<b>NET EXPENDITURE</b>	<b>14,024</b>	<b>74</b>	<b>(2,740)</b>	<b>11,359</b>

## SUMMARY: CORPORATE SERVICES DEPARTMENT

**FULL TIME EQUIVALENTS (FTE)**  
**Number of Permanent Staff**  
**Number of Fixed term contracts**  
**Number of FTE Sutton TUPE staff**  
**Number of FTE Richmond TUPE staff**  
**Total FTE**

2015/16	2016/17
454.6	474.9
71.0	57.0
39.0	0.0
0.0	6.0
<b>564.6</b>	<b>537.9</b>

### SERVICE AREA ANALYSIS

	CHANGE BETWEEN YEARS			2016/17 Estimate £000
	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	
Customer Services	2,394	8	80	2,483
Infrastructure & Transactions	77	25	215	317
Business Improvement	2,272	4	(2,276)	(0)
Corporate Governance	1,793	2	(543)	1,252
Resources	2,225	19	87	2,331
HR	291	5	(295)	1
Corporate Items	4,973	11	(8)	4,976
<b>TOTAL EXPENDITURE</b>	<b>14,025</b>	<b>74</b>	<b>(2,740)</b>	<b>11,359</b>
Contingency / Other	0	0	0	0
Capital Financing Adjustment	0	0	0	0
Levies	0	0	0	0
<b>NET EXPENDITURE</b>	<b>14,025</b>	<b>74</b>	<b>(2,740)</b>	<b>11,359</b>

## INFRASTRUCTURE & TRANSACTIONS

The Infrastructure & Transactions Division consists of Facilities Management, IT Service Delivery, Post & Print Room and Transactional services.

### FULL TIME EQUIVALENTS (FTE)

**Number of Permanent Staff**

**Number of Fixed term contracts**

**Total FTE**

2015/16	2016/17
90.7	88.7
0.0	0.0
90.7	88.7

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees	3,655	0	83	3,738
Premises	2,645	11	17	2,673
Transport	36	0	(7)	29
Supplies and Services	2,812	13	(278)	2,547
Third Party Payments	210	1	106	317
Transfer Payments	0	0	9	9
Support Services	837		38	875
Depreciation and Impairment Losses	2,045		278 0	2,322
<b>GROSS EXPENDITURE</b>	<b>12,238</b>	<b>25</b>	<b>247</b>	<b>12,510</b>
<b>Income</b>				
Government Grants	0		0	0
Other Reimbursements and Contributions	0		0	0
Customer and Client Receipts	(2,406)		(63)	(2,469)
Interest	0			0
Recharges	(9,755)		31	(9,724)
Reserves	0			0
<b>GROSS INCOME</b>	<b>(12,161)</b>	<b>0</b>	<b>(32)</b>	<b>(12,193)</b>
<b>NET EXPENDITURE</b>	<b>77</b>	<b>25</b>	<b>215</b>	<b>317</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(567)	(2.0)
Transfer between departments	214	6.0
Technical adjustments	175	(6.0)
Depreciation adjustments	278	
Overheads adjustments	69	
Use of reserves		
<b>TOTAL</b>	<b>169</b>	<b>(2.0)</b>

## CUSTOMER SERVICES

The Customer Services Division consists of: Merton Link (including the Cash Office, Translation Services and Contact Centre), Support Team, Local Taxation (including Business Rates, Baliff Team and Recovery Team), Benefits Administration, Registrars, Debt Recovery, Corporate Communications, Web Team and Consultation & Community Engagement

### FULL TIME EQUIVALENTS (FTE)

**Number of Permanent Staff**

**Number of Fixed term contracts**

**Total FTE**

	2015/16	2016/17
Number of Permanent Staff	137.3	134.0
Number of Fixed term contracts	11.0	9.0
<b>Total FTE</b>	<b>148.3</b>	<b>143.0</b>

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees	5,113	0	60	5,173
Premises	20	0	8	29
Transport	64	0	5	70
Supplies and Services	1,425	6	(342)	1,089
Third Party Payments	458	2	(35)	425
Transfer Payments	0			0
Support Services	1,910		500	2,410
Depreciation and Impairment Losses	0			0
<b>GROSS EXPENDITURE</b>	<b>8,991</b>	<b>8</b>	<b>196</b>	<b>9,196</b>
<b>Income</b>				
Government Grants	(1,519)		287	(1,232)
Other Reimbursements and Contributions	(930)		(40)	(970)
Customer and Client Receipts	(2,184)		(44)	(2,228)
Interest	0			0
Recharges	(1,964)		(319)	(2,283)
Reserves	0			0
<b>GROSS INCOME</b>	<b>(6,597)</b>	<b>0</b>	<b>(116)</b>	<b>(6,713)</b>
<b>NET EXPENDITURE</b>	<b>2,394</b>	<b>8</b>	<b>80</b>	<b>2,483</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(520)	(3.0)
Transfer between departments		
Technical adjustments	372	2.7
Depreciation adjustments		
Overhead adjustments	181	
Use of Reserves	25	(5.0)
<b>TOTAL</b>	<b>58</b>	<b>(5.3)</b>

## CORPORATE GOVERNANCE

The Corporate Governance Division consists of the South London Legal Partnership, Internal Audit, Investigations, Democracy Services, Electoral Services and Information Governance. Internal audit joined the Richmond and Kingston shared internal audit service in October 2015.

### FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff  
Number of Fixed term contracts  
Number of FTE Richmond TUPE staff  
Total FTE

2015/16	2016/17
123.3	121.0
4.0	2.0
0.0	6.0
127.3	129.0

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees	6,606	0	(825)	5,781
Premises	7	0	(1)	6
Transport	32	0	1	33
Supplies and Services	1,549	2	(57)	1,494
Third Party Payments	0		493	493
Transfer Payments	0			0
Support Services	540		(48)	492
Depreciation and Impairment Losses	0			0
<b>GROSS EXPENDITURE</b>	<b>8,735</b>	<b>2</b>	<b>(437)</b>	<b>8,299</b>
<b>Income</b>				
Government Grants	0			0
Other Reimbursements and Contributions	(4,527)		(19)	(4,545)
Customer and Client Receipts	(530)		0	(530)
Interest	0			0
Recharges	(1,886)		(87)	(1,973)
Reserves	0			0
<b>GROSS INCOME</b>	<b>(6,942)</b>	<b>0</b>	<b>(106)</b>	<b>(7,048)</b>
<b>NET EXPENDITURE</b>	<b>1,793</b>	<b>2</b>	<b>(543)</b>	<b>1,252</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Previous years savings	(155)	
New savings		
Transfer between departments		
Technical adjustments	(23)	0.7
Depreciation adjustments		
Overhead adjustments	(135)	
Use of Reserves	(234)	1.0
<b>TOTAL</b>	<b>(547)</b>	<b>1.7</b>

## BUSINESS IMPROVEMENT

The Business Improvement Division consists of IT Business Systems, IT Business Process Re-engineering, Business Improvement and Programme Office.

### FULL TIME EQUIVALENTS

**Number of Permanent Staff**  
**Number of Fixed term contracts**  
**Total FTE**

	2015/16	2016/17
Number of Permanent Staff	31.5	29.0
Number of Fixed term contracts	13.0	20.0
Total FTE	44.5	49.0

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees	3,576	0	(1,214)	2,363
Premises	0	0	0	0
Transport	3	0	0	3
Supplies and Services	1,230	4	(223)	1,011
Third Party Payments	0		0	0
Transfer Payments	0		0	0
Support Services	386		(51)	335
Depreciation and Impairment Losses	0		0	0
			0	
<b>GROSS EXPENDITURE</b>	<b>5,196</b>	<b>4</b>	<b>(1,487)</b>	<b>3,712</b>
<b>Income</b>				
Government Grants	0			0
Other Reimbursements and Contributions	0			0
Customer and Client Receipts	(84)		(30)	(114)
Interest	0			0
Recharges	(2,840)		(759)	(3,599)
Reserves	0			0
<b>GROSS INCOME</b>	<b>(2,924)</b>	<b>0</b>	<b>(789)</b>	<b>(3,713)</b>
<b>NET EXPENDITURE</b>	<b>2,272</b>	<b>4</b>	<b>(2,276)</b>	<b>(0)</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(278.0)	(4.0)
Transfer between departments		
Technical adjustments	39.0	1.5
Depreciation adjustments		
Overheads adjustments	(810.0)	
Use of reserves	(1,227.0)	7.0
<b>TOTAL</b>	<b>(2,276.0)</b>	<b>4.5</b>

## RESOURCES

The Resources Division consists of Policy & Strategy, Commercial Services, Business Planning, Accountancy and Business Partners . The Pensions service is managed by LB Wandsworth.

### FULL TIME EQUIVALENTS

**Number of Permanent Staff**  
**Number of Fixed term contracts**  
**Total FTE**

2015/16	2016/17
67.3	58.6
3.0	3.0
70.3	61.6

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees	4,071	0	(426)	3,645
Premises	100	0	(1)	100
Transport	4	0	(2)	2
Supplies and Services	4,110	19	(223)	3,906
Third Party Payments	171	0	0	171
Transfer Payments	9		(9)	0
Support Services	602		(65)	537
Depreciation and Impairment Losses	0			0
<b>GROSS EXPENDITURE</b>	<b>9,068</b>	<b>19</b>	<b>(726)</b>	<b>8,361</b>
<b>Income</b>				
Government Grants	0			0
Other Reimbursements and Contributions	(54)			(54)
Customer and Client Receipts	(753)		27	(726)
Interest	0			0
Recharges	(6,036)		786	(5,250)
Reserves	0			0
<b>GROSS INCOME</b>	<b>(6,843)</b>	<b>0</b>	<b>813</b>	<b>(6,030)</b>
<b>NET EXPENDITURE</b>	<b>2,225</b>	<b>19</b>	<b>87</b>	<b>2,331</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(381)	(2.5)
Transfer between departments	(214)	(6.0)
Technical adjustments	107	(0.2)
Depreciation adjustments		
Overhead adjustments	721	
Use of Reserves	(146)	
<b>TOTAL</b>	<b>87</b>	<b>(8.7)</b>

## HR

The HR division consists of: Strategic HR, Business Partnerships, Corporate Learning & Development, Diversity, iTrent Client team, Recruitment & Resourcing, Central Operations Team. The function also interfaces with Staff Side. The HR service previously shared with the LB of Sutton but will be brought back in house from April 2016.

### FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff  
Number of Fixed term contracts  
Number of FTE Sutton TUPE staff  
Total FTE

2015/16	2016/17
4.5	43.5
40.0	23.0
39.0	0.0
<b>83.5</b>	<b>66.5</b>

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees	2,463	2	(94)	2,372
Premises	15	0	0	15
Transport	(0)	0	0	(0)
Supplies and Services	221	1	(15)	207
Third Party Payments	263	1	(40)	224
Transfer Payments	0			0
Support Services	480		(13)	467
Depreciation and Impairment Losses	0			0
<b>GROSS EXPENDITURE</b>	<b>3,442</b>	<b>5</b>	<b>(162)</b>	<b>3,285</b>
<b>Income</b>				
Government Grants	0			0
Other Reimbursements and Contributions	(20)			(20)
Customer and Client Receipts	(569)			(569)
Interest	0			0
Recharges	(2,562)		(133)	(2,695)
Reserves	0			0
<b>GROSS INCOME</b>	<b>(3,151)</b>	<b>0</b>	<b>(133)</b>	<b>(3,284)</b>
<b>NET EXPENDITURE</b>	<b>291</b>	<b>5</b>	<b>(295)</b>	<b>1</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(142)	
Transfer between departments		
Technical adjustments	43	
Depreciation adjustments		
Overheads adjustments	(146)	
Use of reserves	(50)	(17.0)
<b>TOTAL</b>	<b>(295)</b>	<b>(17.0)</b>



## CORPORATE ITEMS

Corporate Management is composed of Housing Benefit subsidy payments and entitlements, Agency contract, Coroners Court and Severance payments.

### FULL TIME EQUIVALENTS(FTE) Number of Permanent Staff

2015/16	2016/17
0	0

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees*	688	8	0	696
Premises	0	0		0
Transport	0	0		0
Supplies and Services	313	2	(4)	310
Third Party Payments	242	1		243
Transfer Payments	93,700			93,700
Support Services	3,677		(4)	3,673
Depreciation and Impairment Losses	0			0
<b>GROSS EXPENDITURE</b>	<b>98,620</b>	<b>11</b>	<b>(8)</b>	<b>98,623</b>
<b>Income</b>				
Government Grants	(93,647)			(93,647)
Other Reimbursements and Contributions	0			0
Customer and Client Receipts	0			0
Interest	0			0
Recharges	(0)			(0)
Reserves	0			0
<b>GROSS INCOME</b>	<b>(93,647)</b>	<b>0</b>	<b>0</b>	<b>(93,647)</b>
<b>NET EXPENDITURE</b>	<b>4,973</b>	<b>11</b>	<b>(8)</b>	<b>4,976</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings		
Transfer between departments		
Technical adjustments	0	
Overheads adjustments	(4)	
<b>TOTAL</b>	<b>(4)</b>	<b>0.0</b>

\* The employee budgets shown here relate to employee redundancy payments. There are no FTE's in Corporate Items



## **2016/2017 ESTIMATES**

# **CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT**

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

This Page contains the Budget for the whole Children, Schools and Families Department including funding provided directly to Merton's Schools

**FULL TIME EQUIVALENTS**

Number of Permanent Staff  
Number of DSG Staff  
Number of Fixed term contracts  
Total FTE

	2015/16	2016/17
Number of Permanent Staff	445.0	430.5
Number of DSG Staff	66.4	75.4
Number of Fixed term contracts	24.5	22.5
Total FTE	535.9	528.4

**SUBJECTIVE ANALYSIS OF ESTIMATES**

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000	2016/17 DSG Estimate £000	2016/17 LA Estimate £000
<b>Expenditure</b>						
Employees	26,420	11	141	26,572	4,423	22,149
Premises	1,465	4	79	1,548	73	1,475
Transport	3,375	16	910	4,301	66	4,235
Supplies and Services	164,049	180	(18,936)	145,293	130,036	15,257
Third Party Payments	30,573	82	(2,242)	28,413	12,260	16,153
Transfer Payments	360	0	28	388	0	388
Support Services	4,614	0	223	4,837	258	4,579
Depreciation and Impairment Losses	5,237	0	74	5,311	0	5,311
<b>GROSS EXPENDITURE</b>	<b>236,093</b>	<b>293</b>	<b>(19,723)</b>	<b>216,663</b>	<b>147,116</b>	<b>69,547</b>
<b>Income</b>						
Government Grants	(174,826)	0	17,617	(157,209)	(145,397)	(11,812)
Other Reimbursements and Contributions	(7,327)	0	1,189	(6,138)	(1,238)	(4,900)
Customer and Client Receipts	(3,026)	0	177	(2,849)	(243)	(2,606)
Interest	(44)	0	(2)	(46)	0	(46)
Recharges	0	0	0	0	0	0
Reserves	24	0	(262)	(238)	(238)	0
<b>GROSS INCOME</b>	<b>(185,199)</b>	<b>0</b>	<b>18,719</b>	<b>(166,480)</b>	<b>(147,116)</b>	<b>(19,364)</b>
<b>NET EXPENDITURE</b>	<b>50,894</b>	<b>293</b>	<b>(1,004)</b>	<b>50,183</b>	<b>0</b>	<b>50,183</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(2,191)	-3.4
Overhead adjustments	222	
Depreciation adjustments	74	
Technical adjustments	1,579	
Revenuisation	(27)	
Use of Reserves adjustment	(661)	
<b>TOTAL</b>	<b>(1,004)</b>	<b>(3.4)</b>

**SUMMARY: CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT**

SERVICE AREA ANALYSIS	2015/16	Inflation £000	Other	2016/17	2016/17 DSG	2016/17 LA
	Estimate £000		Variations £000	Estimate £000	Estimate £000	Estimate £000
Senior Management	1,505	2	17	1,524	0	1,524
Childrens Social Care	13,137	10	144	13,291	117	13,174
Commissioning, Strategy and Performance	14,128	41	(1,087)	13,082	3,780	9,302
Education	35,356	43	(889)	34,510	23,732	10,778
Schools	(20,872)	0	(1,622)	(22,494)	(27,629)	5,135
Other Childrens, Schools and Families	7,640	197	2,433	10,270	0	10,270
<b>TOTAL NET EXPENDITURE</b>	<b>50,894</b>	<b>293</b>	<b>(1,004)</b>	<b>50,183</b>	<b>0</b>	<b>50,183</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Senior Management

This budget contains provision for the Senior Management of Children, Schools and Families Department.

#### FULL TIME EQUIVALENTS

Number of Permanent Staff  
 Number of DSG Staff  
 Number of Fixed term contracts  
 Total FTE

2015/16	2016/17
4.0	4.0
0.0	0.0
0.0	0.0
4.0	4.0

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000	2016/17 DSG Estimate £000	2016/17 LA Estimate £000
<b>Expenditure</b>						
Employees	609	0	4	613	0	613
Premises	0	0	0	0	0	0
Transport	1	0	0	1	0	1
Supplies and Services	864	2	(10)	856	0	856
Third Party Payments	7	0	0	7	0	7
Transfer Payments	0	0	0	0	0	0
Support Services	24	0	23	47	0	47
Depreciation and Impairment Losses	0	0	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>1,505</b>	<b>2</b>	<b>17</b>	<b>1,524</b>	<b>0</b>	<b>1,524</b>
<b>Income</b>						
Government Grants	0	0	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0	0	0
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
<b>GROSS INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE</b>	<b>1,505</b>	<b>2</b>	<b>17</b>	<b>1,524</b>	<b>0</b>	<b>1,524</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Overhead adjustments	23	
Transfer between departments	0	
Shared legal services devolved budgets	0	
Technical adjustments	(6)	
<b>TOTAL</b>	<b>17</b>	<b>0.0</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Children's Social Care

This budget contains the funding for central social work; family and adolescent service; Mash and child protection; permanency, placements and looked after children; as well as safeguarding, standards and training.

#### FULL TIME EQUIVALENTS

Number of Permanent Staff  
Number of DSG Staff  
Number of Fixed term contracts  
Total FTE

2015/16	2016/17
190.9	187.4
2.0	2.0
22.0	18.2
214.9	207.6

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000	2016/17 DSG Estimate £000	2016/17 LA Estimate £000
<b>Expenditure</b>						
Employees	9,841	0	(164)	9,677	105	9,572
Premises	93	0	(40)	53	0	53
Transport	188	1	(24)	165	1	164
Supplies and Services	1,084	3	(254)	833	4	829
Third Party Payments	1,242	6	(87)	1,161	0	1,161
Transfer Payments	341	0	28	369	0	369
Support Services	1,744	0	266	2,010	7	2,003
Depreciation and Impairment Losses	11	0	(11)	0	0	0
<b>GROSS EXPENDITURE</b>	<b>14,544</b>	<b>10</b>	<b>(286)</b>	<b>14,268</b>	<b>117</b>	<b>14,151</b>
<b>Income</b>						
Government Grants	(881)	0	140	(741)	0	(741)
Other Reimbursements and Contributions	(526)	0	290	(236)	0	(236)
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
<b>GROSS INCOME</b>	<b>(1,407)</b>	<b>0</b>	<b>430</b>	<b>(977)</b>	<b>0</b>	<b>(977)</b>
<b>NET EXPENDITURE</b>	<b>13,137</b>	<b>10</b>	<b>144</b>	<b>13,291</b>	<b>117</b>	<b>13,174</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(200)	(2.4)
Overhead adjustments	265	
Depreciation adjustments	(11)	
Use of Reserves adjustment	(583)	
Technical adjustments	673	
<b>TOTAL</b>	<b>144</b>	<b>(2.4)</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Commissioning, Strategy and Performance

This page contains the budgets for access to resources service; policy, planning and performance; joint commissioning and partnerships; as well as contract procurement and school organisation.

#### FULL TIME EQUIVALENTS

Number of Permanent Staff  
Number of DSG Staff  
Number of Fixed term contracts  
Total FTE

2015/16	2016/17
36.8	37.2
5.9	5.9
2.5	2.5
45.2	45.6

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000	2016/17 DSG Estimate £000	2016/17 LA Estimate £000
<b>Expenditure</b>						
Employees	2,208	0	(95)	2,113	211	1,902
Premises	418	2	0	420	20	400
Transport	36	0	(1)	35	3	32
Supplies and Services	4,317	21	(789)	3,549	46	3,503
Third Party Payments	7,262	18	(286)	6,994	3,496	3,498
Transfer Payments	0	0	0	0	0	0
Support Services	472	0	39	511	32	479
Depreciation and Impairment Losses	0	0	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>14,713</b>	<b>41</b>	<b>(1,132)</b>	<b>13,622</b>	<b>3,808</b>	<b>9,814</b>
<b>Income</b>						
Government Grants	(77)	0	9	(68)	0	(68)
Other Reimbursements and Contributions	(283)	0	76	(207)	(28)	(179)
Customer and Client Receipts	(225)	0	(40)	(265)	0	(265)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
<b>GROSS INCOME</b>	<b>(585)</b>	<b>0</b>	<b>45</b>	<b>(540)</b>	<b>(28)</b>	<b>(512)</b>
<b>NET EXPENDITURE</b>	<b>14,128</b>	<b>41</b>	<b>(1,087)</b>	<b>13,082</b>	<b>3,780</b>	<b>9,302</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(759)	0.0
Overhead adjustments	34	
Use of Reserves adjustment	(52)	
Revenuisation	(25)	
Technical adjustments	(285)	
<b>TOTAL</b>	<b>(1,087)</b>	<b>0.0</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Education

To page contains the budgets for school improvement; early years and children's centres; education inclusion; as well as special educational needs and disability integrated service.

#### FULL TIME EQUIVALENTS

Number of Permanent Staff  
Number of DSG Staff  
Number of Fixed term contracts  
Total FTE

2015/16	2016/17
211.1	199.8
58.5	67.6
0.0	1.7
269.6	269.0

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000	2016/17 DSG Estimate £000	2016/17 LA Estimate £000
<b>Expenditure</b>						
Employees	10,955	0	400	11,355	3,434	7,921
Premises	908	1	117	1,026	5	1,021
Transport	3,150	15	936	4,101	61	4,040
Supplies and Services	15,368	20	(1,707)	13,681	11,926	1,755
Third Party Payments	11,761	7	(1,933)	9,835	8,765	1,070
Transfer Payments	19	0	0	19	0	19
Support Services	2,358	0	(111)	2,247	219	2,028
Depreciation and Impairment Losses	172	0	4	176	0	176
<b>GROSS EXPENDITURE</b>	<b>44,691</b>	<b>43</b>	<b>(2,294)</b>	<b>42,440</b>	<b>24,410</b>	<b>18,030</b>
<b>Income</b>						
Government Grants	(3,243)	0	503	(2,740)	(146)	(2,594)
Other Reimbursements and Contributions	(3,292)	0	923	(2,369)	(51)	(2,318)
Customer and Client Receipts	(2,800)	0	217	(2,583)	(243)	(2,340)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	(238)	(238)	(238)	0
<b>GROSS INCOME</b>	<b>(9,335)</b>	<b>0</b>	<b>1,405</b>	<b>(7,930)</b>	<b>(678)</b>	<b>(7,252)</b>
<b>NET EXPENDITURE</b>	<b>35,356</b>	<b>43</b>	<b>(889)</b>	<b>34,510</b>	<b>23,732</b>	<b>10,778</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(1,025)	(1.0)
Overhead adjustments	(106)	
Transfer between departments	(2)	
Use of Reserves adjustment	(50)	
Depreciation adjustments	4	
Technical adjustments	290	
<b>TOTAL</b>	<b>(889)</b>	<b>(1.0)</b>



## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

## Schools

This budget covers schools funding as well as some centrally retained DSG money to support the schools function.

## FULL TIME EQUIVALENTS

Number of Permanent Staff  
Number of DSG Staff  
Number of Fixed term contracts  
Total FTE

2015/16	2016/17
0.0	0.0
0.0	0.0
0.0	0.0
0.0	0.0

## SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000	2016/17 DSG Estimate £000	2016/17 LA Estimate £000
<b>Expenditure</b>						
Employees	654	0	20	674	674	0
Premises	46	0	2	48	48	0
Transport	0	0	0	0	0	0
Supplies and Services	142,104	0	(15,966)	126,138	118,059	8,079
Third Party Payments	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0
Support Services	0	0	0	0	0	0
Depreciation and Impairment Losses	5,054	0	81	5,135	0	5,135
<b>GROSS EXPENDITURE</b>	<b>147,858</b>	<b>0</b>	<b>(15,863)</b>	<b>131,995</b>	<b>118,781</b>	<b>13,214</b>
<b>Income</b>						
Government Grants	(167,701)	0	14,371	(153,330)	(145,251)	(8,079)
Other Reimbursements and Contributions	(1,029)	0	(130)	(1,159)	(1,159)	0
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
<b>GROSS INCOME</b>	<b>(168,730)</b>	<b>0</b>	<b>14,241</b>	<b>(154,489)</b>	<b>(146,410)</b>	<b>(8,079)</b>
<b>NET EXPENDITURE</b>	<b>(20,872)</b>	<b>0</b>	<b>(1,622)</b>	<b>(22,494)</b>	<b>(27,629)</b>	<b>5,135</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Depreciation adjustments	81	
Technical adjustments	(1,703)	
<b>TOTAL</b>	<b>(1,622)</b>	<b>0.0</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Other Children Schools and Families Budgets

This budget covers asylum seeker costs, past and present pension and redundancy costs, ESG income and PFI unitary charges.

#### FULL TIME EQUIVALENTS

Number of Permanent Staff  
Number of DSG Staff  
Number of Fixed term contracts  
Total FTE

2015/16	2016/17
2.2	2.2
0.0	0.0
0.0	0.0
2.2	2.2

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000	2016/17 DSG Estimate £000	2016/17 LA Estimate £000
<b>Expenditure</b>						
Employees	2,152	10	(22)	2,140	0	2,140
Premises	0	0	0	0	0	0
Transport	0	0	0	0	0	0
Supplies and Services	312	135	(212)	235	0	235
Third Party Payments	10,301	52	64	10,417	0	10,417
Transfer Payments	0	0	0	0	0	0
Support Services	16	0	6	22	0	22
Depreciation and Impairment Losses	0	0	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>12,781</b>	<b>197</b>	<b>(164)</b>	<b>12,814</b>	<b>0</b>	<b>12,814</b>
<b>Income</b>						
Government Grants	(2,923)	0	2,594	(329)	0	(329)
Other Reimbursements and Contributions	(2,198)	0	29	(2,169)	0	(2,169)
Customer and Client Receipts	0	0	0	0	0	0
Interest	(44)	0	(2)	(46)	0	(46)
Recharges	0	0	0	0	0	0
Reserves	24	0	(24)	0	0	0
<b>GROSS INCOME</b>	<b>(5,141)</b>	<b>0</b>	<b>2,597</b>	<b>(2,544)</b>	<b>0</b>	<b>(2,544)</b>
<b>NET EXPENDITURE</b>	<b>7,640</b>	<b>197</b>	<b>2,433</b>	<b>10,270</b>	<b>0</b>	<b>10,270</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(207)	
Overhead adjustments	6	
Use of Reserves adjustment	24	
Technical adjustments	2,610	
<b>TOTAL</b>	<b>2,433</b>	<b>0.0</b>



## **2016/2017 ESTIMATES**

# **ENVIRONMENT AND REGENERATION DEPARTMENT**

## SUMMARY: ENVIRONMENT & REGENERATION

**FULL TIME EQUIVALENTS (FTE)**
**Permanent Staff**
**Fixed Term Contract**
**Total FTE**

2015/16	2016/17
644	620
11	9
654	628

**SERVICE AREA ANALYSIS**
**CHANGE BETWEEN YEARS**

	2015/2016 Original Estimate £000	Inflation £000	Other Variations £000	2016/2017 Estimate £000
Street Scene and Waste	17,733	71	(1,045)	16,759
Public Protection and Development	(7,944)	9	(1,411)	(9,346)
Sustainable Communities	14,196	44	(423)	13,817
Senior Management and Support	0	1	(1)	0
<b>TOTAL EXPENDITURE</b>	<b>23,985</b>	<b>125</b>	<b>(2,880)</b>	<b>21,230</b>

## ENVIRONMENT AND REGENERATION DEPARTMENT

### Departmental Summary

#### FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2015/16	2016/17
644	620
11	9
654	628

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/2016 Original Estimate £000	Inflation £000	Other Variations £000	2016/2017 Estimate £000
<b>Expenditure</b>				
Employees	23,428	0	(275)	23,153
Premises	2,966	24	44	3,034
Transport	8,861	13	(184)	8,690
Supplies and Services	4,728	16	(1,359)	3,385
Third Party Payments	10,289	72	(462)	9,899
Transfer Payments	9	0	(7)	2
Support Services	8,825	0	267	9,092
Depreciation and Impairment Losses	8,583	0	956	9,539
<b>GROSS EXPENDITURE</b>	<b>67,689</b>	<b>125</b>	<b>(1,020)</b>	<b>66,794</b>
<b>Income</b>				
Government Grants	(481)	0	365	(116)
Other Reimbursements and Contributions	(3,658)	0	307	(3,351)
Customer and Client Receipts	(36,908)	0	(2,745)	(39,653)
Interest	0	0	0	0
Recharges	(2,656)	0	213	(2,443)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(43,703)</b>	<b>0</b>	<b>(1,860)</b>	<b>(45,563)</b>
<b>NET EXPENDITURE</b>	<b>23,985</b>	<b>125</b>	<b>(2,880)</b>	<b>21,230</b>

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(4,771)	(22)
Depreciation adjustments	957	
Overheads adjustments	480	
Transfer between departments	(104)	
Technical adjustments	1,670	
Use of Reserves adjustments	(1,112)	(3)
<b>TOTAL</b>	<b>(2,880)</b>	<b>(24.4)</b>

## ENVIRONMENT AND REGENERATION DEPARTMENT

**Street Scene and Waste:** Transport Services, Waste Management and Operations.

### FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2015/16	2016/17
314	302
1	0
315	302

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/2016 Original Estimate £000	Inflation £000	Other Variations £000	2016/2017 Estimate £000
<b>Expenditure</b>				
Employees	9,338	0	33	9,371
Premises	276	0	(22)	254
Transport	8,231	10	(149)	8,092
Supplies and Services	1,137	3	(446)	694
Third Party Payments	6,674	58	(189)	6,543
Transfer Payments	2	0	0	2
Support Services	3,171	0	(239)	2,932
Depreciation and Impairment Losses	1,193	0	(89)	1,104
<b>GROSS EXPENDITURE</b>	<b>30,022</b>	<b>71</b>	<b>(1,101)</b>	<b>28,992</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(1,016)	0	142	(874)
Customer and Client Receipts	(11,273)	0	(86)	(11,359)
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(12,289)</b>	<b>0</b>	<b>56</b>	<b>(12,233)</b>
<b>NET EXPENDITURE</b>	<b>17,733</b>	<b>71</b>	<b>(1,045)</b>	<b>16,759</b>

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(544)	(11.0)
Depreciation adjustments	(88)	
Overheads adjustments	(239)	
Transfer between departments	(84)	
Technical adjustments	185	
Use of reserves adjustments	(275)	(1.0)
<b>TOTAL</b>	<b>(1,045)</b>	<b>(12.0)</b>

## ENVIRONMENT AND REGENERATION DEPARTMENT

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

### FULL TIME EQUIVALENTS (FTE)

Permanent Staff \*

Fixed Term Contract

Total FTE

2015/16	2016/17
146	142
1	0
147	142

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/2016 Original Estimate £000	Inflation £000	Other Variations £000	2016/2017 Estimate £000
<b>Expenditure</b>				
Employees	5,577	0	86	5,663
Premises	643	2	(24)	621
Transport	185	1	(16)	170
Supplies and Services	566	3	0	569
Third Party Payments	617	3	(5)	615
Transfer Payments	0	0	0	0
Support Services	1,474	0	305	1,779
Depreciation and Impairment Losses	212	0	(80)	132
<b>GROSS EXPENDITURE</b>	<b>9,274</b>	<b>9</b>	<b>266</b>	<b>9,549</b>
<b>Income</b>				
Government Grants	(108)	0	0	(108)
Other Reimbursements and Contributions	(1,279)	0	111	(1,168)
Customer and Client Receipts	(15,830)	0	(1,788)	(17,618)
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(17,217)</b>	<b>0</b>	<b>(1,677)</b>	<b>(18,894)</b>
<b>NET EXPENDITURE</b>	<b>(7,944)</b>	<b>9</b>	<b>(1,411)</b>	<b>(9,346)</b>

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(3,065)	(3.0)
Depreciation adjustments	(80)	
Overheads adjustments	305	
Technical adjustments	1,429	
Use of Reserves adjustments	0	
<b>TOTAL</b>	<b>(1,411)</b>	<b>(3.0)</b>

## ENVIRONMENT AND REGENERATION DEPARTMENT

**Sustainable Communities:** Traffic and Highway Services, Development Control, Building Control, Physical Regeneration, Spatial Planning and Policy, Regeneration Partnerships, Property Management, Greenspaces, Leisure and Culture Development, Transport Planning & Safety Education, Business Performance.

### FULL TIME EQUIVALENTS (FTE)

**Permanent Staff**  
**Fixed Term Contract**  
**Total FTE**

2015/16	2016/17
173	166
7	9
180	175

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/2016 Original Estimate £000	Inflation £000	Other Variations £000	2016/2017 Estimate £000
<b>Expenditure</b>				
Employees	7,574	0	(208)	7,366
Premises	2,046	22	90	2,158
Transport	425	2	(7)	420
Supplies and Services	2,825	9	(916)	1,918
Third Party Payments	2,998	11	(268)	2,741
Transfer Payments	7	0	(7)	0
Support Services	4,033	0	217	4,250
Depreciation and Impairment Losses	7,179	0	1,125	8,304
<b>GROSS EXPENDITURE</b>	<b>27,087</b>	<b>44</b>	<b>26</b>	<b>27,157</b>
<b>Income</b>				
Government Grants	(373)	0	365	(8)
Other Reimbursements and Contributions	(1,363)	0	54	(1,309)
Customer and Client Receipts	(9,804)	0	(871)	(10,675)
Recharges	(1,350)	0	3	(1,347)
Reserves	(0)	0	0	(0)
<b>GROSS INCOME</b>	<b>(12,891)</b>	<b>0</b>	<b>(449)</b>	<b>(13,340)</b>
<b>NET EXPENDITURE</b>	<b>14,196</b>	<b>44</b>	<b>(423)</b>	<b>13,817</b>

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(1,092)	(6.2)
Depreciation adjustments	1,125	
Overheads adjustments	220	
Transfer between departments	(20)	
Technical adjustments	31	
Use of Reserves adjustments	(687)	0.4
<b>TOTAL</b>	<b>(423)</b>	<b>(5.8)</b>



## ENVIRONMENT AND REGENERATION DEPARTMENT

**Senior Management and Support:** The Department's senior management and secretarial support.

### FULL TIME EQUIVALENTS (FTE)

**Permanent Staff**

**Fixed Term Contract**

**Total FTE**

2015/16	2016/17
11	9
2	0
13	9

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/2016 Original Estimate £000	Inflation £000	Other Variations £000	2016/2017 Estimate £000
<b>Expenditure</b>				
Employees	939	0	(186)	753
Premises	1	0	0	1
Transport	20	0	(12)	8
Supplies and Services	199	1	3	203
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	147	0	(16)	131
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>1,306</b>	<b>1</b>	<b>(211)</b>	<b>1,096</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Recharges	(1,306)	0	210	(1,096)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(1,306)</b>	<b>0</b>	<b>210</b>	<b>(1,096)</b>
<b>NET EXPENDITURE</b>	<b>0</b>	<b>1</b>	<b>(1)</b>	<b>0</b>

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(70)	(1.6)
Overheads adjustments	194	
Technical adjustments	25	
Use of Reserves adjustments	(150)	(2.0)
<b>TOTAL</b>	<b>(1)</b>	<b>(3.6)</b>



## **2016/2017 ESTIMATES**

# **COMMUNITY AND HOUSING DEPARTMENT**

**SUMMARY: COMMUNITY AND HOUSING**

	2015/16	2016/17
Number of FTE Staff	466.32	394.33
Number of FTE PCT TUPE staff	22.74	22.18
Number of Fixed Term contract	2.00	2.00
<b>Total FTE</b>	<b>491.06</b>	<b>418.51</b>

**SERVICE AREA ANALYSIS**

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
Adult Social Care	55,678	227	(4,889)	51,016
Libraries and Heritage	3,089	4	(229)	2,864
Merton Adult Education	80	3	(151)	(68)
Housing General Fund	2,151	8	(149)	2,010
Senior Management	402	1	(7)	396
<b>NET EXPENDITURE</b>	<b>61,400</b>	<b>243</b>	<b>(5,425)</b>	<b>56,218</b>

## COMMUNITY AND HOUSING DEPARTMENT Total

The department includes Adult Social Care, Housing, Libraries and Merton Adult Education.

### FULL TIME EQUIVALENTS

	2015/16	2016/17
Number of FTE Staff	466.32	394.33
Number of FTE PCT TUPE staff	22.74	22.18
Number of Fixed Term contract	2.00	2.00
<b>Total FTE</b>	<b>491.06</b>	<b>418.51</b>

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees	19,019	2	(1,970)	17,051
Premises	978	5	(12)	971
Transport	1,223	4	214	1,441
Supplies and Services	6,486	19	(1,373)	5,132
Third Party Payments	42,824	212	(1,820)	41,216
Transfer Payments	9,855	1	156	10,012
Support Services	8,256	0	(596)	7,660
Depreciation and Impairment Losses	641	0	(176)	465
<b>GROSS EXPENDITURE</b>	<b>89,282</b>	<b>243</b>	<b>(5,577)</b>	<b>83,948</b>
<b>Income</b>				
Government Grants	(4,060)	0	(285)	(4,345)
Other Reimbursements and Contributions	(8,674)	0	(1)	(8,675)
Customer and Client Receipts	(11,903)	0	153	(11,750)
Interest	0	0	0	0
Recharges	(3,245)	0	285	(2,960)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(27,882)</b>	<b>0</b>	<b>152</b>	<b>(27,730)</b>
<b>NET EXPENDITURE</b>	<b>61,400</b>	<b>243</b>	<b>(5,425)</b>	<b>56,218</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(5,379)	(61.97)
Growth	212	0
Overheads adjustments	(311)	0
Depreciation adjustments	(175)	0
Rebasing of Income	0	0
Technical adjustments	54	0
Transfers between departments	266	0
Grants	83	0
Other	295	0
Use of Reserves Adjustment	(470)	0.00
<b>TOTAL</b>	<b>(5,425)</b>	<b>(61.97)</b>

## COMMUNITY AND HOUSING DEPARTMENT

### Adult Education

Provides high quality learning and training needs of Merton communities for ages 16-65. Funded by LSC, MAE is able to support financially qualifying learners and or offer free courses. Services are provided through two main town centres Whatley Avenue, Wimbledon's Marlborough hall, and four neighbourhood centres, Cobham Court, Mictam's Canons house, Pollards Hill and Morden libraries. (Cabinet have approved decision to move the Adult Education model to a Commissioning model )

#### FULL TIME EQUIVALENTS

Number of FTE Staff

Number of Fixed Term contract

**Total FTE**

2015/16	2016/17
27.29	24.26
0.00	0.00
<b>27.29</b>	<b>24.26</b>

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16		Other	2016/17
	Original	Inflation	Variations	Estimate
	£000	£000	£000	£000
<b>Expenditure</b>				
Employees	1,891	0	(479)	1,412
Premises	166	1	(1)	166
Transport	4	0	(1)	3
Supplies and Services	350	2	0	352
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	335	0	(156)	179
Depreciation and Impairment Losses	92	0	(6)	86
<b>GROSS EXPENDITURE</b>	<b>2,838</b>	<b>3</b>	<b>(643)</b>	<b>2,198</b>
<b>Income</b>				
Government Grants	(1,955)	0	492	(1,463)
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(803)	0	0	(803)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(2,758)</b>	<b>0</b>	<b>492</b>	<b>(2,266)</b>
<b>NET EXPENDITURE</b>	<b>80</b>	<b>3</b>	<b>(151)</b>	<b>(68)</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(8)	(0.50)
Growth	0	
Overheads adjustments	(156)	
Depreciation adjustments	(6)	
Rebasing of Income	0	
Technical adjustments	0	
Transfers between departments	(1)	
Grants	0	
Other	20	
Use of Reserves Adjustment	0	
<b>TOTAL</b>	<b>(151)</b>	<b>(0.50)</b>

## COMMUNITY AND HOUSING DEPARTMENT

### Library & Heritage Services

Services are provided through three main town centre libraries, Mitcham, Morden, Wimbledon and four neighbourhood libraries, Donald Hope, Pollards Hill, Raynes Park and West Barnes. Additional services available are home visits and school services. Also available is the Heritage Service located at Morden Library.

#### FULL TIME EQUIVALENTS

	2015/16	2016/17
Number of FTE Staff	45.71	42.56
Number of Fixed Term Contract	1.00	1.00
<b>Total FTE</b>	<b>46.71</b>	<b>43.56</b>

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees	1,325	0	23	1,348
Premises	397	2	4	403
Transport	4	0	0	4
Supplies and Services	465	2	(18)	449
Third Party Payments	28	0	(1)	27
Transfer Payments	0	0	0	0
Support Services	696	0	(8)	688
Depreciation and Impairment Losses	490	0	(187)	303
<b>GROSS EXPENDITURE</b>	<b>3,405</b>	<b>4</b>	<b>(187)</b>	<b>3,222</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	(42)	(42)
Customer and Client Receipts	(316)	0	0	(316)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(316)</b>	<b>0</b>	<b>(42)</b>	<b>(358)</b>
<b>NET EXPENDITURE</b>	<b>3,089</b>	<b>4</b>	<b>(229)</b>	<b>2,864</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(96)	(1.00)
Growth	0	
Overheads adjustments	(8)	
Depreciation adjustments	(186)	
Rebasing of Income	0	
Technical adjustments	42	
Transfers between departments	(5)	
Grants	0	
Other	24	
Use of Reserves Adjustment	0	
<b>TOTAL</b>	<b>(229)</b>	<b>(1.00)</b>

**COMMUNITY AND HOUSING DEPARTMENT**  
**Housing General Fund**

**Housing Needs and Enabling Service**

**FULL TIME EQUIVALENTS**

Number of FTE Staff

2015/16	2016/17
30.53	26.82
0.00	0.00
<b>30.53</b>	<b>26.82</b>

Number of Fixed Term Contract

**Total FTE****SUBJECTIVE ANALYSIS OF ESTIMATES**

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees	1,222	0	(103)	1,119
Premises	39	0	0	39
Transport	28	0	0	28
Supplies and Services	203	1	15	219
Third Party Payments	1,396	6	860	2,262
Transfer Payments	304	1	(56)	249
Support Services	251	0	41	292
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>3,443</b>	<b>8</b>	<b>757</b>	<b>4,208</b>
<b>Income</b>				
Government Grants	(1,140)	0	(860)	(2,000)
Other Reimbursements and Contributions	(5)	0	(15)	(20)
Customer and Client Receipts	(147)	0	(31)	(178)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(1,292)</b>	<b>0</b>	<b>(906)</b>	<b>(2,198)</b>
<b>NET EXPENDITURE</b>	<b>2,151</b>	<b>8</b>	<b>(149)</b>	<b>2,010</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(215)	(3.71)
Growth	0	
Overheads adjustments	41	
Depreciation adjustments	0	
Rebasing of Income	0	
Technical adjustments	3	
Transfers between departments	0	
Grants	0	
Other	22	
Use of Reserves Adjustment	0	
<b>TOTAL</b>	<b>(149)</b>	<b>(3.71)</b>

## COMMUNITY AND HOUSING DEPARTMENT

### Adult Social Care

This area includes Older People, Mental Health, Learning Disability, Physical Disability and sensory Impaired clients. It also includes No Recourse to Public Fund, aids support and substance misuse clients, concessionary fares and clients receiving other services.

#### FULL TIME EQUIVALENTS

Number of FTE Staff

Number of FTE PCT TUPE staff

Number of Fixed Term Contract

**Total FTE**

2015/16	2016/17
360.79	298.69
22.74	22.18
1.00	1.00
<b>384.53</b>	<b>321.87</b>

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees	14,357	2	(1,411)	12,948
Premises	376	2	(15)	363
Transport	1,187	4	215	1,406
Supplies and Services	5,332	13	(1,370)	3,975
Third Party Payments	41,400	206	(2,679)	38,927
Transfer Payments	9,551	0	212	9,763
Support Services	6,932	0	(466)	6,466
Depreciation and Impairment Losses	59	0	17	76
<b>GROSS EXPENDITURE</b>	<b>79,194</b>	<b>227</b>	<b>(5,497)</b>	<b>73,924</b>
<b>Income</b>				
Government Grants	(965)	0	83	(882)
Other Reimbursements and Contributions	(8,669)	0	56	(8,613)
Customer and Client Receipts	(10,637)	0	184	(10,453)
Interest	0	0	0	0
Recharges	(3,245)	0	285	(2,960)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(23,516)</b>	<b>0</b>	<b>608</b>	<b>(22,908)</b>
<b>NET EXPENDITURE</b>	<b>55,678</b>	<b>227</b>	<b>(4,889)</b>	<b>51,016</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(5,060)	(56.76)
Growth	212	
Overheads adjustments	(181)	
Depreciation adjustments	17	
Rebasing of Income	0	
Technical adjustments	9	
Transfers between departments	272	
Grants	83	
Other	229	
Use of Reserves Adjustment	(470)	
<b>TOTAL</b>	<b>(4,889)</b>	<b>(56.76)</b>



## COMMUNITY AND HOUSING DEPARTMENT Senior Management

This area includes the cost of the Director and Executive Assistant

### FULL TIME EQUIVALENTS

Number of FTE Staff  
Number of Fixed Term Contract  
**Total FTE**

2015/16	2016/17
2.00	2.00
0.00	0.00
<b>2.00</b>	<b>2.00</b>

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees	224	0	0	224
Premises	0	0	0	0
Transport	0	0	0	0
Supplies and Services	136	1	0	137
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	42	0	(7)	35
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>402</b>	<b>1</b>	<b>(7)</b>	<b>396</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE</b>	<b>402</b>	<b>1</b>	<b>(7)</b>	<b>396</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	0	
Growth	0	
Overheads adjustments	(7)	
Depreciation adjustments	0	
Rebasing of Income	0	
Technical adjustments	0	
Transfers between departments	0	
Grants	0	
Other	0	
Use of Reserves Adjustment		
<b>TOTAL</b>	<b>(7)</b>	<b>0.00</b>

## COMMUNITY AND HOUSING DEPARTMENT Public Health

Public Health services comprise • Mandatory Services : Sexual health, NHS health checks, National Child Measurement Programme, Support to Clinical Commissioning groups, and assurance of health emergency preparedness. • Universal Services : Smoking cessation, Drugs and alcohol, Obesity and Health Visiting Services.

### FULL TIME EQUIVALENTS

Number of FTE Staff

Number of Fixed Term Contracts

**Total FTE**

2015/16	2016/17
14.77	15.43
0.00	0.00
<b>14.77</b>	<b>15.43</b>

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees	995	0	95	1,090
Premises	2	0	0	2
Transport	2	0	0	2
Supplies and Services	4,721	0	(971)	3,750
Third Party Payments	4,155	0	2,731	6,886
Transfer Payments	0	0	0	0
Support Services	172	0	(5)	167
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>10,047</b>	<b>0</b>	<b>1,850</b>	<b>11,897</b>
<b>Income</b>				
Government Grants	(9,236)	0	(1,945)	(11,181)
Other Reimbursements and Contributions	(491)	0	191	(300)
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(9,727)</b>	<b>0</b>	<b>(1,754)</b>	<b>(11,481)</b>
<b>NET EXPENDITURE</b>	<b>320</b>	<b>0</b>	<b>96</b>	<b>416</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	0	
Growth	0	
Overheads adjustments	0	
Depreciation adjustments	0	
Rebasing of Income	0	
Technical adjustments	(1,112)	
Transfers between departments	400	
Grants	1,945	
Other	16	
Use of Reserves Adjustment	(1,153)	
<b>TOTAL</b>	<b>96</b>	<b>0.00</b>

## Standard Subjective Analysis – The Key

### Introduction

The subjective analysis is the analysis of income and expenditure that is applicable to all Best Value reporting requirements for all accounting periods from 1 April 2008.

We use a set standard subjective analysis for a number of reasons:-

- The subjective analysis is a CIPFA recommended structure.
- It minimises the reporting requirements for Government statistical reporting.
- It provides information in a multi dimensional format for Best Value
- It improves consistency and therefore helps Authorities to make effective comparisons for Best Value and other financial requirements
- A subjective Analysis provides further information that is useful for benchmarking analysis.
- For analysing costs in reviews.

## Glossary of the standard Subjective analysis

### Details of Expenditure groups and what is included:

**1** Employees: This group includes the costs of employee expenses, both direct and indirect to the Authority.

#### Direct employee expenses

- Salaries
- Employer's National Insurance contribution
- Employers retirement benefit costs
- Agency Staff
- Employee expenses

#### Indirect employee expenses

- Relocation
- Interview
- Training
- Advertising
- Severance payments
- Employee - related schemes

**2** Premises: This group includes expenses directly related to the running of the premises and land.

- Energy costs
- Rent
- Rates
- Water Services
- Fixtures and Fittings
- Apportionment of expenses of operating buildings
- Cleaning and Domestic Supplies
- Grounds maintenance costs
- Premises Insurance
- Contribution to premises - related provisions.

**3** Transport: This group includes all costs associated with the provision, hire or use of transport, including travelling allowances and home to school transport..

#### Direct Transport costs

- Repair and maintenance, running costs and contributions to provisions in respect of vehicles.
- Repairs and maintenance of (e.g.) roads included in this heading, but should be included in the relevant subjective headings (such as staff costs, supplies and services etc),

- This could include the write-off in the year of any assets not deemed material by the authority's capital accounting policies i.e. below de minimis thresholds set).
  - Contract hire and operating leases
  - Public Transport
  - Staff Travelling expenses
  - Car allowances
  - Contribution to transport related provisions
- 4** Supplies and Services: This group includes all direct supplies and service expenditure to the authority.
- Equipment, furniture and materials
  - Catering Services
  - Communications and computing includes expenses
  - Grants and subscriptions
  - Private Finance Initiatives and Public Private Partnership schemes.
  - Contributions to provisions
  - Miscellaneous expenses
- 5** Third Party Payments: Independent units within the council; included services defined as category (a) to (e) in Appendix D of BVACOP
- Joint Authorities
  - Other Local authorities
  - Health authorities
  - Government departments
  - Voluntary associations
  - Other establishments
  - Private contractors
  - Other agencies
  - Debit resulting from soft loans
- 6** Transfer Payments: This includes the cost of payments to individuals for which no goods or services are received in return by the local authority. Four sub-groups are suggested: However, this list is not exhaustive.
- Schoolchildren and students
  - Adult Social Services clients
  - Housing benefits
  - Debit resulting from soft loans
- 7** Support Services: Charges for services that support the provision of services to the public.
- Finance
  - IT

- Human Resources
- Property Management /Office Accommodation
- Legal services (not included in the definition of Corporate and democratic Core)
- Procurement Services
- Corporate Services not included in the definition of Corporate and democratic Core)
- Transport Functions

**8** Depreciation and Impairment losses: This provides the subjective analysis that will record the revenue impact of capital items in the services revenue accounts for the authority,

**9** Income: This group included all income received by the services from external users or by way of charges or recharges to internal users.

#### Government Grants

- Specific and special government grants

#### Other Reimbursements and contributions

- Revenue Income received to finance a function/project jointly or severally undertaken with other bodies.
- Contributions from other local authorities.
- Value of costs recharged to outside bodies including other committees.

#### Customer and Client Receipts

- Sales products or materials, data technology or surplus products.
- Fee and charges for services, use of facilities, admissions and lettings
- Rents, tithes, acknowledgements. way leaves and other land and property-based charges of a non-casual user.

#### Interest

#### Recharges

- Value of costs recharged to internal users

#### Reserves

- All credits resulting from soft loans should be included in this subjective (as a corporate entry).

## Risk Analysis for General Fund

- 1 The Council's draft budget for 2016/17, has been analysed to identify key areas of risk. Costs that are regarded as fixed have been disregarded along with Schools' budgets.

	£m
<b>Employees</b>	90.8
Premises Related Expenditure	8.4
Transport Related Expenditure	14.6
Supplies and Services	38.3
Third Party Payments	81.4
Transfer Payments	104.1
Support Services	30.4
Depreciation and Impairment Costs	12.5
Cost of Borrowing	13.3
Pension Fund	4.2
Contingency	1.5
Corporate Provisions	4.9
<b>Incomes</b>	
Government Grants	103.2
Other Grants, Reimbursements and Contributions	22.6
Customer and Client Receipts	60.9
Interest	2.5
Recharges	28.5
Balances	0.2
Asset Rentals: Depreciation & Impairment	12.5
<b>Overall Total</b>	<b>634.8</b>

2. In addition the savings proposals for 2016-20 have been assessed in terms of deliverable risk. The level of deliverable risk is:

Risk Rating	New 2016/17 £000	New 2017/18 £000	New 2018/19 £000	Previous 2016-20 £000	Total 2016/20 £000
Low	0	1,238	788	6,414	8,440
Medium	0	2,269	1,221	8,692	12,182
High	200	350	1,446	6,937	8,933
<b>Total</b>	<b>200</b>	<b>3,857</b>	<b>3,455</b>	<b>22,043</b>	<b>29,555</b>

3. Using the data available the levels of risk for the key areas have been assessed as shown in the following table:

	£m	Min %	Mid %	Max %
<b>Employees</b>	90.8	0.25	0.50	0.75
Premises Related Expenditure	8.4	1.50	2.50	3.50
Transport Related Expenditure	14.6	2.00	3.00	4.00
Supplies and Services	38.3	1.50	2.50	3.50
Third Party Payments	81.4	3.50	5.50	7.50
Transfer Payments	104.1	3.00	4.00	5.00
<b>Incomes</b>				
Government Grants	103.2	1.00	2.00	3.00
Other Grants, Reimbursements and Contributions	22.6	1.00	2.00	3.00
Customer and Client Receipts	60.9	1.50	2.50	3.50
<b>Savings</b>				
Low Deliverability Risk	8.4	1.50		
Medium Deliverability Risk	12.2		3.00	
High Deliverability Risk	8.9			7.50
Safety Net Threshold	2.5	100.00	100.00	100.00

4. Applying the risk levels in the table above produces the following level of addressed risk:

	£m	Min £m	Mid £m	Max £m
<b>Employees</b>	90.8	0.23	0.45	0.68
Premises Related Expenditure	8.4	0.13	0.21	0.29
Transport Related Expenditure	14.6	0.29	0.44	0.58
Supplies and Services - DSG	38.3	0.57	0.96	1.34
Third Party Payments	81.4	2.85	4.48	6.11
Transfer Payments	104.1	3.12	4.16	5.21
<b>Incomes</b>				
Government Grants	103.2	1.03	2.06	3.10
Other Grants, Reimbursements and Contributions	22.6	0.23	0.45	0.68
Customer and Client Receipts	60.9	0.91	1.52	2.13
<b>Savings</b>				
Low Deliverability Risk	8.4	0.13		
Medium Deliverability Risk	12.2		0.37	
High Deliverability Risk	8.9			0.67
Safety Net Threshold	2.5	2.50	2.50	2.50
Total		12.01	17.59	23.29



# Equality Analysis

What are the proposals being assessed?	Proposed budget savings CH54, CH58 and CH59 – staff reductions
Which Department/ Division has the responsibility for this?	Community and Housing, Adult Social Care

<b>Stage 1: Overview</b>	
Name and job title of lead officer	Andy Ottaway-Searle, Head of Direct Provision
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	<p>To deliver required savings and to mitigate the impact through changed processes and structures.</p> <p>The aim and desired outcome of the proposal is to achieve the proposed budget savings in a way that the service continues to meet its statutory duties and minimises adverse impact on service users, taking in to account previous budget savings and the cumulative effect on service delivery. The Adult Social Care Target Operating Model (TOM) is committed to service transformation, through efficient processes, through promoting the independence of individuals and reducing reliance on council funded services, and through utilising the approach around the Use of Resources Framework of Prevention; Recovery; Long term support; Process; Partnership; and Contributions.</p> <p>However, there could be reduced / delayed services and it may lead to increased waiting times for service users, reduced capacity to monitor quality within provider services, and reduced capacity to undertake assessments and reviews which would have a direct implication on the ability to effectively promote independence. The Adult Social Care TOM commitment to flexible and mobile working and to improve assessment and care management processes should enable any risks to be partly mitigated.</p>
2. How does this contribute to the council's corporate priorities?	The Adult Social Care Service plan and TOM contribute to the council's overall priorities and will ensure that the savings targets are achieved in line with the corporate Business Plan and the Medium Term Financial Strategy. It is also in line with the July principles, adopted in 2011 by councillors, which sets out guiding strategic priorities and principles, where the order of priority services should be to continue to provide everything which is statutory and maintain services, within limits, to the vulnerable and elderly, with the council being an enabler, working with partners to provide services.
3. Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.	Staff, service users, carers, partners and providers will, or may, be affected.
4. Is the responsibility shared with	HR input will be required.

Page 287

another department, authority or organisation? If so, who are the partners and who has overall responsibility?

## Stage 2: Collecting evidence/ data

### 5. What evidence have you considered as part of this assessment?

**Staffing structure** – 338.97 full time equivalent staff budgeted for 2016/17 – this includes all adult social care staff, including residential homes and day centres.

**Current service users** - at the end of 2014/15 there were 4,095 service users receiving long term support with other service users receiving temporary support. Service users include older people, people with physical disabilities, learning disabilities and mental health issues. We consider trends from data about our service users. For example trend data shows that we have continued to meet our statutory responsibilities whilst slightly reducing both overall numbers of service users and the overall level of support packages being received, through following a promoting independence approach.

**Feedback from the consultation exercise** – between 23 October until 7 December 2015 a consultation exercise was undertaken to get the views of those of those people affected by all of the adult social care savings proposals for 2016/17. A detailed report with the feedback from the consultation has been produced and submitted for consideration, in conjunction with this EA, at Healthier Communities and Older People Scrutiny on 12 January 2016 and Cabinet on 15 February 2016. Two staff consultation events were held with 83 staff attending. Feedback was also received from service users in response to the consultation, with 129 responses to the questionnaire.

**National context** – benchmarking data, National Audit Office 'Adult Social Care in England: Overview', Barker Commission 'The Future of Health and Social Care in England' (initiated by the Kings Fund) and Local Government Association 'Adult Social Care Efficiency Programme'. Best practice research and reports with ADASS and other national and government groups. Benchmarking data shows that overall Merton spends less per head on adult social care than the average for its comparator groups, and has a more targeted service on fewer people than average. Further information is available in Appendix 1 of the consultation report referred to above.

**Operational level** – process review of Assessment and Hospital teams undertaken and high level costed customer journey mapping undertaken in 2015, showing potential for efficiencies. The ASC TOM takes account of the potential increase in service demand, with an emphasis on strengthening preventative services including initial contact / triaging of service users, signposting and referring service users to other agencies. Performance data for our commissioned and in-house services including contract monitoring reports and demographic data. The functionality of Mosaic (replacement social care IT system) and the expected benefits of the flexible working programme. The Joint Strategic Needs Assessment ([www.merton.gov.uk/health-social-care/publichealth/jsna](http://www.merton.gov.uk/health-social-care/publichealth/jsna)) and the Local Account ([www.merton.gov.uk/health-social-care/adult-social-care/asc-plans-performance/asc-performance](http://www.merton.gov.uk/health-social-care/adult-social-care/asc-plans-performance/asc-performance)).

### Stage 3: Assessing impact and analysis

#### 6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age		✓	✓		The consultation has identified that staff and service users have concerns and anxieties about the proposal – see the consultation report for full details. There is a potential impact on staff some of whom are from designated equality groups. There is potentially a negative impact on the health and wellbeing of service users and carers if the alternatives put in place do not fully meet assessed eligible needs.
Disability		✓	✓		As above.
Gender Reassignment		✓		✓	N/A
Marriage and Civil Partnership		✓		✓	N/A
Pregnancy and Maternity		✓		✓	N/A
Race		✓	✓		As above.
Religion/ belief		✓		✓	N/A
Sex (Gender)		✓	✓		More women will be affected by the proposed savings.
Sexual orientation		✓		✓	N/A
Socio-economic status		✓	✓		As per the Age category.

#### 7. Equality Analysis Improvement Action Plan template – Making adjustments for negative impact

Negative impact / gap in information identified in the Equality Analysis	Some staff will be made redundant. Officers initially identified that there could be a chance that some service users may feel the alternative service does not meet their needs, and that some service users will experience a reduced level of service. The consultation has identified other areas where service users feel there will be a negative impact (see consultation report for full details).
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<p><b>Action required to mitigate</b></p>	<p>The outcome of the EA has identified some potential for negative impact and it may not be possible to mitigate this fully. However, the following actions will be put in place.</p> <p>Clear communication will be undertaken with staff. The proposed staffing structure is currently out to consultation with staff. The Framework for Managing Organisational Change will be followed. This will ensure the fair treatment of staff. Compulsory redundancies will be mitigated via inviting staff to apply for voluntary severance and examining non-staffing cost reductions and the use of non-core staff e.g. agency staff, where appropriate. The service has not been filling posts on a substantive basis for many months in order to minimise redundancies for existing staff. Every effort will be made to redeploy displaced staff to suitable alternative positions in the council. Staff will receive individual HR support for this. Where required competitive interviews will be held as the method for implementing redundancy selection. Support for staff engaged in competitive interviews will be offered via job application and interview skills training via staff development. <b>By June 2016.</b></p> <p>It is intended that the new proposed structure, combined with changed processes, will lead to greater efficiencies.</p> <p>The implementation of Mosaic, the replacement social care IT system, is designed to make data inputting easier and reduce inputting time, to enable continued efficiency savings. Improving service delivery by reducing administration tasks, allowing staff to focus on service delivery. <b>By April 2016.</b></p> <p>The flexible working programme will enable staff to work more productively and exploit technology to improve service delivery. <b>Ongoing.</b></p> <p>Merton Council has an established working relationship with the voluntary sector in providing a range of services on behalf of the council. Therefore, it is expected that through the Ageing Well grant, the voluntary sector will be able to provide suitable alternatives in many cases. Regular review meetings will be in place to monitor service provision to ensure the potential for any negative impact has been removed. <b>On-going.</b></p> <p>Customer satisfaction will continue to be monitored annually to ensure the current satisfaction levels for 2013/14 and 2014/15 of 63.3% are maintained and where possible improved.</p>
<p><b>How will you know this is achieved? e.g. performance measure / target</b></p>	<p>Revised staffing structure and service delivery model. National performance indicators (ASCOF) and local performance monitoring. Examples are waiting times for assessment following first contact, how long assessments take to be completed, how often service users have their support plans reviewed, and activity levels of and within teams.</p>
<p><b>By when</b></p>	<p>June 2016</p>
<p><b>Existing or additional resources?</b></p>	<p>Existing</p>
<p><b>Lead Officer</b></p>	<p>Andy Ottaway-Searle, Head of Direct Provision</p>
<p><b>Action added to divisional / team plan?</b></p>	<p>Included in the Adult Social care re-design programme</p>

Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.

**Stage 4: Conclusion of the Equality Analysis**

**8. Which of the following statements best describe the outcome of the EA (Tick one box only)**

Please refer to the guidance for carrying out Equality Impact Assessments is available on the intranet for further information about these outcomes and what they mean for your proposal

Page 291

**OUTCOME 1**

The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed. No changes are required.

**OUTCOME 2**

The EA has identified adjustments to remove negative impact or to better promote equality. Actions you propose to take to do this should be included in the Action Plan.

**OUTCOME 3**

The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully.

**OUTCOME 4**

The EA shows actual or potential unlawful discrimination. Stop and rethink your proposals.

**Stage 5: Sign off by Director/ Head of Service**

<b>Assessment completed by</b>	Andy Ottaway-Searle, Head of Direct Provision	<b>Signature:</b> Andy Ottaway-Searle, Head of Direct Provision	<b>Date:</b> 22.12.15
<b>Improvement action plan signed off by Director/ Head of Service</b>	Simon Williams, Director of Community and Housing	<b>Signature:</b> Simon Williams	<b>Date:</b> 29.12.15

# Equality Analysis



What are the proposals being assessed?	Proposed budget saving CH60 – Decommission the South Thames Crossroads Caring for Carers contract
Which Department/ Division has the responsibility for this?	Community and Housing, Adult Social Care

Stage 1: Overview	
Name and job title of lead officer	Andy Ottaway-Searle, Head of Direct Provision
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	The aim and desired outcome of the proposal is to achieve the required budget savings in a way that the service continues to meet its statutory duties and minimises adverse impact on service users, taking in to account previous budget savings and the cumulative effect on service delivery. It is intended to do this using an approach which promotes independence and reduces reliance on council funded services, utilising the approach around the Use of Resources Framework of Prevention; Recovery; Long term support; Process; Partnership; and Contributions. This proposal supports the Adult Social Care commissioning and procurement plan and the Target Operating Model (TOM) commitment of service transformation, by decommissioning the South Thames Crossroads Caring for Carers contract and providing an alternative service through domiciliary care services, Direct payments and commissioned holistic carers and support from the voluntary sector.
2. How does this contribute to the council's corporate priorities?	The Adult Social Care Service plan and TOM contribute to the council's overall priorities and will ensure that the savings targets are achieved in line with the corporate Business Plan and the Medium Term Financial Strategy. It is also in line with the July principles, adopted in 2011 by councillors, which sets out guiding strategic priorities and principles, where the order of priority services should be to continue to provide everything which is statutory and maintain services, within limits, to the vulnerable and elderly, with the council being an enabler, working with partners to provide services.
3. Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.	Service users and carers. The external provider South Thames Crossroads and its staff.
4. Is the responsibility shared with another department, authority or organisation? If so, who are the partners and who has overall responsibility?	N/A

Page 292

## Stage 2: Collecting evidence/ data

### 5. What evidence have you considered as part of this assessment?

Provide details of the information you have reviewed to determine the impact your proposal would have on the protected characteristics (equality groups).

**Current service users** - there are currently 72 service users, aged between 22 and 97 years of age. The ethnicity data shows 49% White British (35) and the rest of the service users from Asian British - Indian (3), Asian / British – Pakistani (8), Asian / British – other Asian (2), Black / British – African (2), Black / British – Caribbean (9), Black / British – other black (2), Mixed White / Asian (1), Mixed White / Black Caribbean (1), other ethnic group (3), White other (5), White Irish (1) backgrounds.

**Feedback from the consultation exercise** – between 23 October until 7 December 2015 a consultation exercise was undertaken to get the views of those people affected by all of the adult social care savings proposals. A detailed report with the feedback from the consultation has been produced and submitted for consideration, in conjunction with this EA, at Healthier Communities and Older People Scrutiny on 12 January 2016 and Cabinet on 15 February 2016. Specific feedback was received from the current service provider of the contract, seven individual open responses via email and letter from service users and also through targeted focus groups.

**National context** – the National Carers Strategy of 2008 sets out the national vision for recognising and valuing carers with support tailored to meet individuals' needs. National policy has focused on increasing choice for all adult social care users, including carers. The current Merton Service is a one size fits all policy with very limited degrees of choice. The current service delivery model is not mandatory, however the council has a duty to offer support to eligible carers and to work towards achieving the national vision. The 2011 census revealed that there were approximately 5.8 million people providing unpaid care in England and Wales - just over one tenth of the population (ONS 2013).

**Operational level** – the carers assessments for the current service users, the estimated number of carers in Merton (approximately 17,000, with nearly 600 known young carers), the cost of the service, monitoring reports from South Thames Crossroads (quarterly with details of support provided by customer group (older people, mental health and all other adults), ethnicity, age and gender) and reviewing actual and potential alternative ways to support carers e.g. personal budgets and the holistic carers support service from the voluntary sector.

### Stage 3: Assessing impact and analysis

#### 6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age		✓	✓		The consultation has identified that service users have concerns and anxieties about the proposal – see the consultation report for full details. There is a potentially negative impact if alternatives do not fully meet needs.
Disability		✓	✓		As above.
Gender Reassignment		✓		✓	N/A
Marriage and Civil Partnership		✓		✓	N/A
Pregnancy and Maternity		✓		✓	N/A
Race		✓		✓	N/A
Religion/ belief		✓		✓	N/A
Sex (Gender)		✓		✓	N/A
Sexual orientation		✓		✓	N/A
Socio-economic status		✓	✓		As above.

#### 7. Equality Analysis Improvement Action Plan template – Making adjustments for negative impact

Negative impact / gap in information identified in the Equality Analysis	Officers initially identified that there could be a chance that some service users may feel the alternative service does not meet their needs, and that some service users will experience a reduced level of service. The consultation has identified other areas where service users feel there will be a negative impact (see consultation report for full details).
Action required to mitigate	<p>The outcome of the EA has identified some potential for negative impact and it may not be possible to mitigate this fully. However, the following actions will be put in place.</p> <p>Clear communication will be undertaken and all proposed changes to carers support will be subject to a review / re-assessment process which is based on individual need and will be reviewed before the current contract ends. Where carers are assessed as requiring a service they will receive personalised support including personal budgets with which they can choose the service that best meets their needs. Carers will be supported with</p>



	<p>breaks where appropriate, with a domiciliary care service, direct payment or a holistic carers support service from the voluntary sector. The voluntary sector and community groups have been invited to apply for a grant under our Ageing Well programme. <b>By March 2016.</b></p> <p>Merton Council has an established working relationship with the voluntary sector in providing a range of services on behalf of the council. Therefore, it is expected that through the Ageing Well grant, the voluntary sector will be able to provide suitable alternatives in many cases. Regular review meetings will be in place to monitor service provision to ensure the potential for any negative impact has been removed. <b>On-going.</b></p> <p>Training for staff on outcome based support planning. <b>By March 2016.</b></p> <p>Continued fair allocation of resources via resource panels. <b>On-going.</b></p> <p>Customer satisfaction will continue to be monitored annually to ensure the current satisfaction levels for 2013/14 and 2014/15 of 63.3% are maintained and where possible improved.</p>
<b>How will you know this is achieved? e.g. performance measure / target</b>	Local performance monitoring of alternative service take-up and effectiveness. Implementation of Ageing Well programme.
<b>By when</b>	March 2017
<b>Existing or additional resources?</b>	Existing
<b>Lead Officer</b>	Andy Ottaway-Searle
<b>Action added to divisional / team plan?</b>	Included in the Adult Social care re-design programme.

**Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.**

**Stage 4: Conclusion of the Equality Analysis**

8. Which of the following statements best describe the outcome of the EA (Tick one box only)

**OUTCOME 1**

The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed. No changes are required.

**OUTCOME 2**

The EA has identified adjustments to remove negative impact or to better promote equality. Actions you propose to take to do this should be included in the Action Plan.

**OUTCOME 3**

The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully.

**OUTCOME 4**

The EA shows actual or potential unlawful discrimination. Stop and rethink your proposals.

Page 29

**Stage 5: Sign off by Director/ Head of Service**

Assessment completed by	Andy Ottaway-Searle, Head of Direct Provision	Signature: Andy Ottaway-Searle	Date: 22.12.15
Improvement action plan signed off by Director/ Head of Service	Simon Williams, Director of Community and Housing	Signature: Simon Williams	Date: 29.12.15

# Equality Analysis



What are the proposals being assessed?	Proposed budget saving CH61 – Decommission the Sodexo Meals on Wheels contract
Which Department/ Division has the responsibility for this?	Community and Housing, Adult Social Care

Stage 1: Overview	
Name and job title of lead officer	Andy Ottaway-Searle, Head of Direct Provision
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	The aim and desired outcome is to achieve the proposed budget savings in a way that the service continues to meet its statutory duties and minimises adverse impact on service users, taking in to account previous budget savings and the cumulative effect on service delivery. It is intended to do this using an approach which promotes independence and reduces reliance on council funded services, utilising the approach around the Use of Resources Framework of Prevention; Recovery; Long term support; Process; Partnership; and Contributions. This proposal supports the Adult Social Care commissioning and procurement plan and the Target Operating Model (TOM) commitment of service transformation, by providing an alternative service through embedding support within the community, neighbourhood and voluntary support infrastructure.
2. How does this contribute to the council's corporate priorities?	The Adult Social Care Service plan and TOM contribute to the council's overall priorities and will ensure that the savings targets are achieved in line with the corporate Business Plan and the Medium Term Financial Strategy. It is also in line with the July principles, adopted in 2011 by councillors, which sets out guiding strategic priorities and principles, where the order of priority services should be to continue to provide everything which is statutory and maintain services, within limits, to the vulnerable and elderly, with the council being an enabler, working with partners to provide services.
3. Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.	Service users. Carers. External provider Sodexo and its staff.
4. Is the responsibility shared with another department, authority or organisation? If so, who are the partners and who has overall responsibility?	N/A

Page 29

## Stage 2: Collecting evidence/ data

### 5. What evidence have you considered as part of this assessment?

Provide details of the information you have reviewed to determine the impact your proposal would have on the protected characteristics (equality groups).

**Current service users** – for the meals on wheels service, current figures show there are 177 users, ranging in age from 50 – 103 years old. The ethnicity data shows 75% White British (132) and the rest of the service users from Asian British – Indian (5), Asian / British – other Asian (4), Black / British – African (3), Black / British – Caribbean (6), Black / British – other black (1), Chinese (1), other ethnic group (5), White other (8), White Irish (4) backgrounds and Declined to say or no data recorded (8).

**Feedback from the consultation exercise** – between 23 October until 7 December 2015 a consultation exercise was undertaken to get the views of those people affected by all of the adult social care savings proposals for 2016/17. A detailed report with the feedback from the consultation has been produced and submitted for consideration, in conjunction with this EA, at Healthier Communities and Older People Scrutiny on 12 January 2016 and Cabinet on 15 February 2016. Specific feedback was received from the current service provider of the meals on wheels contract, 18 individual open responses via email and letter from, or on behalf of, meals on wheels service users and also through targeted focus groups.

**National context** – there is no statutory requirement for the council to provide a meal delivery service. Access to prepared meals is widely available through specialist providers, supermarkets and local shops and telephone and internet access has enabled telephone and on-line ordering enabling service users to access meals themselves or via their own support network. However, support will continue to be provided for those that need help to order prepared meals and those that need help in heating and eating a prepared meal. Many other councils have decommissioned the meals on wheels service.

**Operational level** – quarterly monitoring reports from Sodexo, with number of meals delivered and type of food e.g. kosher, halal etc. and includes details of any complaints (non delivery, quality of meal etc.).

## Stage 3: Assessing impact and analysis

### 6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age		✓	✓		The consultation has identified that service users have concerns and anxieties about the proposal – see the consultation report for full details. There may be a negative impact on the health and wellbeing of service users if the alternatives do not fully meet assessed needs.
Disability		✓	✓		As above.
Gender Reassignment		✓		✓	N/A
Marriage and Civil Partnership		✓		✓	N/A
Pregnancy and Maternity		✓		✓	N/A
Race		✓		✓	N/A
Religion/ belief		✓		✓	N/A
Sex (Gender)		✓		✓	N/A
Sexual orientation		✓		✓	N/A
Socio-economic status		✓	✓		As above.

### Equality Analysis Improvement Action Plan template – Making adjustments for negative impact

Page 299

This action plan should be completed after the analysis and should outline action(s) to be taken to mitigate the potential negative impact identified (expanding on information provided in Section 7 above).

<b>Negative impact / gap in information identified in the Equality Analysis</b>	Officers initially identified that there could be a chance that some service users may feel the alternative service does not meet their needs, and that some service users will experience a reduced level of service. The consultation has identified other areas where service users feel there will be a negative impact (see consultation report for full details).
<b>Action required to mitigate</b>	<p>The outcome of the EA has identified some potential for negative impact and it may not be possible to mitigate this fully. However, the following actions will be put in place.</p> <p>Clear communication will be undertaken and all current recipients of meals on wheels will be contacted to review their eligible needs and identify how their needs will be met under the new model of service provision, through a range of options including working with the voluntary sector and community groups, ensuring service users who need help to order prepared meals and those that need help in feeding themselves will continue to receive support. <b>By July 2016.</b></p> <p>Alternative ways of accessing prepared meals or accessing telephone / online prepared meal delivery services will be publicised to service users. Merton Council has an established working relationship with the voluntary sector in providing a range of services on behalf of the council. Therefore, it is expected that through the Ageing</p>

	Well grant, the voluntary sector will be able to provide suitable alternatives in many cases. Regular review meetings will be in place to monitor service provision to ensure the potential for any negative impact has been removed. <b>On-going.</b>
	Customer satisfaction will continue to be monitored annually to ensure the current satisfaction levels for 2013/14 and 2014/15 of 63.3% are maintained and where possible improved.
<b>How will you know this is achieved? e.g. performance measure / target</b>	Implementation of the Ageing Well programme. Local performance monitoring of alternative service take-up and effectiveness.
<b>By when</b>	July 2016
<b>Existing or additional resources?</b>	Existing
<b>Lead Officer</b>	Andy Ottaway-Searle
<b>Action added to divisional / team plan?</b>	N/A

Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.

Page 300

**Stage 4: Conclusion of the Equality Analysis**

8. Which of the following statements best describe the outcome of the EA (Tick one box only)

**OUTCOME 1**

The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed. No changes are required.

**OUTCOME 2**

The EA has identified adjustments to remove negative impact or to better promote equality. Actions you propose to take to do this should be included in the Action Plan.

**OUTCOME 3**

The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully.

**OUTCOME 4**

The EA shows actual or potential unlawful discrimination. Stop and rethink your proposals.

**Stage 5: Sign off by Director/ Head of Service**

Stage 5: Sign off by Director/ Head of Service			
Assessment completed by	Andy Ottaway-Searle, Head of Direct Provision	Signature: Andy Ottaway-Searle	Date: 22.12.15
Improvement action plan signed off by Director/ Head of Service	Simon Williams, Director of Community and Housing	Signature: Simon Williams	Date: 29.12.15

# Equality Analysis

What are the proposals being assessed?	Budget saving CH63 – Decommission the Imagine Independence service and re-commission peer led day opportunities for people with mental health
Which Department/ Division has the responsibility for this?	Community and Housing, Adult Social Care

Stage 1: Overview	
Name and job title of lead officer	Andy Ottaway-Searle, Head of Direct Provision
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	The aim and desired outcome of the proposal is to achieve the required budget savings in a way that the service continues to meet its statutory duties and minimises adverse impact on service users, taking in to account previous budget savings and the cumulative effect on service delivery. It is intended to do this using an approach which promotes the independence of individuals and reduces reliance on council funded services, utilising the approach around the Use of Resources Framework of Prevention; Recovery; Long term support; Process; Partnership; and Contributions. This proposal supports the Adult Social Care commissioning and procurement plan and the Target Operating Model (TOM) commitment of service transformation, by providing an alternative service through the voluntary sector.
2. How does this contribute to the council's corporate priorities?	The Adult Social Care Service plan and TOM contribute to the council's overall priorities and will ensure that the savings targets are achieved in line with the corporate Business Plan and the Medium Term Financial Strategy. It is also in line with the July principles, adopted in 2011 by councillors, which sets out guiding strategic priorities and principles, where the order of priority services should be to continue to provide everything which is statutory and maintain services, within limits, to the vulnerable and elderly, with the council being an enabler, working with partners to provide services.
3. Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.	Service users. Carers. External provider Imagine and its staff.
4. Is the responsibility shared with another department, authority or organisation? If so, who are the partners and who has overall responsibility?	N/A

Page 3 of 2



## Stage 2: Collecting evidence/ data

### 5. What evidence have you considered as part of this assessment?

**Current service users** - there are currently approximately 165 service users, for advocacy, employment support, peer support and social inclusion. The service users are vulnerable adults aged 18+, many with mental health issues.

**Feedback from the consultation exercise** – between 23 October until 7 December 2015 a consultation exercise was undertaken to get the views of those of those people affected by all of the adult social care savings proposals for 2016/17. A detailed report with the feedback from the consultation has been produced and submitted for consideration, in conjunction with this EA, at Healthier Communities and Older People Scrutiny on 12 January 2016 and Cabinet on 15 February 2016. Specific feedback was received from the current service provider of the contract, three individual open responses via email and letter from service users and also through targeted focus groups.

**National context** – research in to the best way of delivering Peer led support.

**Operational level** – new research and evidence in the Adult Mental Health Needs Assessment as part of the Joint Strategic Needs Assessment ([www.merton.gov.uk/health-social-care/publichealth/jsna](http://www.merton.gov.uk/health-social-care/publichealth/jsna)) and quarterly monitoring reports from Imagine Independence, detailing a summary of services received e.g. advocacy and number of active and new service users and those that have left the service, details of which organisations referred the service user and service users ethnicity, gender and age.

## Stage 3: Assessing impact and analysis

### 6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age		✓		✓	N/A
Disability		✓	✓		The consultation has identified that service users have concerns and anxieties about the proposal – see the consultation report for full details. There is potentially a negative impact on the health and wellbeing of service users and carers if the alternatives put in place do not fully meet assessed eligible needs.
Gender Reassignment		✓		✓	N/A

Marriage and Civil Partnership		✓		✓	N/A
Pregnancy and Maternity		✓		✓	N/A
Race		✓		✓	N/A
Religion/ belief		✓		✓	N/A
Sex (Gender)		✓		✓	N/A
Sexual orientation		✓		✓	N/A
Socio-economic status		✓	✓		As above.

## 7. Equality Analysis Improvement Action Plan template – Making adjustments for negative impact

Negative impact / gap in information identified in the Equality Analysis	Officers initially identified that there could be a chance that some service users may feel the alternative service does not meet their needs, and that some service users will experience a reduced level of service. The consultation has identified other areas where service users feel there will be a negative impact (see consultation report for full details).
Action required to mitigate	<p>The outcome of the EA has identified some potential for negative impact and it may not be possible to mitigate this fully. However, the following actions will be put in place.</p> <p>Work is on-going to finalise the research in to best practice on peer led support and developing the pilot programmes, due to be implemented with effect from April 2016. <b>On-going.</b></p> <p>Clear communication will be undertaken and all current service users will be contacted to review their needs and identify how their needs will be met under the new model of service provision through a range of options, including working with the voluntary sector and community groups. <b>By March 2016.</b></p> <p>Merton Council has an established working relationship with the voluntary sector in providing a range of services on behalf of the council. Therefore, ASC will work with the wider voluntary sector to find opportunities for a more generic offer e.g. advocacy, information and advice. Regular review meetings will be in place to monitor service provision to ensure the potential for any negative impact has been removed. <b>On-going.</b></p> <p>ASC will continue to work closely with the Housing Needs team to ensure the range of accommodation for people with mental health needs should be addressed building on recommendations from the review in 2015. <b>On-going.</b></p> <p>Customer satisfaction will continue to be monitored annually to ensure the current satisfaction levels for 2013/14 and 2014/15 of 63.3% are maintained and where possible improved.</p>
How will you know this is achieved? e.g. performance measure / target	New service commissioned. Local performance monitoring of alternative service take-up.
By when	March 2016

Existing or additional resources?	Existing
Lead Officer	Andy Ottaway-Searle
Action added to divisional / team plan?	Included in the Adult Social care re-design programme

Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.

#### Stage 4: Conclusion of the Equality Analysis

8. Which of the following statements best describe the outcome of the EA (Tick one box only)

##### OUTCOME 1

The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed. No changes are required.

##### OUTCOME 2

The EA has identified adjustments to remove negative impact or to better promote equality. Actions you propose to take to do this should be included in the Action Plan.

##### OUTCOME 3

The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully.

##### OUTCOME 4

The EA shows actual or potential unlawful discrimination. Stop and rethink your proposals.

#### Stage 5: Sign off by Director/ Head of Service

Assessment completed by	Andy Ottaway-Searle, Head of Direct Provision	Signature: Andy Ottaway-Searle	Date: 22.12.15
Improvement action plan signed off by Director/ Head of Service	Simon Williams, Director of Community and Housing	Signature: Simon Williams	Date: 29.12.15

## Schools Funding 2016/17

### 1. Introduction

- 1.1 The Government announced the Dedicated Schools Grant allocation on 17<sup>th</sup> December 2015. Merton's allocation split over the three blocks is as follows:

Description	2016/17 £000	2015/16 £000
Schools Block	118,819	116,878
Early Years Block	11,122	11,122
High Needs Block	27,040	26,684
<b>Total as at Schools Forum meeting</b>	<b>156,981</b>	<b>154,684</b>
Academy recoupment estimate	(17,272)	(16,501)
<b>Final allocation for the year</b>	<b>139,709</b>	<b>138,183</b>

- 1.2 A description of the costs included in each funding block is detailed in the sections below.

### 2. Schools Block

- 2.1 The Schools Block allocation of £118.819m is split into the following areas:

Description	2016/17 £000	2015/16 £000
Centrally Retained Items	393	343
September bulge growth requirement	1,380	1,380
Transfers to other blocks	4,183	3,751
Individual School Budgets	112,863	111,404
<b>Total Schools Block</b>	<b>118,819</b>	<b>116,878</b>

- 2.2 There are three centrally retained items. These are School Admissions (£269k), the cost of administering Schools Forum (£12k) and the cost of National Copyright Licences negotiated by the DfE (£112k).
- 2.3 The September growth requirement was kept at £1.380m. This is based on supporting Primary schools with £60k and Secondary schools with £80k additional funding per expanding school to increase pupil numbers above their existing published admission number from September.
- 2.4 The EFA does not take account of transfers between DSG blocks at a local level. These transfers require adjustment year-on-year. For 2016/17 the transfer from the schools block is summarised in the next table.

Description	Schools £000	Early Years £000	High Needs £000
Adjustments agreed in previous years	(3,751)	68	3,683
Funding increase in special school and PRU numbers from schools block	(375)		375
Increase in ARPs (full year effect)	(89)		89
Transfer of sports partnership funding from HNB to MEP	32		(32)
<b>Net Transfer</b>	<b>(4,183)</b>	<b>68</b>	<b>4,115</b>

(PRU= Pupil Referral Unit; ARP= additionally resourced provision ; HNB= High Needs Block; MEP= Merton Education Partnership)

- 2.5 Both Primary and Secondary schools de-delegated budgets have been set based on the decisions made by the relevant phase representatives at Schools Forum on the 13<sup>th</sup> October 2015. The total de-delegated budget for 2016/17 is £1.717m. This together with the £111.146m that will be paid over to schools and Academies equals the Individual Schools Budgets of £112.863m.
- 2.6 The table below details the total allocation to de-delegated services as well as the unit cost for each of these services.

Service	Schools £000	Unit Cost	Measure
Licences and Subscriptions	112	£5.29	NOR
School Meals Subsidy	19	£1.21	NOR
Schools in Challenging Circumstances	294	£13.87	NOR
Marketing in Schools	68	£3.24	NOR
Merton Education Partnership	130	£6.14	NOR
Parenting and TU cover	660	£31.17	NOR
Refugee Service and EMAG	200	£42.01	EAL
Tree work	45	£2.13	NOR
Behaviour Support	189	£35.34	Low Att
<b>Total budget</b>	<b>1,717</b>		

(NOR= Number on Roll; EAL factor= English as an Additional Language; Low Att= Lower Attainment factor for low cost, high incidence SEN)

### 3. School Funding Formula Factors

- 3.1 A summary of the factors used and the total budgets allocated against each factor is set out in the funding proforma which is submitted to the EFA for compliance checks.
- 3.2 We have been able to keep AWPU rates for Primary and Secondary KS3 and KS4 the same for 2016/17 as they were in 2015/16.

Description	2016/17	2015/16
Primary	£3,253	£3,253
Secondary Key Stage 3	£4,274	£4,274
Secondary Key Stage 4	£5,177	£5,177

- 3.3 The Free School Meals factor unit values were kept the same as 2015/16 at £683.52 for Primary and £632.69 for Secondary schools. Through the formula this resulted in a total budget allocation of £2.399m (£2.433m in 2015/16) and £1.521m (£1.550m in 2015/16) for Primary and Secondary schools respectively. The number children attracting this funding has reduced.
- 3.4 The Income Deprivation Affecting Children Index (IDACI) is a subset of the Indices of Multiple Deprivation (IMD). It is an area-based measure which is interpreted as the proportion of families with children under 16 which is income deprived. For 2016/17 the EFA has updated this information to the data published in September 2015. Previous formulas used information published in 2010. This change resulted in less funding being allocated through this factor for schools overall.
- 3.5 We have increased the unit values for 2016/17 to mitigate the effect of some of the reduction. Through the formula this resulted in a total budget allocation of £417k (£467k in 2015/16) and £227k (£267k in 2015/16) for Primary and Secondary schools respectively. The values are the same for both primary and secondary schools as per the table below.

<b>IDACI Band</b>	<b>2016/17</b>	<b>2015/16</b>
IDACI band 1	£30	£20
IDACI band 2	£50	£40
IDACI band 3	£70	£60
IDACI band 4	£90	£80
IDACI band 5	£100	£90
IDACI band 6	£130	£120

- 3.6 The unit value for Looked After Children (LAC) has been kept the same as in 2015/16 at £1,000. The total allocation through this formula for 2016/17 is £72k (£69k in 2015/16)
- 3.7 The English as an Additional Language (EAL) factor unit values were kept the same as the previous year at £376.5 and £906.6 for Primary and Secondary schools respectively. This resulted in a total budget allocation of £1.758m (£1.719m in 2015/16) and £454k (£427k in 2015/16) for Primary and Secondary schools respectively.
- 3.8 Due to the change in the Primary school prior attainment factor, the total budget and unit cost for this factor are adjusted annually. The overall Primary school budget for this factor, which supports Low Cost, High Incidence SEN students, was increased to £3.862m (£3.784m in 2015/16) to account for the increase in student numbers. The total budget for Secondary schools has reduced to £2.919m for 2016/17 (£3.039m for 2015/16). This resulted in unit values of £840.98 (£931.54 in 2015/16) and £1,627.69 (the same as in 2015/16) for Primary and Secondary schools respectively.
- 3.9 The lump sum factor was kept the same as in 2015/16 at £150k and the split site factor was set at £72k (£68k in 2015/16) to account for the increase in salary costs.

- 3.10 The rates factor was increased by £343k to £1.957m (£1.614m in 2015/16) reflecting the expected cost for 2016/17.
- 3.11 The minimum funding guarantee (MFG) floor was set at -1.5% by the DfE. Due to the overall changes in factors, the requirement for MFG increased from £420k in 2015/16 to £478k in 2016/17.
- 3.12 These figures exclude the 6<sup>th</sup> form funding which still needs to be provided by the EFA and does not form part of the schools funding formula. It also excludes additional resource provision and individual pupil statement funding which forms part of the high needs block and will be reported on separately.
- 3.13 The figures also exclude the bulge class funding which is held centrally and will be paid to schools as part of their monthly advances.
- 3.14 Pupil Premium funding is not included in these figures and estimated figures will be provided separately when schools are informed of their budgets for 2016/17.

#### 4. Early Years Block

- 4.1 The Early Years Block allocation is split into the following areas:

Description	2016/17 £000	2015/16 £000
3 and 4 year old funding- maintained schools	5,794	5,854
3 and 4 year old funding- PVI's	2,722	2,500
2 Year Old Offer	1,607	1,545
Centrally Retained Items	694	679
Contingency	174	413
Pupil Premium	199	199
Transfers between blocks	(68)	(68)
<b>Total Early Years Block</b>	<b>11,122</b>	<b>11,122</b>

- 4.2 Based on the 2015 calendar year pupil counts, the estimated funding relating to 3 and 4 year old children for Merton maintained schools and PVI settings is expected to be £5.794m and £2.722m respectively for 2016/17. These are indicative budgets and the figures will be updated every term following the actual pupil counts. The formula used to allocate this funding is detailed in section 5.
- 4.3 The funding method for two year olds changed in 2015/16. There is no trajectory funding and the pupil led funding is based on participation rather than eligibility. Based on the 2015 calendar year pupil counts, the estimated funding relating to 2 year old children for Merton PVI settings is expected to be £1.607m for 2016/17. The formula used to allocate this funding is detailed in section 3.
- 4.4 The £694k for centrally retained items includes funding for quality and standards, childcare and some enhanced early intervention services.

- 4.5 The contingency has been reduced to £174k for 2016/17. This is because the funding for SEN requirements has now been agreed and will be paid through the funding formula.
- 4.6 The EFA has introduced an Early Years Pupil Premium from 2015/16. The indicative allocation for Merton is £199k. This is paid to settings and schools after each term's headcount at 0.53 pence per hour. Any underspend on EYPP is expected to be clawed back.
- 4.7 The EFA does not take account of transfers between DSG blocks at a local level. These transfers require adjustment year-on-year. For 2016/17 the transfer to the Early Years block is £68k, the same as in 2015/16.

## 5. Early Years Funding Formula Factors

- 5.1 Merton's Early Years Funding Formula uses base rates, SEN support and IDACI as factors to calculate allocations. The table below shows the base rates used in the formula.

Description	2016/17 Rate £	2015/16 Rate £
Schools – Independent	3.71	3.71
Full Day Care	3.97	3.97
Stand alone 15 hour settings	4.17	4.17
Mainstream Schools	3.68	3.68
2 year olds and Childminders	5.4	5.40

- 5.2 IDACI will continue to be used as a measure of deprivation for 2016/17. The unit values remain the same as last year as detailed in the table below.

Description	2016/17 Rate £	2015/16 Rate £
Band 1	0.15	0.15
Band 2	0.20	0.20
Band 3	0.25	0.25
Band 4	0.30	0.30
Band 5	0.35	0.35
Band 6	0.40	0.40

- 5.3 There is no notional SEN allocation given for children needing support prior to statement, so the SEN Support level with the EYSFF addresses this. Funding levels are:
- SEN Support Level 1a (local offer)                      £nil
  - SEN Support Level 1b    £2.50
  - SEN Support Level 1c    £5.26 + 1b
  - EHCP via HNB    As per Merton's EY banding



5.4 SEN funding levels are allocated via the EYSFF. This ceases when the EHCP is issued and funding is allocated in accordance with the EHCP EY banding through the High Needs Block. EHCP are funded on a pro-rata basis and based on actual hours and number of weeks of attendance. This will ensure SEN funding for children is seamless and on a continuum as they progress through each stage.

## 6. High Needs Block

### 6.1 High Needs Block funding

6.1.1 The high needs funding system is designed to support a continuum of provision for pupils and students with Special Educational Needs (SEN), learning difficulties and disabilities, from their early years to age 25.

6.1.2 In 2013/14, high needs funding was moved to a “place plus” basis. This means that base funding (“place funding”) was given to local authorities to distribute to institutions for them to provide such places on an on-going basis. This was supplemented with “top-up funding” which follows individual pupils and students. The top-up funding provided to local authorities includes funding for central services to support these high cost places.

6.1.3 The table on the next page shows how Merton’s High Needs Block funding is allocated.

Description	2016/17 £000	2015/16 £000
Mainstream settings (Individual SEN statements)	3,666	3,666
Special Schools	7,877	7,566
Additional Resource Provision bases	2,671	2,582
Pupil Referral Unit (PRU)	1,788	1,723
Centrally retained High Needs funding for commissioned services	12,851	12,531
Post 16 FE and ISP funding	2,060	2,060
Centrally retained High Needs funding for special schools	242	239
Transfers from other blocks	(4,115)	(3,683)
<b>Total Funding</b>	<b>27,040</b>	<b>26,684</b>

### 6.2 Mainstream settings

6.2.1 Schools are expected to contribute the first £6,000 of additional educational support for High Needs pupils and students. This additional support is for a provision over and above the standard offer of teaching and learning for all pupils or students in a setting. Pre-16, schools and Academies will continue to receive a clearly identified notional SEN budget from which to make this contribution. Merton will provide this budget for maintained schools while the EFA will provide it for Academies. The notional SEN will comprise three elements as detailed below.

Formula factor	2015/16
Age Weighted Pupil Allowance (AWPU)	2.5%
Deprivation (Free School Meals & IDACI)	10%
Low cost, high incidence SEN (Low Attainment)	100%

- 6.2.2 The notional SEN budget should be used to support pupils with low cost, high incidence SEN as well as the first £6,000 support for pupils with statements. This includes provision for Action and Action plus students as classified under the previous funding arrangements.
- 6.2.3 The notional allocation is only a guide and schools are expected to set their budgets in such a way to meet the needs of all their pupils, including those with additional needs, within the resources they receive.
- 6.2.4 Where schools have a high number of SEN students, the allocation to support these pupils through the schools formula might not be sufficient. Funding will be set aside in the High Needs Block to support such schools. If more than 2.5% of a school's NOR are pupils with statements, the excess percentage will be multiplied by the school's NOR and multiplied by £6,000 to calculate additional support for the school.

#### Example

9 pupils as a percentage of 186	4.84%
Less 2.5% threshold	2.34%
186 x 2.34%	4.35 pupils
4.35 pupils x £6,000	£26,100

In 2016/17 £322k will be allocated to schools through this mechanism.

- 6.2.5 The NOR will be based on the October count and the numbers of SEN statements will be based on the numbers as per the October SEN statement payment to schools. The number of statements used will exclude pupils funded in special units.
- 6.2.6 Merton's statement funding will remain at the same levels as in 2015/16 and is detailed in the table below.

Band	Reception onwards		2, 3 and 4 year olds	
	2016/17	2015/16	2016/17	2015/16
Band 1	Part of £6,000 notional SEN funding	Part of £6,000 notional SEN funding	Part of SEN support funding	Part of SEN support funding
Band 2	£5,691	£5,691	£5,846	£5,846
Band 3	£7,826	£7,826	£6,913	£6,913
Band 4	£9,961	£9,961	£7,981	£7,981
Band 5	£12,096	£12,096	£9,048	£9,048

### **6.3 Special Schools**

- 6.3.1 Specialist SEN and LDD schools will continue to receive a base level of funding on the basis of an agreed number of planned places at £10,000 per place. Top-up funding above this level will be the same as in 2015/16.
- 6.3.2 Due to the increase in pupil numbers at special schools by 12 to 359, the HNB funding will be increased by £310k to cover the cost pressure of supporting these additional children.
- 6.3.3 The total for specialist SEN and LDD settings includes the school budgets for Cricket Green, Perseid, and Melrose special schools.

### **6.4 Additional Resource Provision bases**

- 6.4.1 Places in special units and resourced provision will attract a base level of funding of £10,000 per place as well as top-up funding. Where the numbers in the base have stayed the same, we have kept the top-up funding at the same rate as 2015/16. Where numbers have increased/decreased, top-up funding has been adjusted as additional funding was added to the base totals equal to band 5 (£12,096) of statement funding as agreed by the SEN manager.
- 6.4.2 There are currently nine ARP bases in Merton. We started funding the ninth base in 2015/16 at Hatfeild primary school. In order to fund the full year provision the overall ARP budget will be increased by £89k to £2.671m.

### **6.5 Pupil Referral Unit (SMART Centre)**

- 6.5.1 The PRU will receive a base level of funding of £10,000 per place. Top-up funding above this level is set at £6,478 which is the same as last year.
- 6.5.2 Due to the increase in pupil numbers by 4 to 109, the HNB funding will be increased by £65k to cover the cost pressure of supporting these additional children.
- 6.5.3 Mainstream schools and Academies have important commissioning responsibilities with regard to pupils of compulsory school age who are placed in Alternative Provision for the purpose of early intervention or as a result of fixed-term exclusion. In such instances, under the new funding arrangements, mainstream schools and Academies will be responsible for paying top-up funding to the AP settings in which they place pupils.
- 6.5.4 Alternative education and medical service provision are also delivered through the SMART Centre.
- 6.5.5 The exclusion process currently involves a deduction of AWPU against a national criteria and a local agreement to pay £3,000 per excluded pupil and receive £3,000 for a re-integrated pupil. This agreement is between all secondary maintained schools and academies and will continue in 2016/17.

## 6.6 Centrally retained funding for commissioned services

6.6.1 These services are retained centrally by the Local Authority to deliver direct services or procure services from external providers to ensure the most economic use of resources. The table below details these services.

Description	2016/17 £000	2015/16 £000
Non-Delegated Statements	8,921	8,676
Cost of Merton pupils in other LA maintained schools	2,069	2,069
Cost of other LA children in Merton maintained schools	(1,159)	(1,159)
Language and Learning therapy	635	579
Sensory Team	376	371
Virtual School	361	356
SSQ Core Offer	350	346
Behaviour Support	206	209
SEN referral & early help 0-25 team	206	203
Education welfare	163	160
Social Inclusion	142	140
Therapy in Special schools	112	112
Vulnerable Children's Education	110	97
Merton Autism Outreach Service (MAOS)	100	100
Portage	62	62
SEN support	56	56
Independent hospital provision	50	50
Education support for Looked After Children	50	50
Education psychology	41	22
Sports partnership	0	32
<b>Total Cost</b>	<b>12,851</b>	<b>12,531</b>

6.6.2 The £356k growth received on the HNB is not sufficient to cover the cost pressures. For 2016/17 the increase was used to cover the additional speech and language therapist as outlined in the consultation document as well as increasing the non-delegated statement budgets to address the expected cost pressure on Independent Day school provision.

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

6.7.1 The funding in this area relates to high level SEN or LDD cost for young people aged over 16 in FE colleges and ISPs. The responsibility for these payments transferred to Local Authorities in September 2013.

## 6.8 Centrally retained funding for special schools

6.8.1 This includes the funding for centrally provided services for the special schools, similar to de-delegated budgets held for the maintained primary and secondary schools. It also includes £207k for prudential borrowing that the Schools Forum agreed at their meeting on 15th October 2007.

## 6.9 Transfers from other blocks

6.9.1 The EFA does not take account of transfers between DSG blocks at a local level. These transfers will therefore require adjustment year-on-year. For 2016-17 the transfer to the high needs block is summarised in the table below.

Description	Schools £000	Early Years £000	High Needs £000
Adjustments agreed in previous years	(3,751)	68	3,683
Funding increase in special school and PRU numbers from schools block	(375)		375
Increase in ARPs (full year effect)	(89)		89
Transfer of sports partnership funding from HNB to MEP	32		(32)
<b>Net Transfer</b>	<b>(4,183)</b>	<b>68</b>	<b>4,115</b>

## 7. Schools general

7.1 On 31 March 2015 Merton held balances for 50 schools to the value of £7.473m. Of the 50 schools, 3 had deficit balances with a total value of £200k. The other 47 schools had balances ranging from £7k to £1.258m.

7.2 For 2015/16, 4 schools submitted deficit balances and the Local Authority is working closely with these schools to review their progress. We are anticipating that 5 to 6 schools will again request deficit budgets for 2016/17, and we will require deficit recovery plans to accompany these requests.

## CAPITAL STRATEGY 2016/20

### 1 Introduction

1.1 Merton's Capital Strategy for 2016-20 has been aligned and integrated with the Business Plan for the period 2016-20. The Business Plan sets out how the Authority's objectives have been shaped by Merton Partnership in the Community Plan. The Community Plan sets out the overall vision and strategic direction of Merton which are embodied into five strategic themes:-

- Children's Trusts;
- Health and Wellbeing Board;
- Safer and Stronger Communities;
- Sustainable Communities and Transport;
- Corporate Capacity

1.2 Merton Partnership works towards improving the outcomes for people who work, live and learn in the borough and, in particular, to 'bridge the gap' between the eastern and western wards in the borough.

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

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

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

1.4 Merton's scrutiny function reflects the five strategic themes above and the themes have been incorporated into the bidding process for capital funding to ensure that scarce financial resources are targeted towards strategic objectives.

## **2 Planning Infrastructure**

### **2.1 Business Plan 2016-2020**

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

### **2.2 Target Operating Models (TOMs)**

2.2.1 TOMs, or Target Operating Models are a series of strategy documents that set out how the organisation will respond to and manage change over the coming months and years. TOMs have been produced for Service Areas or Departments throughout the Council.

2.2.2 A TOM is a statement of how an organisation will deliver its services within a certain structure as a future point in time, TOMs are living documents and will change as the organisation develops. There are a number of elements to a TOM, for Merton these are – Customer Segments, Channels, Services, Organisation, Processes, Information, Technology, Physical Location and People

2.2.3 Developing a TOM is about planning and preparing for change and improvement in a given service. Delivering contexts change and opportunities for improvement are always available, so taking the time to prepare/refresh a TOM allows those within a service to consider its many facets and dependencies and determine how these will change over the coming years. Having an ambitious vision for what the future looks like for the service (which is what a TOM provides), ensures that improvement activity will be more disciplined and controlled and therefore more likely to succeed.

### **2.3 Service Plans**

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

2.3.2 This Capital Strategy is a fundamental component of our approach since it reflects our strategic priorities across the council and endeavours to maximise the contribution of the council's limited capital resources to achieving our vision. We will work closely with residents, community organisations and businesses to focus our resources and those of our partners effectively. The strategy also sets out the management arrangements for allocating resources to individual schemes, establishing funding for projects, monitoring progress, managing performance and ensuring that scarce capital resources are allocated efficiently.

### **3 Accounting Definitions and Practices**

3.1 The council's approach to Capital Accounting follows the Code of Practice on Local Authority Accounting, which itself is based on the International Financial Reporting Standards (IFRS) and guidance issued by CIPFA and professional accounting networks.

3.2 As in previous years, there has been continual review of the Capital Programme to ensure that expenditure meets the strict definition and to identify any items which would be more appropriate to be charged to revenue. This has not resulted in any major changes to the future programme.

3.3 The de-minimis of capital expenditure for the authority is set at £10,000 per project. This applies to all schemes within our capital programme, however in exceptional circumstances thresholds below this may be considered where specific items of expenditure are below this de-minimis level but meet proper accounting definitions of capital expenditure.

3.4 Individual schools may choose to adopt the above de-minimis limit or use the limit of £2,000 as mentioned in some Department for Education and HMRC guidance for various types of school.

## **4 Corporate and strategic capital expenditure appraisal planning and control**

### **4.1 Capital Programme Board**

4.1.1 Merton's Capital Strategy is coordinated by the Capital Programme Board. The board, which is effectively a sub-group of the Corporate Management Team (CMT). The composition of the Board and its Terms of Reference have been reviewed in 2015/16. The revisions are designed to make the board more strategic and improve communication flows throughout the organisation. The Board now comprises the Directors of Corporate and Environmental Services with selected Level 2 managers from each service department.



#### 4.1.2 The Terms of Reference of the Board are:

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

#### 4.1.3 The role of the Board is to:

- Set framework and guidelines for capital bids;
- Draft the capital programme for consideration by CMT and Cabinet;
- Review capital bids and prioritise in accordance with the Council's strategic objectives;
- Identify and allocate capital funds;
- Monitor progress of capital programmes/projects and key variances between plans and performance;

- Monitor budgets of capital programmes/projects against forecasts;
- Monitor benefits and ensure they are realised. Monitor capital receipts
- Develop and share good practice

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

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

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

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

## **4.2 Capital Programme Approval and Amendment**

4.2.1 The Capital Programme is approved by Council each year. Any change which substantially alters the programme (and therefore the Prudential Indicators) requires full council approval. Rules for changes to the Capital Programme are detailed in the Council's Constitution Financial Regulations and Financial Procedures and the key points are summarised here.

4.2.2 For virements which do not substantially alter the programme the below approval limits apply:

- Virements up to £5k can be signed off by the budget manager, the Chief Financial Officer (CFO) is informed of these changes as part of the monthly financial monitoring
- Virements £5k up to £100k must be approved by the Chief Officer of the area or areas affected along with the Chief Financial Officer, typically this will be as part of the monthly financial monitoring report to CMT however approval can be sought from these officers at any time if necessary
- Virements £100k and upwards go to Cabinet
- Any virement which diverts resources from a scheme not started, resulting in a delay to that scheme, will be reported to Cabinet

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

4.2.3 For increases to the programme for existing schemes up to £100,000 must be approved by the Director of Corporate Services. Increases above this threshold must be approved by Cabinet. In accordance with the Prudential Code if the increase in the Capital Programme will substantially change prudential indicators it must be approved by Council.

4.2.4 For new schemes, the source of funding and any other financial or non-financial impacts must be reported and the limits below apply:

- Budgets of up to £50k can be approved by the Chief Financial Officer in consultation with the relevant Chief Officer
- Budgets of £50k up £500k will be submitted to Cabinet for approval
- Budgets over £500k will be submitted to full Council for approval

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

### **4.3 Capital Monitoring**

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

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

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

#### **4.4 Risk Management**

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

### **5 Revenue budget implications of capital investment**

#### **5.1 Revenue cost or savings**

- 5.1.1 The draft council recognises that the prudential framework provides the council with flexibility, subject to the constraints of the council's revenue budget. This flexible ability to borrow, either from internal cash resources or by external borrowing, coupled with the revised treatment of finance leases with effect from 1 April 2010, means that prudential borrowing is used for the acquisition of equipment, where it is prudent, affordable and sustainable. In 2012/13, 2013/14, 2014/15 and 2015/16, it was possible to borrow from internal cash resources rather than external borrowing and it is forecast that this will continue to be the case alongside the use of capital receipts within the current planning period (up to 2019/20). This will be kept under review as part of general Treasury Management.
- 5.1.2 The revenue effects of the capital programme are from capital financing charges and from additional revenue costs such as annual maintenance charges. The capital financing charges are made up of interest payable on loans to finance the expenditure and of principal repayments on those loans. The principal repayments commence in the year after the expenditure is incurred and are calculated by the application of the statutory Minimum Revenue Provision. The interest commences immediately the expenditure is incurred. The revenue effects of the capital programme are fully taken account of in the MTFs, with appropriate adjustments for slippage, timing of capital payments and the use of internal investment funds.

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

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
MRP	6,948	6,802	6,660	7,262
Interest	6,696	6,296	6,136	6,316
<b>Capital financing costs</b>	<b>13,644</b>	<b>13,098</b>	<b>12,796</b>	<b>13,578</b>
Investment Income	(739)	(727)	(596)	(487)
<b>Net</b>	<b>12,905</b>	<b>12,370</b>	<b>12,200</b>	<b>13,091</b>

## 6 Capital resources 2016-20

### 6.1 Variety of sources

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

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

### 6.2 Annual Minimum Revenue Provision (MRP) Statement

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

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

## 7 Asset management review

### 7.1 Capital receipts

7.1.1 Capital receipts generated from the disposal of surplus and under-utilised land and property are a major source of funding and the potential available capital resources are under constant review and revision. The forecast of capital receipts included in this report are primarily based on the Corporate Asset Management Plan 2011-15 (currently being updated), from which is derived a multi-year forecast of planned land and property disposals. In addition, after the transfer of the housing stock to Merton Priory Homes, the council continues to receive a share of the receipts from Right to Buy applications and through future sharing arrangements, receipts from the sales of void properties, sales of development land and VAT saving on expenditure on stock enhancements.

## 7.2 Property as a corporate resource

7.2.1 The council treats its property as a corporate resource, oriented towards achieving its overall goals, underpinned by:

- Clear links to financial plans and budgets.
- Effective arrangements for cross-service working.
- Champions at senior officer and member level.
- Significant scrutiny by councilors.

7.2.2 It ensures that its properties are fit for purpose by making proper provision and action for maintenance and repair. The organisation makes investment and disposal decisions based on thorough option appraisal. The capital programme gives priority to potential capital projects based on a formal objective approval process.

7.2.3 Whole life project costing was used at the design stage for significant projects where appropriate, incorporating future periodic capital replacement costs, projected maintenance and decommissioning costs.

7.2.4 Whole life costing of significant projects, which span more than one year, also forms part of the regular monitoring reports.

7.2.5 The Asset Management Plan is being reviewed and will include greater emphasis on the use of the Council's property assets to support the Council's Transformation Programme, regeneration and increased income/revenue generation.

7.2.6 A new IT system for asset accounting has been brought into use and the possibility of this system being used for more widespread asset management will be explored.

## 8 Summary of estimated disposals 2016-2020

8.1.1 New draft guidance has been issued from the DCLG on the flexible use of capital receipts which comes into effect from 1 April 2016. This gives local authorities flexibility to spend capital receipts (excluding Right to Buy receipts) from planned new asset sales on the revenue costs of reform projects, subject to the condition that the projects generate on going revenue savings e.g. transforming service delivery to reduce costs or to improve the quality of service delivery in future years. Below is a plan of activities to which the new treatment of capital receipts could be applied:

- To fund one off severance costs and other reconfiguration costs of reconfiguration that will save resources.
- Investment in the revenue costs of IT based change programmes that reduce service spending.
- Funding the development costs of shared services.
- Financing common approaches for procurement across neighbouring authorities.

- Setting alternative delivery models e.g. housing companies to generate income.

Any strategy to utilise new capital receipts above that applied to fund the capital programme, will under this new treatment, require full council approval.

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

<b><u>Anticipated Capital Receipts</u></b>	<b><u>2016/17</u></b>	<b><u>2017/18</u></b>	<b><u>2018/19</u></b>	<b><u>2019/20</u></b>
	<b><u>£000s</u></b>	<b><u>£000s</u></b>	<b><u>£000s</u></b>	<b><u>£000s</u></b>
Sale of Assets	0	0	0	0
Right to buy/VAT Shelter	1,800	1,200	900	900
<b>Total</b>	<b>1,800</b>	<b>1,200</b>	<b>900</b>	<b>900</b>

As there is currently not a need to enter into external borrowing, investment balances will rise with the addition of capital receipts. Average expected interest rates on investments across the years of the capital programme are approximately 1%, as such an increase in receipts of £1m would be expected to generate a £10,000 increase in interest in a full year.

The table below shows the funding of the capital programme utilising capital receipts, capital grants and contributions, capital reserves and revenue provisions.

<b>Capital Expenditure</b>	<b>2015/16 Estimate £'000</b>	<b>2016/17 Estimate £'000</b>	<b>2017/18 Estimate £'000</b>	<b>2018/19 Estimate £'000</b>	<b>2019/20 Estimate £'000</b>
Capital Expenditure	<b>37,184</b>	<b>39,296</b>	<b>38,743</b>	<b>32,070</b>	<b>12,307</b>
Slippage*	<b>(1,860)</b>	<b>(3,811)</b>	1,229	2,399	1,325
Total Capital Expenditure	35,324	35,485	39,972	34,469	13,632
<b>Financed by:</b>					
Capital Receipts	14,654	22,699	3,034	900	900
Capital Grants & Contributions	19,097	10,925	9,751	9,108	4,971
Capital Reserves	-	-	-	-	-
Revenue Provisions	1,574	1,635	5,786	20	2
Other Financing Sources	-	-	-	-	-
<b>Net financing need for the year</b>	<b>0</b>	<b>226</b>	<b>21,401</b>	<b>24,441</b>	<b>7,759</b>

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

## 8.2 Debt repayment

8.2.1 The council has had a strategy to reduce its level of debt when opportunity arises in the market. The average interest payable on outstanding debt is 5.72%. For the period 2016-20, capital receipts may continue to be used to pay the premiums on the repayment of those authority debts which have high fixed interest charges, if the terms offered will result in appropriate revenue savings. Any decision to repay debt early will be considered alongside the



funding however, this is unlikely to be the case in the short to medium term requirement of the programme.

## 9 Grant Funding Capital Resources

### 9.1 Environmental and Regeneration

	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s
Transport for London LIP (earmarked) Capital	2,755	2,765	3,865	TBA
<b>Total: E&amp;R</b>	<b>2,755</b>	<b>2,765</b>	<b>3,865</b>	<b>TBA</b>

TBA – To Be Advised

### 9.2 Children, Schools and Families

CSF	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s
Maintenance (non-ringfenced)	TBA	TBA	TBA	TBA
Basic Need (non-ringfenced)	4,448	6,063	TBA	TBA
<b>Total Grant Funding</b>	<b>4,448</b>	<b>6,063</b>	<b>TBA</b>	<b>TBA</b>
Devolved Formula Capital (Earmarked)	TBA	TBA	TBA	TBA
<b>TOTAL: CS&amp;F</b>	<b>4,448</b>	<b>6,063</b>	<b>TBA</b>	<b>TBA</b>
Balance added for outstanding grant allocations - CSF	552	437	5,000	4,955

TBA – To Be Advised

Note: Basic Need has been announced up to 2017/18 and the Capital Maintenance allocation has not been announced for 2016/17.

### 9.3 Community and Housing

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
<b>Better Care Fund – Minimum Allocation for Disabled Facilities Grant)</b>	TBA	TBA	TBA	TBA
<b>Social Care Capital</b>	TBA	TBA	TBA	TBA
<b>Total C&amp;H</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>

The Adult Social Care Grant is to be part of a pooled budget with the Merton Clinical Commissioning Group, no decisions have been made as yet as to how this will be utilised

## 9.4 Summary of Grant Funding 2016-2020

9.4.1 The new resources notified to date are summarised in the following table. It is expected that there will be additional earmarked resources notified during the financial year 2016/17:-

<b>Grant Funding</b>	<b>2016/17 £0</b>	<b>2017/18 £0</b>	<b>2018/19 £0</b>	<b>2019/20 £0</b>
Environment and Regeneration	2,755	2,765	3,865	TBA
Children, Schools and Families	4,448	6,063	TBA	TBA
Community and Housing	TBA	TBA	TBA	TBA
<b>Total Grant Funding</b>	<b>7,203</b>	<b>8,828</b>	<b>3,865</b>	<b>TBA</b>
Balance added for outstanding grant allocations - CSF	552	437	5,000	4,955

## 10 Summary of Total Resources 2016-20:

### 10.1 Summary

10.1.1 The total anticipated resources over the plan period 2016-20, including existing grant funding and anticipated CS&F grants, is summarised in the following table:-

	<b>2016/17 £000s</b>	<b>2017/18 £000s</b>	<b>2018/19 £000s</b>	<b>2019/20 £000s</b>
Grant & Contributions	10,925	9,751	9,108	4,971
Council Funding	24,560	30,221	25,361	8,661
<b>Total</b>	<b>35,485</b>	<b>39,972</b>	<b>34,469</b>	<b>13,632</b>

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

10.1.3 The Table below summarises the Indicative Capital Programme for 2020 to 2025. Additional detail is provided as Annex 5:

**Indicative Capital Programme 2020 to 2025**

<b>Merton</b>	<b>Updated Budget 20/21 £000s</b>	<b>Updated Budget 21/22 £000s</b>	<b>Updated Budget 22/23 £000s</b>	<b>Updated Budget 23/24 £000s</b>	<b>Updated Budget 24/25 £000s</b>
Corporate Services	3,235	6,312	1,935	1,965	2,817
Community and Housing	630	280	280	280	280
Children, Schools & Families	6,650	4,658	650	755	650
Environment & Regeneration	4,217	4,252	4,217	4,217	4,277
<b>Total Merton</b>	<b>14,732</b>	<b>15,502</b>	<b>7,082</b>	<b>7,217</b>	<b>8,024</b>

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

10.1.4 For every £1 million capital expenditure that is funded by external borrowing it is estimated that there will be annual revenue debt charges of between £242,000 for assets with a life of 5 years to £62,000 for an asset life of 50 years.

## **11 Capital Bids and Prioritisation Criteria**

### **11.1 Prioritisation of schemes 2019/20**

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

The prioritisation criteria used in respect of growth were 'Statutory', Need (demand and / or priority), attracts match funding and revenue impact (including invest to save). Due to officers' awareness of the need to restrain the capital programme to affordable levels, the reduction put forward over the period 2016-20, on the basis of these criteria by the board to cabinet was £13.4 million 2016-20 (excluding TfL).

## **12 Detailed Capital Programme 2016-20**

### **12.1 Corporate Services**

This department is responsible for the administration of finance and staff, together with the corporate buildings including IT and utility services. Its main capital expenditure is on IT software and hardware, and on improvements to buildings. It is nearing the end of a major project for the restacking of offices in the Civic Centre to enable the economic concentration of staff and services on the borough's main civic site and the biggest remaining component of this is the replacement of the Civic Centre lifts. There are also budgets held centrally under Corporate Services to ensure funds are available to take up opportunities arising in the local property market, to leverage match funding or to enable transformation of services. Annex 1 provides the overall scheme level for approval and Annex 3 provides a detailed breakdown of projects.

## 12.2 Children, Schools and Families

This department's main capital focus is the need for increased provision for pupils, with the major spend shifting from primary to secondary in 2016/17. The provision in the 2016-20 programme has been revised to that shown in the table below:

<b>Children, Schools &amp; Families</b>	Updated Budget 16/17 £000s	Updated Budget 17/18 £000s	Updated Budget 18/19 £000s	Updated Budget 19/20 £000s
<b>Primary School Expansions</b>	4,102	0	0	0
<b>Secondary School Expansions</b>	7,945	14,230	8,690	4,200
<b>SEN</b>	1,095	4,844	3,650	0
<b>Other</b>	856	754	650	755
<b>Children, Schools &amp; Families</b>	<b>13,998</b>	<b>19,828</b>	<b>12,990</b>	<b>4,955</b>

Annex 4 provides detail of the movement in the programme from that currently approved. This is the most significant item in the council's capital programme and as such is set out in detail below:

### **CSF capital programme 2016-20**

The requirement to provide sufficient school places is a key statutory requirement. The government provides capital grant to meet some of this need, but there is a significant shortfall for the council to fund primary school places

The capital programme in 2016/17 provides the finance to complete the expansions of Dundonald and Singlegate Primary Schools. This will complete a primary school expansion programme over eight years that is providing an additional 4,410 places (21 additional forms of entry since 2007/08).

Following the latest demographic information and admissions data, no further primary school expansions are planned or funded in the capital programme.

### **Secondary school places**

The significant increase in demand for school places reached the secondary phase from September 2015, with significant increases at secondary age transfer up to 2018/19 that will flow into all secondary age groups.

However, it is expected the extra demand for places can be met through existing accommodation for the first two years. School expansion and a new school will be required to provide sufficient places thereafter so significant budget is proposed for this from 2016-17.

The capital programme for 2016/20 includes £34.6 million for expansions in the borough's existing secondary schools and the first phase of a new secondary school. However, the council is working with the Education Funding Agency to ensure that significant funding for the new 'Harris Wimbledon' school is provided by central government.

Due to the difficulty of accurately forecasting the specific level of pupil transfer from the last year of primary school to secondary school the level of secondary school expansion required will be subject to regular reviews over the capital programme period. There is therefore uncertainty over the size, timing and cost of the secondary expansion, this includes a lack of clarity regarding government funding.

### **Special school places**

The increase in demand for special school provision is proportionally greater for special schools than mainstream schools, though the numbers involved are significantly smaller. Capital funding is provided in the 2016/20 programme for expansion, including ensuring the numbers in the Perseid upper school will match the lower school. Further decisions on specific expansion schemes for special school provision are subject to review.

### **Other schemes**

With regard to other capital schemes, £650,000 per annum is provided for schools this will be limited to urgent health and safety related needs, with the council expecting schools to fund all works below £20,000.

## 12.3 Environment and Regeneration

This department provides a co-ordinated approach to managing the public realm (all borough areas to which the public has access), as well as the regeneration of our town centres and neighbourhoods.

The individual projects for this department are all listed in Annex 3. Other than the grant funded Transport for London scheme for the upgrade of principal roads, the departments main schemes relate to 15 main areas:

<b>Environment &amp; Regeneration</b>	<b>Updated Budget 16/17 £000s</b>	<b>Updated Budget 17/18 £000s</b>	<b>Updated Budget 18/19 £000s</b>	<b>Updated Budget 19/20 £000s</b>
Footways Planned Works	1,000	1,000	1,000	1,000
Greenspaces	486	250	350	385
Highways General Planned Works	419	419	422	427
Highways Planned Road Works	1,500	1,500	1,500	1,250
Leisure Centres	5,431	5,228	2,047	300
Other E&R	45	0	0	0
On and Off Street Parking	35	0	0	0
Regeneration Partnerships	2,656	1,370	2,000	0
Street Lighting	462	290	509	290
Street Scene	60	60	60	60
Transport for London	1,755	1,844	1,864	0
Traffic and Parking Management	1,201	156	175	175
Transport and Plant	562	500	5,500	350
Waste Operations	46	46	46	40
<b>Environment &amp; Regeneration</b>	<b>15,658</b>	<b>12,664</b>	<b>15,474</b>	<b>4,277</b>

### 12.3.1 Highways Planned Road Works and Footways Planned Works

These works are based on annual condition surveys of the whole of the borough. As a result, items are prioritised and drawn up in programmes of works. These programmes may be amended as circumstances alter.

### 12.3.2 Highways General Planned Works

An indicative list of the major works to be done under this budgeted scheme is as follows:

Leisure Centres	Updated Budget 16/17 £000s	Updated Budget 17/18 £000s	Updated Budget 18/19 £000s	Updated Budget 19/20 £000s
Surface Water Drainage	69	69	72	77
Highways bridges & structures	260	260	260	260
Maintain AntiSkid and Coloured	90	90	90	90
<b>Total Highways General Planned Works</b>	<b>419</b>	<b>419</b>	<b>422</b>	<b>427</b>

### 12.3.3 Leisure

The major works relate to the authority's three Leisure Centres. The first scheme is for general improvements to the three Leisure Centres. The second scheme, Morden Park Pools, is a major investment for the council, with the replacement of the current centre with a new facility.

Leisure Centres	Updated Budget 16/17 £000s	Updated Budget 17/18 £000s	Updated Budget 18/19 £000s	Updated Budget 19/20 £000s
Leisure Centre Plant & Machine	300	300	300	300
Morden Leisure Centre	5,131	4,928	247	0
Wimbledon Park Lake De-Silting	0	0	1,500	0
<b>Total Leisure Centres</b>	<b>5,431</b>	<b>5,228</b>	<b>2,047</b>	<b>300</b>

### 12.3.4 Future Merton

Regeneration is a major part of the council's strategy. A vision for Morden town centre is being developed and Mitcham town centre will be sustainably developed. The main areas of expenditure over the Capital Programme period will be those below.

Environment and Regeneration	Updated Budget 16/17 £000s	Updated Budget 17/18 £000s	Updated Budget 18/19 £000s	Updated Budget 19/20 £000s
<b>Regeneration Partnerships</b>				
Industrial Estate Investment	0	450	0	0
Mitcham Major schemes - TfL	1,000	700	0	0
S106 Wim roadway CA	46			
Town Centre Investment	1,037	0	0	0
Morden shopping parades	518	0	0	0
Brighter Business	55	0	0	0
Morden - TfL	0	220	2,000	0
<b>Total Regeneration Partnerships</b>	<b>2,656</b>	<b>1,370</b>	<b>2,000</b>	<b>0</b>



## 12.4 Community and Housing

12.4.1 This department aims to provide residents with the chance to live independent and fulfilling lives, in suitable homes within sustainable communities, with chances to learn, use information, and acquire new skills.

The departmental Capital Programme for 2016/20 comprises:

Community and Housing	Updated Budget 16/17 £000s	Updated Budget 17/18 £000s	Updated Budget 18/19 £000s	Updated Budget 19/20 £000s
<b>Adult Social Care</b>				
CareFirst report Development	14			
Excel Add-Ins	3			
Captive E-Learning CareFirst	8			
Adult Social care Collections	10			
Telehealth	44	0	0	0
<b>Total Adult Social Care</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Housing</b>				
191-193 Western Road	115	0	0	0
Western Road	760	0	0	0
Disabled Facilities Grant	840	755	629	280
Small Repairs Grant	0	0	0	0
<b>Total Housing</b>	<b>1,715</b>	<b>755</b>	<b>629</b>	<b>280</b>
<b>Libraries</b>				
Colliers Wood Library Re-Fit	200	0	0	0
West Barnes Library Re-Fit	0	200	0	0
Library Management System	0	100	0	0
Library Self Service	80	0	0	0
<b>Total Libraries</b>	<b>280</b>	<b>300</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>2,074</b>	<b>1,055</b>	<b>629</b>	<b>280</b>

## 12.5 Overall Programme

12.5.1 The approved Capital Programme for 2016/20 follows at Annex 1, Annex 3 provides an additional breakdown detail of the approved schemes. The summary is as follows:

<b>Merton</b>	<b>Updated Budget 16/17</b>	<b>Updated Budget 17/18</b>	<b>Updated Budget 18/19</b>	<b>Updated Budget 19/20</b>
Corporate Services	7,565,460	5,196,000	2,977,000	2,795,000
Community and Housing	2,074,100	1,055,000	628,900	280,000
Children, Schools & Families	13,998,230	19,828,860	12,989,950	4,955,000
Environment & Regeneration	15,658,050	12,663,520	15,473,700	4,277,000
<b>Total Merton</b>	<b>39,295,840</b>	<b>38,743,380</b>	<b>32,069,550</b>	<b>12,307,000</b>

12.5.2 The funding details for the programme follow at Annex 2

12.5.3 Within the funding details the authority has anticipated some slippage for schemes that require a consultation process or a planning application or where the implementation timetable is not certain. The slippage anticipated reduces the spend in the year it is budgeted but increases the spend in the following year when it is incurred. When slippage from 2015/16 is approved, the 2016/17 Capital Programme will be adjusted accordingly.

- 12.5.4 Annex 1      Capital Investment Programme - Schemes for Approval  
 Annex 2      Funding the Capital Programme 2016-20  
 Annex 3      Detailed Capital Programme 2016-20  
 Annex 4      Analysis of Growth/(Reduction) from current approved programme  
 Annex 5      Indicative Capital Programme 2020-25

**CAPITAL INVESTMENT PROGRAMME - SCHEMES FOR APPROVAL - ANNEX 1**

<b>Merton</b>	<b>Updated Budget 16/17</b>	<b>Updated Budget 17/18</b>	<b>Updated Budget 18/19</b>	<b>Updated Budget 19/20</b>
Corporate Services	7,565,460	5,196,000	2,977,000	2,795,000
Community and Housing	2,074,100	1,055,000	628,900	280,000
Children, Schools & Families	13,998,230	19,828,860	12,989,950	4,955,000
Environment & Regeneration	15,658,050	12,663,520	15,473,700	4,277,000
<b>Total Merton</b>	<b>39,295,840</b>	<b>38,743,380</b>	<b>32,069,550</b>	<b>12,307,000</b>

<b>Merton</b>	<b>Updated Budget 16/17</b>	<b>Updated Budget 17/18</b>	<b>Updated Budget 18/19</b>	<b>Updated Budget 19/20</b>
Total Corporate Budgets	982,000	0	0	0
Total Business Improvement	2,227,190	175,000	442,000	190,000
Total Resources	215,000	0	0	0
Total Information Technology	1,525,000	2,021,000	785,000	1,230,000
Total Facilities Management	2,616,270	3,000,000	1,750,000	1,375,000
<b>Total Corporate Services</b>	<b>7,565,460</b>	<b>5,196,000</b>	<b>2,977,000</b>	<b>2,795,000</b>
<b>Community and Housing</b>				
Adult Social Care	79,100	0	0	0
Housing				
Western Road	875,000	0	0	0
Disabled Facilities	840,000	755,000	628,900	280,000
Libraries	280,000	300,000	0	0
<b>Total Community and Housing</b>	<b>2,074,100</b>	<b>1,055,000</b>	<b>628,900</b>	<b>280,000</b>
<b>Children, Schools and Families</b>				
Primary School Expansions	4,101,720	0	0	0
Secondary School Expansions	7,945,200	14,230,050	8,689,950	4,200,000
SEN	1,095,320	4,844,360	3,650,000	0
Other	855,990	754,450	650,000	755,000
<b>Children, Schools &amp; Families</b>	<b>13,998,230</b>	<b>19,828,860</b>	<b>12,989,950</b>	<b>4,955,000</b>

**CAPITAL INVESTMENT PROGRAMME - SCHEMES FOR APPROVAL - ANNEX 1 Continued.....**

	<b>Updated Budget 16/17</b>	<b>Updated Budget 17/18</b>	<b>Updated Budget 18/19</b>	<b>Updated Budget 19/20</b>
<b>Environment &amp; Regeneration</b>				
Footways Planned Works	1,000,000	1,000,000	1,000,000	1,000,000
Greenspaces	486,200	250,000	350,000	385,000
Highways General Planned Works	419,000	419,000	422,000	427,000
Highways Planned Road Works	1,500,000	1,500,000	1,500,000	1,250,000
Leisure Centres	5,430,970	5,228,220	2,047,400	300,000
Other E&R	45,000	0	0	0
On and Off Street Parking	35,000	0	0	0
Regeneration Partnerships	2,656,480	1,370,000	2,000,000	0
Street Lighting	462,000	290,000	509,000	290,000
Street Scene	60,000	60,000	60,000	60,000
Transport for London	1,754,800	1,844,800	1,864,800	0
Traffic and Parking Management	1,201,500	156,000	175,000	175,000
Transport and Plant	561,600	500,000	5,500,000	350,000
Waste Operations	45,500	45,500	45,500	40,000
<b>Environment &amp; Regeneration</b>	<b>15,658,050</b>	<b>12,663,520</b>	<b>15,473,700</b>	<b>4,277,000</b>

**Please Note**

- 1) At present the programme contains no provision for the transport implementation costs of the South London Partnership.
- 2) Excludes expenditure budgets relating to Disabled Facilities Grant from 17/18 as grant funding has not been announced. An estimated £528,000 has been added to 16/17 this will be adjusted when funding is announced.
- 3) Excludes expenditure budgets relating to Transport for London Grant from 19/20 as grant funding has not been announced.
- 4) Excludes expenditure budgets relating to Devolved Formula Capital for schools from 2016/17 as grant funding has not been announced.
- 5) Figures show the anticipated net cost of the provision of a new secondary school

**FUNDING THE CAPITAL PROGRAMME 2015-20****ANNEX 2**

Merton	Capital Programme £000s	Funded by Merton £000s	Funded by grant and capital contributions £000s
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<b>2015/16 Current Budget</b>	29,912	10,674	19,237
Potential Slippage b/f	7,272	6,348	924
<b>2015/16 Revised Budget</b>	37,184	17,022	20,161
Potential Slippage c/f	(1,859)	(795)	(1,064)
<b>Total Spend 2015/16</b>	35,324	16,227	19,097

<b>2016/17 Current Budget</b>	39,296	28,168	11,128
Potential Slippage b/f	1,859	795	1,064
<b>2016/17 Revised Budget</b>	41,155	28,963	12,192
Potential Slippage c/f	(5,670)	(4,403)	(1,267)
<b>Total Spend 2016/17</b>	35,485	24,560	10,925

<b>2017/18 Current Budget</b>	38,743	29,889	8,855
Potential Slippage b/f	5,670	4,403	1,267
<b>2017/18 Revised Budget</b>	44,413	34,292	10,122
Potential Slippage c/f	(4,442)	(4,071)	(371)
<b>Total Spend 2017/18</b>	39,972	30,221	9,751

<b>2018/19 Current Budget</b>	32,070	23,119	8,950
Potential Slippage b/f	4,442	4,071	371
<b>2018/19 Revised Budget</b>	36,511	27,190	9,321
Potential Slippage c/f	(2,042)	(1,829)	(213)
<b>Total Spend 2018/19</b>	34,469	25,361	9,108

<b>2019/20 Current Budget</b>	12,307	7,402	4,905
Potential Slippage b/f	2,042	1,829	213
<b>2019/20 Revised Budget</b>	14,349	9,231	5,118
Potential Slippage c/f	(717)	(570)	(147)
<b>Total Spend 2019/20</b>	13,632	8,661	4,971

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

DETAILED CAPITAL PROGRAMME 2016-20ANNEX 3

Corporate Services	Scrutiny	Updated Budget 16/17	Updated Budget 17/18	Updated Budget 18/19	Updated Budget 19/20
<b>Corporate Budgets</b>					
Acquisitions Budget	O&SC	500,000	0	0	0
Capital Bidding Fund	O&SC	482,000	0	0	0
<b>Total Corporate Budgets</b>		<b>982,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Business Improvements</b>					
Replace doc management system	O&SC	398,000	0	0	0
Planweb/Stratus Update	O&SC	0	0	42,000	0
Planning & Public Protection Sys	O&SC	500,000	0	0	0
Mapinfo System	O&SC	50,000	0	0	0
Aligned Assets	O&SC	0	75,000	0	0
Customer Contact Programme	O&SC	570,000	0	0	0
Data Labling	O&SC	133,850	0	0	0
Electronic Asset Management	O&SC	50,000	0	0	190,000
Revenue & Benefits	O&SC	0	0	400,000	0
Capita Housing	O&SC	0	100,000	0	0
Replacement SC System	O&SC	525,340	0	0	0
<b>Total Business Improvement</b>		<b>2,227,190</b>	<b>175,000</b>	<b>442,000</b>	<b>190,000</b>
<b>Resources</b>					
Replacement of Civica Icon	O&SC	106,800	0	0	0
Improving Information Systems	O&SC	108,200	0	0	0
<b>Total Resources</b>		<b>215,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Information Technology</b>					
Planned Replacement Programme	O&SC	1,125,000	1,746,000	510,000	430,000
ITSD Enhancements	O&SC	200,000	200,000	275,000	200,000
Multi-Functioning Device (MFD)	O&SC	200,000	75,000	0	600,000
<b>Total Information Technology</b>		<b>1,525,000</b>	<b>2,021,000</b>	<b>785,000</b>	<b>1,230,000</b>
<b>Facilities Management</b>					
Invest to Save Schemes	<b>O&amp;SC</b>	1,300,000	300,000	300,000	300,000
Water Safety Works	<b>O&amp;SC</b>	150,000	150,000	100,000	0
Asbestos Safety Works	<b>O&amp;SC</b>	250,000	250,000	250,000	0
Capital Works - Facilities	<b>O&amp;SC</b>	300,000	300,000	300,000	700,000
Civic Centre Passenger Lifts	<b>O&amp;SC</b>	116,270	0	0	0
Civic Centre Boilers	<b>O&amp;SC</b>	0	0	300,000	0
Data Centre Support Equipment	<b>O&amp;SC</b>	0	0	300,000	0
Civic Centre Staff Entrance Improvements	<b>O&amp;SC</b>	0	0	200,000	0
Photovoltaics (PV) & Energy Conservation in Schools	<b>O&amp;SC</b>	500,000	2,000,000	0	0
Civic Centre Lightning Upgrade	<b>O&amp;SC</b>	0	0	0	300,000
Civic Centre Block Paving	<b>O&amp;SC</b>	0	0	0	75,000
<b>Total Facilities Management</b>		<b>2,616,270</b>	<b>3,000,000</b>	<b>1,750,000</b>	<b>1,375,000</b>
<b>TOTAL</b>		<b>7,565,460</b>	<b>5,196,000</b>	<b>2,977,000</b>	<b>2,795,000</b>

DETAILED CAPITAL PROGRAMME 2016-20 Continued....ANNEX 3

Community and Housing	Scrutiny	Updated Budget 16/17	Updated Budget 17/18	Updated Budget 18/19	Updated Budget 19/20
<b>Adult Social Care</b>					
CareFirst report Development	HC&OP	14,000	0	0	0
Excel Add-Ins	HC&OP	3,000	0	0	0
Captive E-Learning CareFirst	HC&OP	8,350	0	0	0
Adult Social care Collections	HC&OP	10,000	0	0	0
Telehealth	HC&OP	43,750	0	0	0
<b>Total Adult Social Care</b>		<b>79,100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Housing</b>					
191-193 Western Road	HC&OP	115,000	0	0	0
Western Road *	HC&OP	760,000	0	0	0
Disabled Facilities Grant	HC&OP	840,000	755,000	628,900	280,000
Small Repairs Grant	HC&OP	0	0	0	0
<b>Total Housing</b>		<b>1,715,000</b>	<b>755,000</b>	<b>628,900</b>	<b>280,000</b>
<b>Libraries</b>					
Colliers Wood Library Re-Fit	SC	200,000	0	0	0
West Barnes Library Re-Fit	SC	0	200,000	0	0
Library Management System	SC	0	100,000	0	0
Library Self Service	SC	80,000	0	0	0
<b>Total Libraries</b>		<b>280,000</b>	<b>300,000</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>		<b>2,074,100</b>	<b>1,055,000</b>	<b>628,900</b>	<b>280,000</b>

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DETAILED CAPITAL PROGRAMME 2016-20 Continued....ANNEX 3

Children, Schools and Families	Scrutiny	Updated Budget 16/17	Updated Budget 17/18	Updated Budget 18/19	Updated Budget 19/20
<b>Primary School Expansions</b>					
Dundonald expansion	C&YP	2,926,910	0	0	0
Singlegate expansion	C&YP	1,174,810	0	0	0
<b>Total Primary School Expansions</b>		<b>4,101,720</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Secondary School Expansions</b>					
Scheme 1 Phased Extra 2fe	C&YP	2,181,400	2,181,310	0	0
Scheme 2 Phased Extra 2fe	C&YP	151,000	2,948,740	2,681,000	0
Scheme 3 Phased Extra 2fe	C&YP	542,800	2,000,000	0	0
Scheme 5 Contingency	C&YP	0	100,000	1,530,000	4,200,000
Scheme 4 New School Extra 6fe	C&YP	5,070,000	7,000,000	4,478,950	0
<b>Total Secondary School Expansions</b>		<b>7,945,200</b>	<b>14,230,050</b>	<b>8,689,950</b>	<b>4,200,000</b>
<b>SEN</b>					
Perseid	C&YP	200,000	850,000	650,000	0
Further SEN Provision	C&YP	295,320	3,434,360	3,000,000	
Secondary School Autism Unit	C&YP	600,000	560,000	0	0
<b>Total SEN</b>		<b>1,095,320</b>	<b>4,844,360</b>	<b>3,650,000</b>	<b>0</b>
<b>Other</b>					
Schs Cap Maint & Accessibility	C&YP	751,540	650,000	650,000	650,000
Schools Equipment Loans	C&YP	104,450	104,450	0	0
Admissions IT System	C&YP	0	0	0	105,000
<b>Total Other</b>		<b>855,990</b>	<b>754,450</b>	<b>650,000</b>	<b>755,000</b>
<b>TOTAL</b>		<b>13,998,230</b>	<b>19,828,860</b>	<b>12,989,950</b>	<b>4,955,000</b>

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DETAILED CAPITAL PROGRAMME 2016-20 Continued....ANNEX 3

Environment and Regeneration	Scrutiny	Updated Budget 16/17	Updated Budget 17/18	Updated Budget 18/19	Updated Budget 19/20
<b>Footways Planned Works</b>					
Repairs to Footways	SC	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Footways Planned Works</b>		<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Greenspaces</b>					
Parks Investment	SC	276,000	216,000	322,500	325,000
Canons Parks for People Dev HLF	SC	113,000	0	0	0
Pay and Display Machines	SC	0	0	0	60,000
Parks Bins - Finance Lease	SC	34,000	34,000	27,500	0
Living Wandle Ravensbury Park	SC	63,200	0	0	0
<b>Total Greenspaces</b>		<b>486,200</b>	<b>250,000</b>	<b>350,000</b>	<b>385,000</b>
<b>Highways General Planned Works</b>					
Surface Water Drainage	SC	69,000	69,000	72,000	77,000
Highways bridges & structures	SC	260,000	260,000	260,000	260,000
Maintain AntiSkid and Coloured	SC	90,000	90,000	90,000	90,000
<b>Total Highways General Planned Works</b>		<b>419,000</b>	<b>419,000</b>	<b>422,000</b>	<b>427,000</b>
<b>Highways Planned Road Works</b>					
Borough Roads Maintenance	SC	1,500,000	1,500,000	1,500,000	1,250,000
<b>Total Highways Planned Road Works</b>		<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,250,000</b>
<b>Leisure Centres</b>					
Leisure Centre Plant & Machine	SC	300,000	300,000	300,000	300,000
Morden Leisure Centre	SC	5,130,970	4,928,220	247,400	0
Wimbledon Park Lake De-Silting	SC	0	0	1,500,000	0
<b>Total Leisure Centres</b>		<b>5,430,970</b>	<b>5,228,220</b>	<b>2,047,400</b>	<b>300,000</b>
<b>Other E&amp;R</b>					
Mortuary Provision	SC	45,000	0	0	0
<b>Total Other E&amp;R</b>		<b>45,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>On and Off Street Parking</b>					
Replacing Handheld Computers	SC	35,000	0	0	0
<b>Total On and Off Street Parking</b>		<b>35,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

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DETAILED CAPITAL PROGRAMME 2016-20 Continued....ANNEX 3

Environment and Regeneration	Scrutiny	Updated Budget 16/17	Updated Budget 17/18	Updated Budget 18/19	Updated Budget 19/20
<b>Regeneration Partnerships</b>					
Industrial Estate Investment	SC	0	450,000	0	0
Mitcham Major schemes - TfL	SC	1,000,000	700,000	0	0
S106 Wim broadwy CA	SC	46,480	0	0	0
Town Centre Investment	SC	1,037,000	0	0	0
Morden shopping parades	SC	518,000	0	0	0
Brighter Business	SC	55,000	0	0	0
Morden - TfL	SC	0	220,000	2,000,000	0
<b>Total Regeneration Partnerships</b>		<b>2,656,480</b>	<b>1,370,000</b>	<b>2,000,000</b>	<b>0</b>
<b>Street Lighting</b>					
Street Lighting Replacement Pr	SC	462,000	290,000	509,000	290,000
<b>Total Street Lighting</b>		<b>462,000</b>	<b>290,000</b>	<b>509,000</b>	<b>290,000</b>
<b>Street Scene</b>					
Street Tree Programme	SC	60,000	60,000	60,000	60,000
<b>Total Street Scene</b>		<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>
<b>Transport for London</b>					
Unallocated	SC	1,754,800	1,844,800	1,864,800	0
<b>Total Transport for London</b>		<b>1,754,800</b>	<b>1,844,800</b>	<b>1,864,800</b>	<b>0</b>
<b>Traffic and Parking Management</b>					
Traffic Schemes	SC	150,000	156,000	175,000	175,000
Tackling Traffic Congestion		532,500	0	0	0
CCTV (match funding)	SC/O&S	399,000	0	0	0
£1 Coinage Changs P&D Machines	SC	120,000	0	0	0
<b>Total Traffic and Parking Management</b>		<b>1,201,500</b>	<b>156,000</b>	<b>175,000</b>	<b>175,000</b>
<b>Transport and Plant</b>					
Replacement of Fleet Vehicles	SC	500,000	500,000	500,000	350,000
Shared Space	SC	20,000	0	0	0
B610 Wim Town Centre trans imp	SC	41,600	0	0	0
Transportation Enhancements	SC	0	0	5,000,000	0
<b>Total Transport and Plant</b>		<b>561,600</b>	<b>500,000</b>	<b>5,500,000</b>	<b>350,000</b>
<b>Waste Operations</b>					
Alley Gating Scheme - Fly Tip	SC	40,000	40,000	40,000	40,000
Waste Bins - Finance Lease	SC	5,500	5,500	5,500	0
<b>Total Waste Operations</b>		<b>45,500</b>	<b>45,500</b>	<b>45,500</b>	<b>40,000</b>
<b>TOTAL</b>		<b>15,658,050</b>	<b>12,663,520</b>	<b>15,473,700</b>	<b>4,277,000</b>

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ANALYSIS OF GROWTH 2016-20ANNEX 4

	Scrutiny	Updated Budget 16/17	Updated Budget 17/18	Updated Budget 18/19	Updated Budget 19/20
<b>Corporate Services</b>					
<b>Business Improvements</b>					
Planweb/Stratus Update	O&SC	0	0	42,000	0
Planning & Public Protection Sys	O&SC	500,000	0	0	0
Mapinfo System	O&SC	50,000	0	0	0
Aligned Assets	O&SC	0	75,000	0	0
Electronic Asset Management	O&SC	0	0	0	190,000
Revenue & Benefits	O&SC	0	0	400,000	0
Capita Housing	O&SC	0	100,000	0	0
<b>Total Business Improvement</b>		<b>550,000</b>	<b>175,000</b>	<b>442,000</b>	<b>190,000</b>
<b>Information Technology</b>					
Planned Replacement Programme	O&SC	(287,000)	60,000	(447,000)	(145,000)
ITSD Enhancements	O&SC	(50,000)	80,000	225,000	200,000
Multi-Functioning Device (MFD)	O&SC	0	0	0	600,000
<b>Total Information Technology</b>		<b>(337,000)</b>	<b>140,000</b>	<b>(222,000)</b>	<b>655,000</b>
<b>Facilities Management</b>					
Water Safety Works	O&SC	0	0	0	(75,000)
Asbestos Safety Works	O&SC	0	0	0	(250,000)
Capital Works - Facilities	O&SC	0	0	0	400,000
Photovoltaics (PV) and Energy Conservation in Schools	O&SC	500,000	2,000,000	0	0
Civic Centre Lightning Upgrade	O&SC	0	0	0	300,000
Civic Centre Block Paving	O&SC	0	0	0	75,000
<b>Total Facilities Management</b>		<b>500,000</b>	<b>2,000,000</b>	<b>0</b>	<b>450,000</b>
<b>TOTAL</b>		<b>713,000</b>	<b>2,315,000</b>	<b>220,000</b>	<b>1,295,000</b>

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\*\* Negative growth in the capital programme is as a result of reduction when compared to the approved (16/19) and indicative (19/20) programme.

ANALYSIS OF GROWTH 2016-20ANNEX 4

Community and Housing	Scrutiny	Updated Budget 16/17	Updated Budget 17/18	Updated Budget 18/19	Updated Budget 19/20
<b>Housing</b>					
Small Repairs Grant	SC	(60,000)	(60,000)	(60,000)	(60,000)
<b>Total Housing</b>		<b>(60,000)</b>	<b>(60,000)</b>	<b>(60,000)</b>	<b>(60,000)</b>
<b>Libraries</b>					
West Barnes Library Re-Fit	SC	0	200,000	0	0
Library Management System	SC	0	100,000	0	0
<b>Total Libraries</b>		<b>0</b>	<b>300,000</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>		<b>(60,000)</b>	<b>240,000</b>	<b>(60,000)</b>	<b>(60,000)</b>

ANALYSIS OF GROWTH 2016-20

## Annex 4

Children, Schools and Families	Scrutiny	Updated Budget 16/17	Updated Budget 17/18	Updated Budget 18/19	Updated Budget 19/20
<b>Primary School Expansions</b>					
Beecholme	C&YP	(2,575,000)	(2,075,000)	0	0
23 FE School Expansion 1fe Expansion	C&YP	(100,000)	(555,000)	(2,575,000)	(1,600,000)
26 FE School Expansion - Temp C/rooms	C&YP	0	(618,780)	0	0
27 FE School Expansion - Temp C/rooms	C&YP	0	(300,000)	0	0
28 FE School Expansion – Temp C/rooms	C&YP	0	(300,000)	0	0
<b>Total Primary School Expansions</b>		<b>(2,675,000)</b>	<b>(3,848,780)</b>	<b>(2,575,000)</b>	<b>(1,600,000)</b>
<b>Secondary</b>					
Scheme 1 Phased Extra 4fe	C&YP	(682,600)	2,181,310	(3,677,560)	0
Scheme 2 Phased Extra 4fe	C&YP	(2,780,000)	2,948,740	410,880	0
Scheme 3 Phased Extra 2fe	C&YP	(2,362,200)	2,000,000	0	0
Scheme 5 Phased Extra 2fe	C&YP	(95,000)	(1,400,000)	2,360	4,200,000
Scheme 6 Phased Extra 2fe	C&YP	(1,900,000)	(3,000,000)	(2,000,000)	0
Scheme 4 New School Extra 6fe	C&YP	(110,000)	0	0	0
<b>Total Secondary School Expansions</b>		<b>(7,929,800)</b>	<b>2,730,050</b>	<b>(5,264,320)</b>	<b>4,200,000</b>
<b>Secondary School Expansions</b>					
Cricket Green	C&YP	(2,057,210)	(1,500,000)	0	0
Perseid	C&YP	200,000	850,000	(200,000)	(850,000)
Further SEN Provision	C&YP	295,320	3,434,360	3,000,000	0
Perseid - Further 28 Places Primary	C&YP	(1,600,000)	(1,500,000)	0	0
Secondary School Autism Unit	C&YP	(560,000)	560,000	0	0
<b>Total SEN</b>		<b>(3,721,890)</b>	<b>1,844,360</b>	<b>2,800,000</b>	<b>(850,000)</b>
<b>Other</b>					
Inflation Contingency	C&YP	(2,433,860)	(1,875,580)	(2,074,530)	(165,600)
Admissions IT System	C&YP	0	0	0	105,000
<b>Total Other</b>		<b>(2,433,860)</b>	<b>(1,875,580)</b>	<b>(2,074,530)</b>	<b>(60,600)</b>
<b>TOTAL</b>		<b>(16,760,550)</b>	<b>(1,149,950)</b>	<b>(7,113,850)</b>	<b>1,689,400</b>

**ANALYSIS OF GROWTH 2016-20****ANNEX 4**

<b>Environment and Regeneration</b>	<b>Scrutiny</b>	<b>Updated Budget 16/17</b>	<b>Updated Budget 17/18</b>	<b>Updated Budget 18/19</b>	<b>Updated Budget 19/20</b>
<b>Greenspaces</b>					
Parks Investment	SC	0	0	0	(25,000)
Pay and Display Machines	SC	0	0	0	60,000
<b>Total Greenspaces</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>35,000</b>
<b>Highways General Planned Works</b>					
Surface Water Drainage	SC	0	0	3,000	8,000
<b>Total Highways General Planned Works</b>		<b>0</b>	<b>0</b>	<b>3,000</b>	<b>8,000</b>
<b>Highways Planned Road Works</b>					
Borough Roads Maintenance	SC	0	0	0	(250,000)
<b>Total Highways Planned Road Works</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(250,000)</b>
<b>Other E&amp;R</b>					
Mortuary Provision	SC	45,000	0	0	0
<b>Total Other E&amp;R</b>		<b>45,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>On and Off Street Parking</b>					
Replacing Handheld Computers	SC	35,000	0	0	0
<b>Total On and Off Street Parking</b>		<b>35,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Regeneration</b>					
Mitcham Major schemes - TfL	SC	(1,484,000)	700,000	0	0
Wimbledon - TfL	SC	(3,200,000)	0	0	0
Morden - TfL	SC	(300,000)	(2,780,000)	2,000,000	0
<b>Total Regeneration</b>		<b>(4,984,000)</b>	<b>(2,080,000)</b>	<b>2,000,000</b>	<b>0</b>
<b>Street Lighting</b>					
Street Lighting Replacement Pr	SC	0	0	0	(219,000)
<b>Total Street Lighting</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(219,000)</b>
<b>Street Scene</b>					
Street Tree Programme	SC	0	0	(40,000)	(40,000)
<b>Total Street Scene</b>		<b>0</b>	<b>0</b>	<b>(40,000)</b>	<b>(40,000)</b>
<b>Transport and Plant</b>					
Replacement of Fleet Vehicles	SC	0	0	0	(150,000)
<b>Total Transport and Plant</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(150,000)</b>
<b>Transport for London</b>					
TfL Allocation		(71,200)	18,800	1,864,800	0
<b>Total Transport for London</b>		<b>(71,200)</b>	<b>18,800</b>	<b>1,864,800</b>	<b>0</b>
<b>Waste Operations</b>					
Alley Gating Scheme - Fly Tip	SC	20,000	20,000	20,000	20,000
<b>Total Waste Operations</b>		<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>TOTAL</b>		<b>(4,955,200)</b>	<b>(2,041,200)</b>	<b>3,847,800</b>	<b>(596,000)</b>

**INDICATIVE CAPITAL PROGRAMME 2020-25****ANNEX 5**

<b>Corporate Services</b>	<b>Scrutiny</b>	<b>Updated Budget 20/21</b>	<b>Updated Budget 21/22</b>	<b>Updated Budget 22/23</b>	<b>Updated Budget 23/24</b>	<b>Updated Budget 24/25</b>
<b>Business Improvements</b>						
Planweb/Stratus Update	O&SC	0	42,000	0	0	42,000
Planning & Public Protection Sys	O&SC	0	500,000	0	0	0
Mapinfo System	O&SC	0	50,000	0	0	0
Aligned Assets	O&SC	0	0	75,000	0	0
Customer Contact Programme	O&SC	200,000	1,800,000	0	0	0
Data Labling	O&SC	0	0	0	0	0
Electronic Asset Management	O&SC	0	0	0	190,000	0
Revenue & Benefits	O&SC	0	0	0	0	400,000
Capita Housing	O&SC	0	0	100,000	0	0
Replacement SC System	O&SC	150,000	1,950,000	0	0	0
<b>Total Business Improvement</b>		<b>350,000</b>	<b>4,342,000</b>	<b>175,000</b>	<b>190,000</b>	<b>442,000</b>
<b>Resources</b>						
Replacement of Civica Icon	O&SC	125,000	0	0	0	0
Improving Information Systems	O&SC	700,000	0	0	0	0
<b>Total Resources</b>		<b>825,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Information Technology</b>						
Planned Replacement Programme	O&SC	860,000	770,000	560,000	575,000	575,000
ITSD Enhancements	O&SC	200,000	200,000	200,000	200,000	200,000
Multi-Functioning Device (MFD)	O&SC	0	0	0	0	600,000
<b>Total Information Technology</b>		<b>1,060,000</b>	<b>970,000</b>	<b>760,000</b>	<b>775,000</b>	<b>1,375,000</b>
Invest to Save Schemes	O&SC	300,000	300,000	300,000	300,000	300,000
Capital Works - Facilities	O&SC	700,000	700,000	700,000	700,000	700,000
<b>Total Facilities Management</b>		<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>TOTAL</b>		<b>3,235,000</b>	<b>6,312,000</b>	<b>1,935,000</b>	<b>1,965,000</b>	<b>2,817,000</b>

<b>Community and Housing</b>	<b>Scrutiny</b>	<b>Updated Budget 20/21</b>	<b>Updated Budget 21/22</b>	<b>Updated Budget 22/23</b>	<b>Updated Budget 23/24</b>	<b>Updated Budget 24/25</b>
<b>Housing</b>						
Disabled Facilities Grant	HC&OP	280,000	280,000	280,000	280,000	280,000
<b>Total Housing</b>		<b>280,000</b>	<b>280,000</b>	<b>280,000</b>	<b>280,000</b>	<b>280,000</b>
<b>Libraries</b>						
Library Self Service	SC	350,000	0	0	0	0
<b>Total Libraries</b>		<b>350,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>		<b>630,000</b>	<b>280,000</b>	<b>280,000</b>	<b>280,000</b>	<b>280,000</b>

## INDICATIVE CAPITAL PROGRAMME 2020-25

## ANNEX 5

Children, Schools and Families	Scrutiny	Updated Budget 20/21	Updated Budget 21/22	Updated Budget 22/23	Updated Budget 23/24	Updated Budget 24/25
<b>Secondary School Expansions</b>						
Scheme 4 New School Extra 6fe	C&YP	6,000,000	4,008,000	0	0	0
<b>Total Secondary School Expansions</b>		<b>6,000,000</b>	<b>4,008,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other</b>						
Schs Cap Maint & Accessibility	C&YP	650,000	650,000	650,000	650,000	650,000
Admissions IT System	C&YP	0	0	0	105,000	0
<b>Total Other</b>		<b>650,000</b>	<b>650,000</b>	<b>650,000</b>	<b>755,000</b>	<b>650,000</b>
<b>TOTAL</b>		<b>6,650,000</b>	<b>4,658,000</b>	<b>650,000</b>	<b>755,000</b>	<b>650,000</b>

Environment and Regeneration	Scrutiny	Updated Budget 20/21	Updated Budget 21/22	Updated Budget 22/23	Updated Budget 23/24	Updated Budget 24/25
<b>Footways Planned Works</b>						
Repairs to Footways	SC	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Footways Planned Works</b>		<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Greenspaces</b>						
Parks Investment	SC	325,000	325,000	325,000	325,000	325,000
Pay and Display Machines	SC	0	0	0	0	60,000
<b>Total Greenspaces</b>		<b>325,000</b>	<b>325,000</b>	<b>325,000</b>	<b>325,000</b>	<b>385,000</b>
<b>Highways General Planned Works</b>						
Surface Water Drainage	SC	77,000	77,000	77,000	77,000	77,000
Highways bridges & structures	SC	260,000	260,000	260,000	260,000	260,000
Maintain AntiSkid and Coloured	SC	90,000	90,000	90,000	90,000	90,000
<b>Total Highways General Planned Works</b>		<b>427,000</b>	<b>427,000</b>	<b>427,000</b>	<b>427,000</b>	<b>427,000</b>
<b>Highways Planned Road Works</b>						
Borough Roads Maintenance	SC	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
<b>Total Highways Planned Road Works</b>		<b>1,250,000</b>	<b>1,250,000</b>	<b>1,250,000</b>	<b>1,250,000</b>	<b>1,250,000</b>
<b>Leisure Centres</b>						
Leisure Centre Plant & Machine	SC	300,000	300,000	300,000	300,000	300,000
<b>Total Leisure Centres</b>		<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
<b>On and Off Street Parking</b>						
Replacing Handheld Computers	SC	0	35,000	0	0	0
<b>Total On and Off Street Parking</b>		<b>0</b>	<b>35,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

**INDICATIVE CAPITAL PROGRAMME 2020-25****ANNEX 5**

Environment and Regeneration	Scrutiny	Updated Budget 20/21	Updated Budget 21/22	Updated Budget 22/23	Updated Budget 23/24	Updated Budget 24/25
<b>Street Lighting</b>						
Street Lighting Replacement Pr	SC	290,000	290,000	290,000	290,000	290,000
<b>Total Street Lighting</b>		<b>290,000</b>	<b>290,000</b>	<b>290,000</b>	<b>290,000</b>	<b>290,000</b>
<b>Street Scene</b>						
Street Tree Programme	SC	60,000	60,000	60,000	60,000	60,000
<b>Total Street Scene</b>		<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>
<b>Traffic and Parking Management</b>						
Traffic Schemes	SC	175,000	175,000	175,000	175,000	175,000
<b>Total Traffic and Parking Management</b>		<b>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>
<b>Transport and Plant</b>						
Replacement of Fleet Vehicles	SC	350,000	350,000	350,000	350,000	350,000
<b>Total Transport and Plant</b>		<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>
<b>Waste Operations</b>						
Alley Gating Scheme - Fly Tip	SC	40,000	40,000	40,000	40,000	40,000
<b>Total Waste Operations</b>		<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b>TOTAL</b>		<b>4,217,000</b>	<b>4,252,000</b>	<b>4,217,000</b>	<b>4,217,000</b>	<b>4,277,000</b>

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

\*\* Negative growth in the capital programme is as a result of reduction when compared to the approved (15/18)and indicative (18/19) programme.

Please Note

- 1) At present the programme contains no provision for the transport implementation costs of the South London Partnership.
- 2) Excludes expenditure budgets relating to Disabled Facilities Grant
- 3) Excludes expenditure budgets relating to Transport for London Grant .
- 4) Excludes expenditure budgets relating to Devolved Formula Capital for schools.
- 5) Excludes re-provision costs for Customer Contact and Social Care Information Technology Systems



# LONDON BOROUGH OF MERTON

## TREASURY MANAGEMENT POLICY STATEMENT

### 1. INTRODUCTION

#### 1.1 Background

London Borough of Merton's treasury management activities include the management of its investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

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

- a) To set the Council's Prudential Indicators for 2016/17 to 2018/19
- b) Approve the Minimum Revenue Provision (MRP) policy for 2016/17; and
- c) To agree the Treasury Management Strategy for 2016/17.

#### 1.2 Statutory Requirement

The Local Government Act 2003 (the Act) as amended and supporting regulations, require the Council to 'have regard to' the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code and the CIPFA Treasury Management Code of practice to set Prudential and Treasury Indicators for the next three years and to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Act requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy. The Council has adopted CIPFA's revised Code of Practice on Treasury Management.

#### 1.3 Balanced Budget Requirement

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

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

approval, any debt previously drawn may be restructured or repaid to meet the Council's risk or cost objectives.

#### **1.4 Treasury Management Strategy for 2016/17**

The strategy for 2016/17 covers two main areas:

##### **Capital Issues**

- To determine the Council's capital plans and prudential indicators for 2016/17 to 2018/19;
- To approve the Minimum Revenue Provision (MRP) policy for 2016/17.

##### **Treasury Management Issues**

- To agree the Council's treasury management strategy for 2016/17
  - current treasury position as at 31 January 2016;
  - treasury indicators which limit the treasury risk and activities of the Council;
  - prospects for interest rates;
  - borrowing strategy;
  - policy on borrowing in advance of need;
  - debt rescheduling and early repayment of debt review;
  - Annual Investment Strategy and alternative investment instruments (Policy on new lending and borrowing instruments);
  - creditworthiness policy;
  - Treasury Management Practices (**Appendix 5**);and
  - cash flow policy

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

## **2. CURRENT TREASURY POSITION**

### **2.1 Use of the Council's Resources and the Investment Position**

The application of resources (capital receipts and reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources, for example, asset sales.

The table below shows the position as at 31 January 2016.

<b>Year End Resources</b>	<b>2014/15 Actual £'000</b>	<b>31 January 2015 Actual £'000</b>	<b>31 March 2015/16 Estimate £'000</b>	<b>31 March 2016/17 Estimate £'000</b>
Investments	86,100	98,550	79,600	72,200
Interest on investments	842	286	797	747
Borrowing				
Long-term Borrowing	116,976	116,976	116,976	116,976
Short-term Borrowing				
<b>Total External Debt</b>	<b>116,976</b>	<b>116,976</b>	<b>116,976</b>	<b>116,976</b>
Interest on External Debt				
Long-term	6,686	6,686	6,682	6,696
Short-term	1	1		
<b>Total Interest on External Debt</b>	<b>6,687</b>	<b>6,687</b>	<b>6,682</b>	<b>6,696</b>

Interest on investments figures above do not include interest from policy investments.

### 3. CAPITAL PRUDENTIAL INDICATORS 2016/17 - 2019/20

The Council is required to calculate various indicators for the next 3 years. The aim of prudential indicators is to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The prudential indicators set out in **Appendix 6** are calculated for the Medium Term Financial Strategy (MTFS) period. The indicators relate to capital expenditure, external debt and treasury management.

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

#### 3.1 Capital Expenditure

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

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

The 2015/16 figures have been adjusted for finance lease implications.

Members are asked to approve the capital expenditure forecasts:

Capital Expenditure	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Children Schools & Families	23,495	14,619	13,998	19,829	12,990	4,955
Community & Housing	1,257	1,611	2,074	1,055	629	280
Corporate Services	2,742	6,831	7,565	5,196	2,977	2,795
Environment & Regeneration	9,149	14,123	15,658	12,664	15,474	4,277
	-	-	-	-	-	-
<b>Total</b>	<b>36,643</b>	<b>37,184</b>	<b>39,296</b>	<b>38,743</b>	<b>32,070</b>	<b>12,307</b>

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

The table below shows how the capital expenditure plans are being financed by revenue or capital resources. A shortfall of resources means a borrowing need. The capital programme expenditure figures used in calculating the financing costs have been adjusted for slippage in the programme as at 31 January 2016.

Capital Expenditure	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Capital Expenditure	<b>36,643</b>	<b>37,184</b>	<b>39,296</b>	<b>38,743</b>	<b>32,070</b>	<b>12,307</b>
Slippage*	-	-1,860	-3,811	1,229	2,399	1,325
Total Capital Expenditure	36,643	35,324	35,485	39,972	34,469	13,632
<b>Financed by:</b>						
Capital Receipts	0	14,654	22,699	3,034	900	900
Capital Grants & Contributions	29,676	19,097	10,925	9,751	9,108	4,971
Capital Reserves	-	-	-	-	-	-
Revenue Provisions	-	1,574	1,635	5,786	20	2
Other Financing Sources	-	-	-	-	-	-
<b>Net financing need for the year</b>	<b>6,967</b>	<b>0</b>	<b>226</b>	<b>21,401</b>	<b>24,441</b>	<b>7,759</b>

\*In the above table slippage includes slippage in from the previous year and out to the following year.

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

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

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

The Council has no Housing Revenue Account (HRA) and no new PFI scheme in 2016/17 is expected. Public Health capital projects are fully funded therefore have no CFR implications. The 2015/16 forecast movement in CFR shows a decrease of £9,246k because the expenditure to be funded from borrowing in 2015/16 is less than the amount of MRP charged in the year.

The current projection as at 31 January 2016 for 2015/16 year end is an estimated cash balance of £79.6m. The current cashflow forecast has been based on assumptions in the MTF5 and capital programme spend forecast after slippage. The 2015/16 forecast £35.32m, 2016/17 £35.49m, and 2017/18 £39.97m are based on best estimates which may slip due to unforeseen circumstances and the nature of large projects and the level of grant income. Also, fees and charges for the Council may change. Based on current forecasts the earliest the Council may borrow is end of 2017/18 in anticipation for 2018/19. However, the Council can borrow in advance of need if rates fall and borrowing becomes a lot more advantageous than it currently is. The Council is asked to approve the CFR projections below:

	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
<b>Capital Financing Requirement</b>						
CFR (non-housing)	207,826	198,580	190,058	203,150	219,342	218,361
<b>Total CFR</b>	<b>207,826</b>	<b>198,580</b>	<b>190,058</b>	<b>203,150</b>	<b>219,342</b>	<b>218,361</b>
<b>Movement in CFR</b>	<b>(4,140)</b>	<b>(9,246)</b>	<b>(8,521)</b>	<b>13,092</b>	<b>16,192</b>	<b>(981)</b>
<b>Movement in CFR represented by</b>						
Net financing need for the year (above)	1,089	0	226	21,401	24,441	7,759
Less Capital MRP/VRP	3,987	7,396	6,948	6,802	6,660	7,262
Less Other MRP/VRP (leasing, PFI)	685	1,253	1,159	821	855	690
Less Other MRP/VRP – PFI – Partial termination	557	597	640	686	735	788
Less Other financing movements <ul style="list-style-type: none"> <li>• Adjustment of PFI Liability</li> <li>• Adjustment of MRP</li> </ul>						
<b>Movement in CFR</b>	<b>(4,140)</b>	<b>(9,246)</b>	<b>(8,521)</b>	<b>13,092</b>	<b>16,192</b>	<b>(981)</b>

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

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

The table below shows the monetary values for the above ratio

	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Net Revenue Financing Costs	18,385	16,044	15,540	14,665	14,388	15,317
Net Financing Stream	162,542	155,016	147,597	139,240	133,123	129,145
Ratio of Financing Costs to Net Revenue Stream (Non HRA)	11.31%	10.35%	10.53%	10.53%	10.81%	11.86%

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

The table below shows the incremental impact of changes in the capital programme (incorporating the effects of changes in treasury forecasts and investment decisions) on the band D Council tax. Council tax has remained the same since 2011/12 therefore there has been little or no incremental impact on Council tax band D properties.

	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Incremental Change in Capital Financing Costs (£000)	1,830	-2,341	-504	-876	-277	930
Council Tax Base	68,087	69,638	71,327	71,684	72,042	72,402
<b>Incremental Impact on Council Tax - Band D*** (£)</b>	<b>£26.88</b>	<b>-£33.61</b>	<b>-£7.07</b>	<b>-£12.22</b>	<b>-£3.85</b>	<b>£12.84</b>
Council Tax - Band D (£)	1,106.56	1,106.45	1,106.45	1,106.45	1,106.45	1,106.45

\*\*\*2015/16 is actual council tax amounts, 2016/17 is proposed. However the Council tax base for future years is an average of future years.

**4. MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT**

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the MRP),

although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP). The Council has not made any provision for VRP in its capital expenditure.

For capital expenditure incurred before 1 April 2008 or by Supported Capital Expenditure, the MRP policy follows CLG regulations (option 1). This provides for an approximate 4% reduction in the borrowing need (CFR) each year.

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

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

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

Category	Depreciation (Years)
<b>Assets valued over £1m</b>	
Buildings	50
Mechanical & Electrical	20
External	20
<b>Assets valued under £1m</b>	
Buildings	40
Infrastructure (roads etc)	25
Computer software	5
Computer hardware	5
Large vehicles – e.g. buses, RCVs	7
Small vehicles – e.g. cars, vans	5
Other equipment e.g. CCTV	5

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

## 5. TREASURY MANAGEMENT STRATEGY

### 5.1 The Prospects for Interest Rates and Economic Forecasts

Consideration is given to economic and interest rate forecasts because they provide likely investment rates (bank rates), likely borrowing rates (PWLB), credit risk profile thereby giving some latitude on when to borrow, repay and invest. However as with every forecast there is also the likelihood of economic factors not following forecasts.

The following table gives the central position on the Council's treasury management adviser's view on interest rates.

Annual Average %	Bank Rate (%)	PWLB Borrowing Rates (%)			
		5 year	10 year	25 year	50 year
March 2016	0.50	2.00	2.60	3.40	3.20
June 2016	0.50	2.10	2.70	3.40	3.20
Sept 2016	0.50	2.20	2.80	3.50	3.30
Dec 2016	0.75	2.30	2.90	3.60	3.40
March 2017	0.75	2.40	3.00	3.70	3.50
June 2017	1.00	2.50	3.10	3.70	3.60
Sept 2017	1.00	2.60	3.20	3.80	3.70
Dec 2017	1.25	2.70	3.30	3.90	3.80
March 2018	1.25	2.80	3.40	4.00	3.90
June 2018	1.50	2.90	3.50	4.00	3.90
Sept 2018	1.50	3.00	3.60	4.10	4.00
Dec 2018	1.75	3.10	3.60	4.10	4.00
Mar 2019	1.75	3.20	3.70	4.10	4.00

Source: Capita Asset Services

The Bank of England November 2015 Inflation Report included a forecast for GDP growth to be around 2.5 – 2.7% over the next three years, driven mainly by strong consumer demand supported by a recovery in wage inflation, declining CPI inflation, and investment expenditure. However, the Report highlighted weakness in some global economic data and volatile financial markets, and their potential impact on growth.

Also, the Inflation Report was notably subdued in respect of the forecasts for inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon was the biggest since February 2013.

However, the first round of falls in oil, gas and food prices over late 2014 and also in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but a second, more recent round of falls in fuel and commodity prices will delay a significant tick up in inflation from around zero: this is now expected to get back to around 1% by the end of 2016 and not get to near 2% until the second half of 2017, though the forecasts in the Report itself were for an even slower rate of increase. However, more falls in the price



of oil and imports from emerging countries in early 2016 will further delay the pick up in inflation.

Therefore, there is considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to start increasing rates.

Weakening UK GDP growth during 2015 and the deterioration of prospects in the international scene, especially for emerging market countries, have consequently led to forecasts for when the first increase in Bank Rate would occur being pushed back to quarter 4 of 2016. There is downside risk to this forecast in the form of it being pushed further back.

The US economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then pulled back to 2.0% in quarter 3. The run of strong monthly increases in non-farm payrolls figures for growth in employment in 2015 prepared the way for the Fed to embark on its long awaited first increase in rates by 0.25% at its December meeting.

The accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by the Bank of England Monetary Policy Committee (MPC).

In the Eurozone, the European Central Bank (ECB) rolled out a massive €1.1 trillion programme of quantitative easing, in January 2015, to buy up high credit quality government and other debt of selected Eurozone countries.

This programme of €60bn of monthly purchases started in March 2015 and it was intended to run initially to September 2016. At the ECB's December 2015 meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases.

The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme of monetary easing has had a limited positive effect in helping recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.3% y/y) but then eased back to +0.4% (+1.6% y/y) in quarter 2 and to +0.3% (+1.6%) in quarter 3.

Financial markets were disappointed by the ECB's lack of decisive action in December and it is likely that it will need to boost its QE programme if it is to succeed in significantly improving growth in the Eurozone and getting inflation up from the current level of around zero to its target of 2%.

## 5.2 Borrowing Strategy

### Current Borrowing Portfolio Position

The table below shows the CFR as at 31 January 2015 against the gross debt

position of the Council. The gross debt includes other long-term liabilities like PFI and finance lease obligations. Gross debt should not exceed CFR in the medium to long-term.

Estimated debt may change as the capital programme spends and financing changes. The lease balances do not include adjustments for new implications in 2015/16.

	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
External Debt at 1 April	116,976	116,976	116,976	116,976	113,010	113,010
Expected change in Debt (repayment and new debt)****	0	0	0	3,966	0	0
<b>Closing External Debt</b>	<b>116,976</b>	<b>116,976</b>	<b>116,976</b>	<b>113,010</b>	<b>113,010</b>	<b>113,010</b>
PFI Balance b/f	20,449	19,524	18,664	17,959	17,164	16,480
In year movement	-925	-860	-705	-795	-684	-1,554
<b>Closing Balance PFI</b>	<b>19,524</b>	<b>18,664</b>	<b>17,959</b>	<b>17,164</b>	<b>16,480</b>	<b>14,926</b>
PFI Partial Termination Balance b/f	15,767	15,210	14,613	13,973	13,287	12,552
In year movement	-557	-597	-640	-686	-735	-788
Closing Balance Partial Termination PFI	<b>15,210</b>	<b>14,613</b>	<b>13,973</b>	<b>13,287</b>	<b>12,552</b>	<b>11,764</b>
<b>TOTAL PFI</b>	<b>34,734</b>	<b>33,277</b>	<b>31,932</b>	<b>30,451</b>	<b>29,032</b>	<b>26,690</b>
Finance Leases at 1 April	140	328	299	88	33	6
Expected Change in Finance Leases	188	-29	-211	-55	-27	0
<b>Closing Balance Finance Leases</b>	<b>328</b>	<b>299</b>	<b>88</b>	<b>33</b>	<b>6</b>	<b>6</b>
<b>Salix Loan</b>	<b>41</b>	<b>33</b>	<b>26</b>	<b>19</b>	<b>12</b>	<b>6</b>
<b>Salix in year movement</b>	<b>-8</b>	<b>-7</b>	<b>-7</b>	<b>-7</b>	<b>-6</b>	<b>-4</b>
<b>Closing Balance Salix</b>	<b>33</b>	<b>26</b>	<b>19</b>	<b>12</b>	<b>6</b>	<b>2</b>
<b>Actual gross debt at 31 March</b>	<b>152,071</b>	<b>150,578</b>	<b>149,015</b>	<b>143,506</b>	<b>142,054</b>	<b>139,708</b>
<b>Capital Financing Requirement</b>	<b>207,826</b>	<b>198,580</b>	<b>190,058</b>	<b>203,150</b>	<b>219,342</b>	<b>218,361</b>
<b>Under/(over) borrowing</b>	<b>-55,755</b>	<b>-48,002</b>	<b>-41,043</b>	<b>-59,644</b>	<b>-77,288</b>	<b>-78,653</b>

\*\*\*\*£3.966m of long-term debt matures in 2017/18

The table above shows the CFR forecast for 2015/16 and 2016/17. Also, there is no maturing debt until 2017/18 hence little borrowing pressure therefore the Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the CFR), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cashflow has been used as a temporary measure. PFI and finance lease portion of the CFR will not be funded by additional loan. Capital forecasts relating to 2018/19 and 2019/20 are very much subject to change at this stage.

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

Against this background, the Director of Corporate Services will continue to monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances to maximise short-term savings. However when interest rates begin to rise, the Council will consider borrowing in advance of need than current forecast requirements show. The duration of loans will be driven by the current loan portfolio, affordability, the position on internal borrowing and borrowing rates.

#### **Council's Year End Balance Sheet Position at 31 March 2015**

	2013/14	2014/15	Change
	£'000	£'000	£'000
CFR	214,060	207,826	6,234
<b>PFI and LEASES</b>	<b>-36,831</b>	<b>-35,062</b>	<b>-1,769</b>
<b>Underlying Borrowing Requirement</b>	<b>177,229</b>	<b>172,764</b>	<b>4,465</b>
External Borrowing	116,676	116,976	-300
Under borrowing / Internal borrowing to date	-60,253	-55,755	-4,498

#### **Strategy to 'Unwind' Internal Borrowing**

Internal borrowing at 31 March 2016 remains at sustainable levels. However, the Council will commence a review of its strategy to 'unwind' internal borrowing.

#### **Debt Liability Benchmarking**

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

Consideration was given to the fact that in the current economic climate the LOBOs in the Council's portfolio will not be called due to their very high interest rate. Should they be called, replacement borrowing will not be required

because the council will have cash available in 2016/17 to meet the call options based on the current estimates of the use of internal borrowing for the capital programme.

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

All counterparties were contacted in 2015 and most responded and cited a minimum rate they would consider reviewing the call option on the LOBO as being over 3%. Bank of England rate is currently 0.50% with rates not expected to rise to 0.75% before Q4 2016.

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

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

### Treasury Risk Analysis - Debt

Whilst it is not mandatory for Local Authorities to adopt the CIPFA Risk Toolkit produced by CIPFA's Treasury Management Panel, the Council will continue to utilise and adopt the risk tool kit and participate in the risk study in 2016/17 as there are some merits for the Council in managing its integrated treasury management portfolio and in considering risk mitigation options for its treasury management review process and benchmarking with its peers.

## 5.3 Treasury Indicators: Limits to Borrowing Activity

**Operational Boundary** - this is the limit beyond which external borrowing is not normally expected to exceed.

Operational boundary £'000	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
External Debt	116,976	116,976	116,976	113,010	113,010	113,010
Other Long-term Liabilities	35,062	33,602	32,039	30,496	29,044	26,698
Operational Boundary	152,038	150,578	149,015	143,506	142,054	139,708

### Authorised Limit for External Borrowing

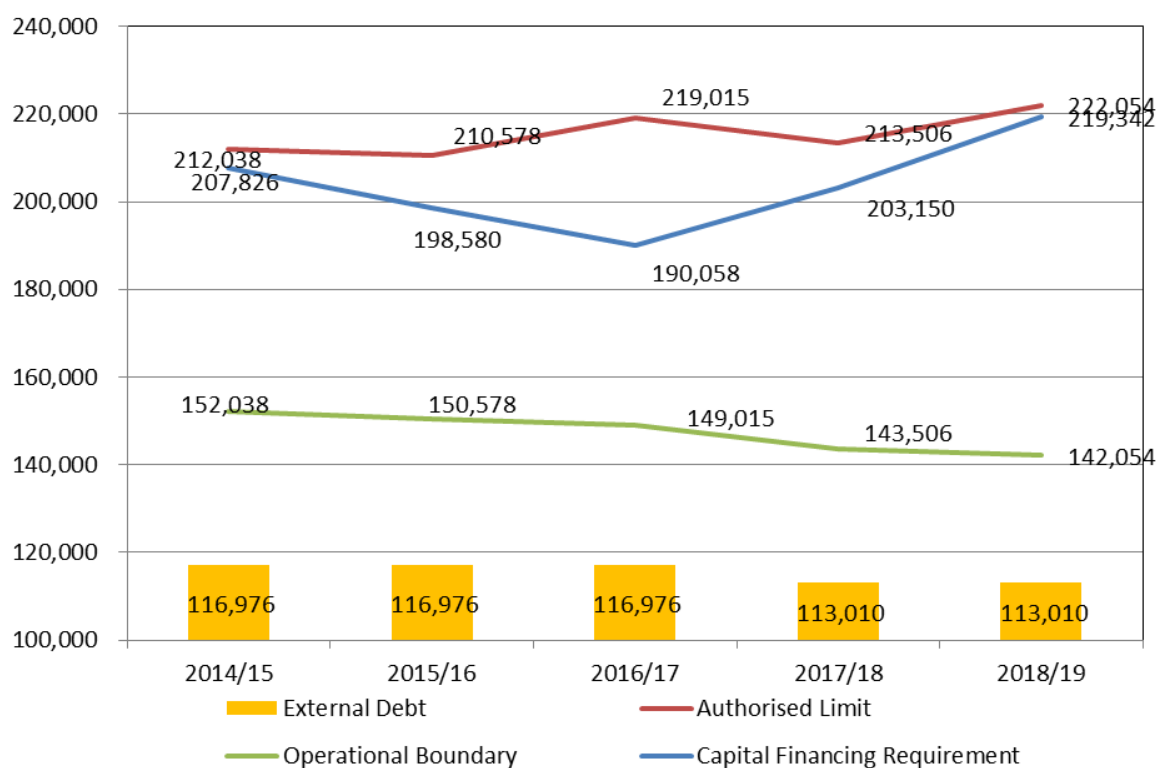
This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. It represents a limit beyond which external borrowing must not go over in the 3 years, and this limit when set is to be revised

annually by Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short-term, but is not sustainable in the longer term.

The Council is asked to approve the following authorised limit:

	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
External Debt	152,038	150,578	149,015	143,506	142,054	139,708
Other Long-term Liabilities	60,000	60,000	70,000	70,000	80,000	80,000
Authorised Limit	<b>212,038</b>	<b>210,578</b>	<b>219,015</b>	<b>213,506</b>	<b>222,054</b>	<b>219,708</b>

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



#### 5.4 Treasury Management Limits on Activity

The table below shows the debt related treasury activity limits.

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

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

The table below shows the fixed and variable interest rate exposure

	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Interest Rate Exposures</b>	<b>Upper Estimate</b>	<b>Upper Estimate</b>	<b>Upper Estimate</b>	<b>Upper Estimate</b>	<b>Upper Estimate</b>
<b>Upper limit for fixed interest rates based on net debt</b>	100%	100%	100%	100%	100%
<b>Upper limit for variable interest rates based on net debt</b>	50%	50%	50%	50%	50%
<b>Limits on fixed interest rates:</b>					
• Debt only	100%	100%	100%	100%	100%
• Investments only	100%	100%	100%	100%	100%
<b>Limits on variable interest rates</b>					
• Debt only	50%	50%	50%	50%	50%
• Investments only	50%	50%	50%	50%	50%

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

	Maturity Structure of fixed interest rate borrowing 2016/17			Maturity Structure of variable interest rate borrowing 2016/17		
	Actual at 31/01/2016	Lower	Upper	Actual 31/01/2016	Lower	Upper
Under 12 months	1.71%	0%	60%	0%	0%	50%
12 months to 2 years	1.68%	0%	60%	0%	0%	50%
2 years to 5 years	0.00%	0%	60%	0%	0%	50%
5 years to 10 years	26.08%	0%	80%	0%	0%	50%
10 years to 20 years	14.53%	0%	100%	0%	0%	50%
20 years to 30 years	11.54%	0%	100%	0%	0%	50%
30 years to 40 years	27.36%	0%	100%	0%	0%	50%
40 years to 50 years	17.10%	0%	100%	0%	0%	50%

#### Local Indicators

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

The table below shows target borrowing and investment rates

	2014/15 Actual %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
<b>Average Investment Target Return</b>	0.78%	0.84%	0.75%	0.75%	1.00%	1.25%
<b>Average Investment Target – Property Fund</b>	n/a	3.5%	3.5%	3.5%	3.5%	3.5%
<b>Long Term Borrowing Target</b>						
• Current Portfolio	5.72%	5.72%	5.72%	5.72%	5.72%	5.72%

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

### 5.5 Policy on Borrowing in Advance of Need

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

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

Should interest rates reach 3.00% or less for PWLB 25 year loan then, borrowing in advance could be made within the constraints that:

- It will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the three year planning period; and
- Would not look to borrow more than 24 months in advance of need. Where possible rates will be locked using forward borrowing to reduce the risk of the Council holding cash in low interest rate environment.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism. The probability of this happening is low.

However should the Council need to borrow in advance of need, then the following will apply.

Year	Maximum Borrowing in advance	Notes
2016/17	No more than 50% of under borrowing requirement	Borrowing in advance will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the period of the approved Medium Term Capital Programme, a maximum of 2 years in advance to reduce carrying costs.
2017-18	No more than 50% of under borrowing requirement	
2018-19	No more than 50% of under borrowing requirement	
2019-20	No more than 50% of under borrowing requirement	

### 5.6. Debt Rescheduling

Long-term fixed rates have remained relatively unchanged over the past three years. Although borrowing costs remain historically attractive, redemption rates are prohibitive.

The table below shows the maturity profile of the Council's current debt as at 31 January 2016.

Duration	£'000	% of Debt Portfolio
less than 1 year	0	0.00
1 - 2 years	3,966	3.39
2 - 5 years	0	0.00
5 -10 years	30,510	26.08
10 -15 years	4,500	3.85
15- 20 years	12,500	10.69
20 - 25 years	0	0.00
25-30 years	13,500	11.54
30 - 35 years	0	0.00
35-40 years	32,000	27.36
40 -45 years	0	0.00
45-50 years	20,000	17.10
<b>Total</b>	<b>116,976</b>	<b>100.00</b>

All of the Council's LOBOs are past their non call period, however, should all LOBOs be called at their next interest due date then the maturity profile will be as shown in the table below, an event which is very unlikely in the current low interest rate environment.

Duration	£'000	% of Debt Portfolio
less than 1 year	63,000	53.86
1 - 2 years	1,966	1.68
2 - 5 years	0	0.00
5 -10 years	26,510	22.66
10 -15 years	0	0.00
15- 20 years	3,500	2.99
20 - 25 years	0	0.00
25-30 years	0	0.00
30 - 35 years	0	0.00
35-40 years	22,000	18.81
40 -45 years	0	0.00
45-50 years	0	0.00
<b>Total</b>	<b>116,976</b>	<b>100.00</b>

The Council tests the markets for redemption opportunities should they exist. The PWLB loans portfolio was elected for the early redemption review as at 16



January 2016. A total loan value of £52m would incur redemption costs of £21million in addition to any accrued interest due.

The high cost of early redemption is not economically viable in current markets. However there may be cases where the Council is able to negotiate with the counterparty (**Appendix 1**).

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

#### Use of Derivatives

The Council may use derivatives for risk management purposes in line with relevant statutory powers, recommended accounting practices and legal opinions on the use of derivatives by Local Authorities in the UK.

### 5.7 Borrowing Options

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

### 5.8 Changes Which may Affect Treasury Management

- Future Regulatory Changes to Money Market Fund Valuation  
Proposed EU legislative changes will require money market funds with constant net asset value to change to variable net asset value. This will mean that investors in the fund will be liable for their share of losses as a result of counterparty failure. Consultation continues on the expected changes.

- Proposed Changes to Leasing  
Future changes to accounting for leasing may mean that the cost of service will increase along with increases in MRP and CFR which will affect the Council's underlying borrowing requirement. It is anticipated that there may be some impact on both capital and revenue income and the changes will require all leases to be included on the balance sheet and be measured on PV of future lease payments. The new lease standard (IFRS 13) issued in 2015 is not anticipated to be adopted until 2019/20.

- Municipal Bond Agency  
It is likely that the Municipal Bond Agency currently in the process of being set up will be offering loans to local authorities in the near future. It is also hoped that borrowing rates will be lower than those offered by the PWLB.

- National Infrastructure Bill and Proposed Changes to the Governance of the Public Works Loans Board (PWLB)  
It is expected that the role of the PWLB Commissioners will be removed and the PWLB in time will be renamed but not abolished. There is an expectation that the current lending arrangements will remain in place going forward. The background to the development is that there is a bill currently going through the House of Lords called the National Infrastructure Bill.

- Future Challenges to Local Government Funding  
Future challenges to local government funding and their effect on cash flow remains a challenge.

## 6. ANNUAL INVESTMENT STRATEGY

### 6.1 Investment Policy

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

### 6.2 Investment Strategy

The Council does not place cash with fund managers as all of its cash is managed in-house. Base rate is forecast to remain at 0.50% till Q4 2016. The forecast rates have been built on the basis that bank rate is expected to remain unchanged until around the fourth quarter of 2016, however if interest rates do not rise then future income expectations may not be met. Local indicators /benchmark for investments set is included in paragraph 5.4 of this report.

In order to maximise returns, cash available for investments will be split into three categories;

- Operational cash (under 3 months)
- Core cash (available for 3 to 6 months)
- Strategic cash (available for over 6 months)

The aim is to invest strategic cash for a minimum period of 12 months to enable the Council to secure advantageous rates, taking account of counterparty risk. However this is also constrained by counterparty risk. Operational cash will predominantly be lent overnight or for periods less than three months.

### 6.3 Alternative investment instruments

The Council has in the past restricted its treasury activities to simple investment structures like fixed deposits and money market funds. However, in the current market, regulatory and economic environment, the Council may be required to utilise various instruments. **Appendix 5** of this report gives a detailed overview of the types of instrument and investment options available to the Council.

The global financial crisis of 2008 led to a major overhaul of regulation, market practices and financial institutions across the world. The changes have been aimed at promoting greater transparency and investor confidence. Some of these measures include more institution-level regulatory changes like stringent capital, leverage and liquidity requirements in addition to The European Union (EU) Directives on Bank Recovery and Resolution (BRRD)

and Deposit Guarantee Schemes (DGSD) among a few are key in this reform. Although these changes are ultimately designed to make financial systems more robust, they are not expected to have a fundamental impact on insolvency creditor hierarchy.

Although the Council does not expect a fundamental change in type of instruments it uses in the delivery of its treasury management activities, a number of new instruments have been included to provide flexibility should there be changes in the economic environment which may warrant their use. As with any investment, there are varying degrees of risk associated with each instrument or investment options.

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

**6.4 Investment Treasury Indicator and Limit** - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and are based on the availability of funds after each year-end.

	31 Dec 2015 Actual £'m	2015/16 Estimate £'m	2016/17 Estimate £'m	2017/18 Estimate £'m	2018/19 Estimate £'m	2019/20 Estimate £'m
Estimated Principal sums invested greater than 364 days	5m	18m	40m	40m	30m	30m

In addition to fixed deposits, a number of other financial instruments like Property funds will fall under the category of investments with duration exceeding 364 days. In addition to using money market funds, call accounts and notice accounts, the Council will seek to utilise other liquid and transferable instruments like certificate of deposits and gilts for its cashflow balances.

**6.5 Use of Specified and Non-Specified Investments**

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

**Specified Investments**

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

- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling;
- The investment is not a long-term investment;
- The making of the investment is not defined as capital expenditure]; and

- The investment is made with a body or in an investment scheme of high credit quality or with one of the following public-sector bodies:
  - The United Kingdom Government;
  - A local authority in England or Wales (as defined under section 23 of the 2003 Act).

### **Non-Specified Investments**

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

## **6.6 Investment Risk Benchmarking**

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

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

Security - The Council's maximum security risk benchmark for the current portfolio:

- Liquidity – in respect of this area the Council seeks to maintain:
  - Bank overdraft - £1m
  - Liquid short-term deposits of around £5m or more available with one day access.

## **6.7 Risk Management and Creditworthiness Policy**

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

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

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

- Yellow 5 years
- Dark pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25

- Light pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour (and long term rating where applicable)	Money Limit	Time Limit
<b>Banks *</b>	yellow	£35m	5yrs
<b>Banks</b>	purple	£25m	2 yrs
<b>Banks</b>	orange	£25m	1 yr
<b>Banks – part nationalised</b>	blue	£25m	1 yr
<b>Banks</b>	red	£10m	6 mths
<b>Banks</b>	green	£5m	100 days
<b>Banks</b>	No colour	Not to be used	
<b>Limit 3 category – Council's banker</b>	Lloyds bank	£5m	1 day
<b>Other institutions limit</b>	-	£5m	1yrs
<b>DMADF</b>	AAA	unlimited	6 months
<b>Local authorities</b>	n/a	£5m	1yrs
	Fund rating	Money Limit	Time Limit
<b>Money market funds</b>	AAA	£35m	Instant
<b>Enhanced money market funds with a credit score of 1.25</b>	Dark pink / AAA	£25m	Instant
<b>Enhanced money market funds with a credit score of 1.5</b>	Light pink / AAA	£10m	Instant

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

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

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

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

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

## **6.8 Country and Sector Limits**

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in **Appendix 3**. This list will be added to, or deducted from by officers should ratings change in accordance with this policy.

## **6.9 Banking Arrangements**

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

CHAS 2013 Limited is a wholly owned subsidiary of L.B Merton. It is a service offering Health and Safety pre-qualification assessments to nationally recognised standards. The company uses the Council's bank account, although steps have been taken to open a separate bank account for the company in 2016/17.

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

- 6.10 Lending to Community Organisations, Other Third Parties and RSLs** - Any loans to or investments in third parties will be made under the Well Being powers of the Council conferred by section 2 of the Local Government Act 2000 or Localism Act of 2012.

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

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

- 6.11 Non-Treasury Investment Lending**

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

- 6.12 Comparative Reviews** - The Council participates in various comparative and benchmarking clubs.

## **7. Cashflow Management**

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

Forecasts are based on best estimates which may slip due to unforeseen circumstances and the nature of large projects. The Council can borrow in advance of need if rates fall and borrowing becomes a lot more advantageous than it currently is.

- 7.2 Purchase and Corporate Credit Cards**

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

## 8. Policy on the use of External Service Providers

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

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

[http://www.merton.gov.uk/democratic\\_services/w-agendas/w-nonexecreports/1115.pdf](http://www.merton.gov.uk/democratic_services/w-agendas/w-nonexecreports/1115.pdf)

## 9. Training

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

## 10. The Localism Act

- 10.1 A key element of the Act is the "General Power of Competence": "A local authority has power to do anything that individuals generally may do." CIPFA emphasise that where the legality of the use of derivatives is confirmed, then there is a need for a framework for their use. The Council currently does not use derivatives. Should the need for the use of derivatives arise as a requirement for managing its interest rate exposure or hedging its investments, the Council will take legal advice and report to members before use.

## 11. Treasury Management Practices

- 11.1 The 2011 Code reinforces a framework of 12 Treasury Management practices (TMPs), which define the manner in which authorities seek to achieve the policies and objectives outlined in their Treasury Management policy statement. The Council's detailed Treasury Management practices approved in March 2012/13 can be found on the Council's intranet. An updated version is included as **Appendix 5**



**12. Appendices**

12.1 Appendix 1– Early Repayment of Debt Estimate

Appendix 2 – Policy Investments (Non-Treasury Management Investments)

Appendix 3 – Approved Countries for Investment

Appendix 4 – The Treasury Management Role of the S151 Officer

Appendix 5 – Treasury Management Practices 2016/17

Appendix 6 – Prudential Indicators for 2015/16 to 2018/19

Appendix 7 – Glossary

Appendix 8 – Cashflow Forecast

**13. Background Papers**

- CIPFA Prudential Code for Capital Finance in Local Authorities 2013 Edition
- 2015/16 Treasury Management Strategy report
- The Guide to Local Government Finance (2013 Edition) Module 4: Treasury Management
- CIPFA Practical Considerations in Using Financial Instruments to Manage Risk in the Public Sector
- London Borough of Merton Capital Strategy 2016/20

## PWLB loan Early Redemption Estimates at 16 January 2016

Internal Reference No.	Lender	Last Date Interest was Paid	Loan Start Date	Loan Term (yrs)	Loan Maturity Date	Loan Principal Outstanding (£)	Loan Rate (%)	Term left on Loan (Yrs)	Next Interest Due Date	Discount Rate (%)	Accrued Interest to 16 Jan 2016 (£)	Premium/Discount (£)	Total Due (£)
1000484711	PWLB	31/10/2015	13/11/2000	24	31/10/2024	5,000,000	5.000	8.9	30/04/2016	1.460	54,109.59	1,454,093.81	6,508,203.40
1000484981	PWLB	31/10/2015	30/11/2000	24	31/10/2024	1,500,000	4.750	8.9	30/04/2016	1.460	15,421.23	405,421.07	1,920,842.30
1005489969	PWLB	20/11/2015	20/05/2005	30	20/05/2035	2,500,000	4.450	19.4	20/05/2016	2.250	17,982.88	858,551.09	3,376,533.97
1005490706	PWLB	21/11/2015	21/11/2005	26	21/11/2031	1,000,000	4.250	15.1	21/05/2016	2.0600	6,753.42	294,711.13	1,301,464.55
1005490967	PWLB	25/07/2015	10/01/2006	50	25/07/2055	10,000,000	3.950	39.6	25/01/2016	2.240	191,547.95	4,468,188.25	14,659,736.20
1005490976	PWLB	25/07/2015	10/01/2006	50	25/07/2055	5,000,000	3.950	39.6	25/01/2016	2.240	95,773.97	2,234,094.12	7,329,868.09
1006491475	PWLB	28/10/2015	28/04/2006	45.5	28/10/2051	7,000,000	4.400	35.9	30/04/2016	2.280	69,194.52	3,616,323.89	10,685,518.41
1097480120	PWLB	30/09/2015	15/10/1997	25.5	31/03/2023	310,000	6.625	7.2	31/03/2016	1.270	6,189.38	113,850.47	430,039.85
1097480121	PWLB	30/09/2015	15/10/1997	26.5	31/03/2024	12,000,000	6.500	8.2	31/03/2016	1.400	235,068.49	4,724,495.53	16,959,564.02
1097480232	PWLB	30/09/2015	11/11/1997	26.5	31/03/2024	1,700,000	6.750	8.2	31/03/2016	1.400	34,582.19	702,112.53	2,436,694.72
1098480925	PWLB	31/10/2015	30/04/1998	26	30/04/2024	6,000,000	5.875	8.3	30/04/2016	1.400	76,294.52	2,093,010.68	8,169,305.20
						52,010,000					802,918.14	<b>20,964,852.57</b>	73,777,770.71

**APPENDIX 2 – Policy Investments (Non-Treasury Management Investments)**

Type	Duration	
Joint Development Companies	One month to 10 years	Subject to specific terms
Loans to Registered Landlords	One month to 5 years	Subject to specific terms
Open Loan Facility to RCL's with an affiliation with Merton	One month to 5 years	Subject to specific terms
Loans to wholly owned companies	One month to 30 years	Subject to specific terms
Loan to any other type of organisation	One month to 10 years	Subject to specific terms

**APPENDIX 3 – APPROVED COUNTRIES FOR INVESTMENTS (as at 20 January 2016)**

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

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

**AAA**

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

**AA+**

- Finland
- U.K.
- U.S.A.

**AA**

- Abu Dhabi (UAE)
- France
- Qatar

**AA-**

- Belgium

**APPENDIX 4****Treasury Management Role of the Section 151 Officer****The S151 Officer (Director of Corporate Services)**

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

## APPENDIX 5

**LONDON BOROUGH OF MERTON**  
**TREASURY MANAGEMENT PRACTICES 2016/17**

**TMP 1: RISK MANAGEMENT**

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

**1.1 Credit and Counterparty Risk Management**

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

## Policy on the use of credit risk analysis techniques

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

**1.2 Liquidity Risk Management**

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

case for doing so and will only do so for the current capital programme or to finance future debt maturities.

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

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

a. Short-term borrowing facilities

The Council accesses temporary loans through approved brokers on the London money market.

b. Special payments

Where an urgent clearing house automated payment system (CHAPS) payment is required, a CHAPS payment request form must be completed and forwarded to the Head of Transactional Services who then checks for correct required signatures and supporting paperwork. Further guidance can be found on the Council's intranet.

c. Inter account transfer

From time to time, transactions occur between the Pension Fund and the Council. Reimbursement where necessary is by inter-account transfers between both bank accounts.

### 1.3 Interest Rate Risk Management and use of Derivatives

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

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

Policies concerning the use of instruments for interest rate management.

- **Forward Dealing**  
Consideration will be given to dealing for forward periods depending on market conditions. When forward dealing is more than a 364 day period forward, the approval of the Director of Corporate Services is required.
- **Callable Deposits**  
The council may use callable deposits as part as of its Annual Investment Strategy (AIS). The credit criteria and maximum periods are set out in the Schedule of Specified and Non Specified Investments appended to the AIS.

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

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

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

#### **1.4 Exchange Rate Risk Management**

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

#### **1.5 Refinancing Risk Management**

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

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

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

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



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

### **1.6 Legal and Regulatory Risk Management**

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

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

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

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

### **1.7 Fraud, Error and Corruption, and Contingency Management**

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

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

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

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

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

## **1.8 Market Risk Management**

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

### **TMP 1: SCHEDULE 1 – SPECIFIED AND NON SPECIFIED INVESTMENTS**

This is included in the Treasury Management Strategy.

### **TMP 2: PERFORMANCE MEASUREMENT**

#### **2.1 Evaluation and Review of Treasury Management Decisions**

##### **Periodic Review During the Financial Year**

The Director of Corporate Services will hold treasury management review meetings with the Treasury Manager, periodically or as required to review actual activity against the Treasury Management Strategy Statement (TMSS) and cashflow forecasts. This will include:

- Total debt (both on-and off- balance sheet) including average rate and maturity profile.
- Total investments including average rate and maturity profile and changes to the above from the previous review and against the TMSS.
- Cashflow forecast against the actual.

##### **Annual Review After the end of the Financial Year**

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

##### **Comparative Review**

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

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

## **2.2 Benchmarks and Calculation Methodology**

### **2.2.1 Debt management**

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

### **2.2.2 Investment**

The performance of investment earnings will be measured against any of the following benchmarks:

- In-house benchmark and when necessary other benchmarks such as Bank of England base rate, 7-day LIBID uncompounded, 7-day LIBID compounded weekly, 1-month LIBID and 3-month LIBID compounded quarterly

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

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

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

### **2.3.1 Money-broking Services**

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

### **2.3.2 Consultants / Advisers Services**

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

## **TMP 3: DECISION-MAKING AND ANALYSIS**

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

#### **3.1.1 Records to be kept**

The following records will be retained:

- Daily cash balance forecasts for the day and previous day
- Money market deal booking and deal approval confirmation emails
- Dealing slips for all investment and borrowing transactions
- Brokers' confirmations for all investment and temporary borrowing transactions made through brokers

- Confirmations from borrowing / lending institutions including money market fund portals
- PWLB loan confirmations
- PWLB interest due schedule
- Certificates for market loans, local bonds and other loans
- Deal confirmation letters for deals over one month
- Banking and other contract documents which the treasury team has responsibility for.

### **3.1.2 Processes to be pursued**

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

### **3.1.3 Issues to be addressed**

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

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

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

- a) Consider the ongoing revenue liabilities created, and the implications for the organisation's future plans and budgets
- b) Evaluate the economic and market factors that might influence the manner and timing of any decision to fund

- c) Consider the merits and demerits of alternative forms of funding, including funding from revenue, use of reserves, leasing and private partnerships; and
- d) Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

**3.1.3.3 In respect of investment decisions, the Council will:**

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

**TMP 4: APPROVED INSTRUMENTS, METHODS AND TECHNIQUES**

**4.1 Approved Activities of the Treasury Management Operation**

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

**4.2 Approved Instruments for Investments**

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

**4.3 Approved Techniques**

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

#### 4.4 Approved Methods and Sources of Raising Capital Finance

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

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

#### **Other Methods of Financing**

Government and EC Capital Grants  
 Lottery monies  
 PFI/PPP  
 Operating and Finance leases  
 Revenue Contributions

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

#### 4.5 Investment Limits

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

#### 4.6 Borrowing Limits

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

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

### 5.1 Allocation of Responsibilities

#### (i) Council (Budget)

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

#### (ii) Cabinet

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

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

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

### 5.2 Principles and Practices Concerning Segregation of Duties

5.2.1 The following duties are undertaken by separate officers: -

<b>Tasks</b>	<b>Duties</b>	<b>Responsible Officer</b>
Dealing	• Negotiation and approval of deal	Treasury manager
	• Entering of deal into Logotech	Treasury manager/ Fund officer
	• Sending confirmation letter to counterparty (to be signed by authorised signatory)	Treasury manager/ Fund officer
	• Checking of brokers and counterparty confirmation notes against Logotech	Fund officer
	• Reconciliation of FMIS Codes and reconciliation to bank statement	Fund officer Treasury manager
	• Sign off of reconciliations	Fund officer

Accounting Entry	<ul style="list-style-type: none"> <li>Processing of accounting entry into FMIS (bank reconciliation team)</li> </ul>	Bank reconciliation team
Authorisation / Payment of Deal	<ul style="list-style-type: none"> <li>Inputting CHAPS on Lloyds link</li> <li>Approval of CHAPS on Lloyds link and CHAPS form authorisation</li> </ul>	Treasury manager/Fund officer
		Authorisers per bank mandate

### 5.3 Statement of the Treasury Management Duties/Responsibilities of Each Treasury Post

#### 5.3.1 Responsible Officer

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

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



the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations

- m) It is also the responsibility of the responsible officer to ensure that the council complies with the requirements of The Non-Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

### **5.3.2 Treasury Manager**

The responsibilities of this post will be: -

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

### **5.3.3 Head of the Paid Service – the Chief Executive**

The responsibilities of this post will be: -

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

### **5.3.4 Monitoring Officer**

The responsibilities of this post will be: -

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

### **5.3.5 Internal Audit**

The responsibilities of Internal Audit will be: -

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

## **5.4 Absence Cover Arrangements**

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

## 5.5 Dealing Limits

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

## 5.6 List of Approved Brokers

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

### Policy on Brokers' Services

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

## 5.7 Policy on Taping of Conversations

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

## 5.8 Direct Dealing Practices

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

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

## 5.9 Settlement Transmission Procedures

A confirmation letter signed by an authorised signatory per the Council's bank mandate must be sent to the counterparty if the deal period exceeds one month. Copy of forms folder located in H:/techaccy/treasury/Daily Treasury for PF

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

## 5.10 Documentation Requirements

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

## 5.11 Arrangements Concerning the Management of Third-Party Funds.

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

## **TMP 6: REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS**

### **6.1 Annual Treasury Management Strategy Statement**

1. The Treasury Management Strategy Statement sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted the cabinet and then to the Council (budget) for approval before the commencement of each financial year.
2. The formulation of the annual Treasury Management Strategy Statement involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, this council may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.
3. The Treasury Management Strategy Statement is concerned with the following elements:
  - a) Prudential and Treasury Indicators
  - b) Current Treasury portfolio position
  - c) Borrowing requirement
  - d) Prospects for interest rates
  - e) Borrowing strategy
  - f) Policy on borrowing in advance of need
  - g) Debt rescheduling
  - h) Investment strategy
  - i) Creditworthiness policy
  - j) Policy on the use of external service providers
  - k) Any extraordinary treasury issue
  - l) MRP strategy
4. The Treasury Management Strategy Statement will establish the expected move in interest rates against alternatives.

### **6.2 Annual Investment Strategy Statement**

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

- a) The Council's risk appetite in respect of security, liquidity and optimum performance
- b) Which specified and non specified instruments the Council will use
- c) The Council's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list
- d) Which credit rating agencies the Council will use
- e) How the Council will deal with changes in ratings, rating watches and rating outlooks

- f) Limits for individual counterparties and group limits
- g) Country limits
- h) Levels of cash balances
- i) Interest rate outlook
- j) Budget for investment earnings
- k) Policy on the use of external service providers

### **6.3 Annual Minimum Revenue Provision Statement**

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

### **6.4 Policy on Prudential and Treasury Indicators**

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

### **6.5 Other Reporting**

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

## **TMP 7: BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS**

### **7.1 Statutory / Regulatory Requirements**

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

## **TMP 8: CASH AND CASHFLOW MANAGEMENT**

### **8.1 Arrangements for Preparing Cashflow**

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

amounts to be paid or received as and when they are known. Logotech is used to record cashflow.

## **8.2 Bank Statements Procedures**

The Council receives daily bank statements on a daily basis, download into the folder below. Estimates on Logotech cashflow is updated with actuals from bank statement.  
**H:\TECHACCY\TREASURY\Daily Treasury for GF General Fund Daily**

## **TMP 9: MONEY LAUNDERING**

### **9.1 Proceeds of Crime Act 2002 and Amendments**

See Council's website and intranet for money laundering process and associated policies  
[http://intranet/anti\\_money\\_laundering\\_policy.pdf](http://intranet/anti_money_laundering_policy.pdf)

### **9.2 The Terrorism Act 2000 and Amendment order**

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

### **9.3 The Money Laundering Regulations 2007 and Updates**

The Council's money laundering officer is the Head of Audit. See Council's website and intranet for details [http://intranet/anti\\_money\\_laundering\\_policy.pdf](http://intranet/anti_money_laundering_policy.pdf)

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

### **9.4 Procedures for Establishing Identity / Authenticity of Lenders**

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

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

### **9.5 Methodologies for identifying Deposit Takers**

Other than those organisations mentioned in para section 6.10 and Appendix 2 of the treasury strategy, in the course of its Treasury activities, the Council will only lend money to or invest with those counterparties that are on its approved lending list.

These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000. The FCA Register can be accessed through their website on [www.fca.gov.uk](http://www.fca.gov.uk).

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

## **TMP 10: TRAINING AND QUALIFICATIONS**

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

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

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

### **10.1 Details of Approved Training Courses**

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

### **10.2 Records of Training Received by Treasury Staff**

Staff will keep records on their training.

### **10.3 Member Training Record**

Member training will be provided as required.

## **TMP 11: USE OF EXTERNAL SERVICE PROVIDERS**

### **11.1 Details of Contracts with Service Providers, Including Bankers, Brokers, Custodian Banks, Consultants, Advisers**

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

#### **11.1.1 Banking Services**

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

**11.1.2 Money-Broking Services**

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

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

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

**11.1.4 Custodian Banks**

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

**11.1.5 Credit Rating Information**

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

**11.2 Procedures and Frequency for Tendering Services**

See TMP2

**TMP 12: CORPORATE GOVERNANCE****12.1 List of Documents to be Made Available for Public Inspection**

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

## APPENDIX 6

## PRUDENTIAL INDICATORS FOR 2015/16 TO 2018/19

<b>PRUDENTIAL INDICATORS</b>	<b>2015/16 Probable Outturn £'000</b>	<b>2016/17 Forecast £'000</b>	<b>2017/18 Forecast £'000</b>	<b>2018/19 Forecast £'000</b>
<b>1. CAPITAL EXPENDITURE</b>				
a) Capital Expenditure (includes expenditure funded by supported, unsupported borrowing and other sources)				
i) General Fund estimated as at 31/12/15	35,324	35,485	39,972	34,469
<b>Total as at 31/12/15</b>	<b>35,324</b>	<b>35,485</b>	<b>39,972</b>	<b>34,469</b>
b) In year Capital Financing Requirement (CFR)				
i) General Fund (Gross of MRP costs)	0	226	21,401	24,441
<b>Total in year CFR</b>	<b>0</b>	<b>226</b>	<b>21,401</b>	<b>24,441</b>
c) Capital Financing Requirement as at 31 March (Balance Sheet figures)				
i) General Fund (Net of MRP costs)	198,580	190,058	203,150	197,373
<b>Total</b>	<b>198,580</b>	<b>190,058</b>	<b>203,150</b>	<b>219,342</b>



<b>2. AFFORDABILITY</b>				
a) Ratio of Financing Costs to net Revenue Streams				
i) General Fund	10.35%	10.53%	10.53%	10.81%
b) General Fund Impact of Prudential (Unsupported) Borrowing on Band D Council Tax Levels (per annum)				
i) In year Increase	-£33.61	-£7.07	-£12.22	-£3.85
ii) Cumulative Increase (includes MRP costs)		-£40.68	-£52.90	-£56.75
<b>3. LONG-TERM EXTERNAL DEBT</b>				
a) Debt Brought Forward 1 April	116,976	116,976	116,976	113,010
Debt Carried Forward 31 March	116,976	116,976	113,010	113,010
<b>Additional Borrowing</b>	<b>0</b>	<b>0</b>	<b>(3,966)</b>	<b>0</b>
b) Operational Boundary for External Debt (Excludes Revenue Borrowing)				
i) Borrowing	150,578	149,015	143,506	142,054
ii) Other Long-term Liabilities	33,602	32,039	30,496	29,044
c) Total Operating Debt (Excludes Revenue Borrowing)	184,180	181,054	174,002	171,098
<b>Add</b> margin for cashflow contingency	26,398	37,961	39,504	50,956
Affordable Borrowing Limit (Includes Revenue Borrowing)	210,578	219,015	213,506	222,054
Authorised Limit for External Debt (Includes Revenue Borrowing)				
• Borrowing	150,578	149,015	143,506	142,054
• Other Long-term Liabilities	60,000	70,000	70,000	80,000

<b>Authorised Borrowing Limit</b>	<b>210,578</b>	<b>219,015</b>	<b>213,506</b>	<b>222,054</b>
<b>4. TREASURY MANAGEMENT</b>				
a) Borrowing Limit – Upper Limit for Fixed Interest Rate Exposure Expressed as: Net Principal re Fixed Rate Borrowing/Investments	210,578	219,015	213,506	222,054
b) Borrowing Limit – Upper Limit for Variable Interest Rate Exposure Expressed as: Net Principal re Variable Rate Borrowing/Investments	50%	50%	50%	50%
c) Lending Limit – Upper Limit for Total Principal Sums Invested for Over 364 Days Expressed as a % of Total Investments	50%	50%	50%	50%
d) Maturity Structure of new Fixed Rate Borrowing, if Taken During 2016/17	LOWER LIMIT		UPPER LIMIT	
i) Under 12 Months		0		10%
ii) 12 Months to 24 Months		0		20%
iii) 24 Months to 5 Years		0		30%
iv) 5 Years to 10 Years		0		40%
v) 10 Years and Above		0		100%

## APPENDIX 7

**GLOSSARY OF TREASURY MANAGEMENT TERMS****Accrued Interest**

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

**Basis Point**

One hundredth of 1% e.g. 0.01%

**Certificate of Deposit (CD)**

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

**Coupon**

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

**Covered Bond**

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

**Credit Rating**

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

**Credit risk**

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

**Debt Management Office (DMO)**

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

**Financial Strength Rating**

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

### Floating Rate Note (FRN)

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

### Gilt

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

### Index Linked Gilts

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

### Interest Rate Risk

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

### LIBOR

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

### Long Term

Duration in excess of 1 year

### Net Asset Value (NAV)

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

### Premium

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

### Short Term

Duration of up to 1 year

### Support Rating

Fitch Ratings Agency's assessment of extraordinary support given to a financial institution either by the parent and or sovereign.

### Supranational Bond

A bond issued by a Supranational organisation (multi-lateral development banks). They are AAA rated organisations in which the share capital is jointly owned and guaranteed by leading developed nations in their respective region.

### Treasury Bill (T-Bills)

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

### Viability Ratings

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

### Yield Curve

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

## 2015/16 Estimated Cash Flow Forecast December 2015 Position and 2016/17 to 2018/19 Forecast

## APPENDIX 8

Description	2013/14	2014/15	2015/16 Year to Date (Three quarters to Dec 2015)	2015/16 Jan - March	2015/16 Year end Forecast as at Dec 2015	2016/17	2017/18	2018/19
	Actual £000	Actual £000	Actual £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
<b>Payments</b>								
Payroll Related Payments (including Schools)-net pay	102,341	104,256	79,817	26,606	106,423	109,615	112,904	116,291
Payroll related-HMRC	37,906	37,321	27,409	9,136	36,545	37,642	38,771	39,934
Payroll related-Teachers Pensions Authority	12,232	13,010	6,319	2,106	8,425	8,678	8,938	9,207
Payroll related-pension fund and disbursements and including back funding and added years	22,710	36,259	11,470	3,823	15,293	15,752	16,225	16,711
Service payments- (Premises, Transport, Supplies and Services and Third Party payments) and payments to preceptors	341,332	339,403	298,670	156,498	455,168	457,610	476,217	482,939
Transfer Payments-Housing Benefits	91,560	92,065	70,885	23,628	94,513	97,349	100,269	103,277
Bank Charges & Related Expenditure	280	252	179	60	239	246	253	261
NET Business Rates Retention Scheme (RSG)	30,490	31,348	11,131	3,710	14,841	15,287	15,745	16,218
Business Rates and CTax Refunds	4,191	5,601	4,631	1,544	6,175	6,360	6,551	6,747
Capital Payments	31,624	37,118	23,305	7,768	31,073	32,006	32,966	33,955
<b>Total Payments</b>	<b>674,666</b>	<b>696,633</b>	<b>533,816</b>	<b>234,880</b>	<b>768,696</b>	<b>780,544</b>	<b>808,839</b>	<b>825,540</b>
<b>Receipts</b>								
Business Rates Receipts	-90,044	-91,292	-75,669	-25,223	-100,892	-103,919	-107,036	-110,247
Council Tax Receipts	-101,963	-103,301	-88,853	-29,618	-118,471	-122,025	-125,686	-129,456
DWP - Housing Benefit Subsidy & Admin Grant & Discretionary Housing Payment grant&S31 Grant)	-105,598	-87,289	-71,225	-23,742	-94,967	-97,816	-100,750	-103,773
Grants (Including Public Health Grants)	-221,440	-228,412	-197,069	-65,690	-262,759	-270,641	-278,761	-287,123
Other receipts-fees and charges	-61,310	-73,621	-56,570	-18,857	-75,426	-77,689	-80,020	-82,420
Payroll Recoupment	-80,631	-82,897	-62,052	-20,684	-82,736	-85,218	-87,775	-90,408
VAT Reimbursement	-19,251	-24,247	-15,689	-5,230	-20,919	-21,546	-22,193	-22,858
<b>Total Receipts</b>	<b>-680,237</b>	<b>-691,059</b>	<b>-567,127</b>	<b>-189,042</b>	<b>-756,169</b>	<b>-778,854</b>	<b>-802,220</b>	<b>-826,286</b>
<b>1. Net Cashflow (Revenue and Capital Cash)</b>	<b>-5,571</b>	<b>5,574</b>	<b>-33,311</b>	<b>45,837</b>	<b>12,527</b>	<b>1,689</b>	<b>6,619</b>	<b>-746</b>
Interest Received on investments	-1,607	-798	-435	-145	-580	-580	-430	-333
Interest on Pooled Property Investment	0	0	-213	-71	-284	-284	-284	-284
Interest Paid on Debt inc DME		-66	2,953	984	3,937	3,937	3,804	3,804
<b>2. Interest-net (Net cash flow)</b>	<b>-1,607</b>	<b>-864</b>	<b>2,305</b>	<b>768</b>	<b>3,073</b>	<b>3,073</b>	<b>3,090</b>	<b>3,187</b>
B/F Cash Deposits Balance (SoA Note 9 Financial Instruments)	80,000	80,000	86,100	103,035	86,100	58,538	53,775	44,066
B/F Bank Balance (SoA Note 14 Cash and cash equivalents)	-530	-182	-252	-3,091	-252	-200	-200	-200
B/F ST Borrowing (SoA Note 9 Financial Instruments)	-8,000	-1,170	-11,910	5,000	-11,910	0	0	0
<b>B/Fwd Total</b>	<b>71,470</b>	<b>78,648</b>	<b>73,938</b>	<b>104,944</b>	<b>73,938</b>	<b>58,338</b>	<b>53,575</b>	<b>43,866</b>
Change in cash and investments (1+2)	-7,178	4,710	-31,006	46,606	15,600	4,763	9,709	2,441
C/F Cash Deposits Balance (SoA Note 14 Financial Instruments)	80,000	86,100	103,035	58,538	58,538	53,775	44,066	41,625
C/F Bank Balance (SoA Note 14 Cash and Cash Equivalents)	-182	-252	-3,091	-200	-200	-200	-200	-200
C/F ST Borrowing (SoA Note 9 Financial Instruments)	-1,170	-11,910	5,000	0	0	0	0	0
<b>B/Fwd Total</b>	<b>78,648</b>	<b>73,938</b>	<b>104,944</b>	<b>58,338</b>	<b>58,338</b>	<b>53,575</b>	<b>43,866</b>	<b>41,425</b>
	0	0	0	-0	0	0	0	0