

# Public Document Pack

## Merton Council

### Overview and Scrutiny Commission - financial monitoring task group

#### Task group members

#### Councillors:

Iain Dysart  
Samantha George  
Suzanne Grocott  
Diane Neil Mills  
Dennis Pearce  
Peter Southgate

**Wednesday 4 September 2013 at 7.00 pm**  
**Committee room C - Merton Civic Centre, London Road,**  
**Morden SM4 5DX**

#### Agenda

- 1 Apologies for absence
- 2 Election of chair
- 3 Financial monitoring report - quarter 1 1 - 46  
Caroline Holland, Director of Corporate Services
- 4 Date of next meeting - please bring your diaries  
29 or 31 October 2013  
18 or 19 February 2014

**Contact for further information about the task group meeting:**

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## Financial Task Group

Date: 4<sup>th</sup> September

Subject: Financial Report 2013/14 – June 2013

Lead officer: Paul Dale

Lead member: Mark Allison

### Recommendations:

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- A. That the Task Group note the financial reporting data relating to revenue budgetary control, showing a forecast underspend at year end of £1.2million after allowing for a £222k transfer to the Capital Programme and consider any relevant action CMT may wish to take in respect of variations
- B. The Task Group notes the current position on capital and approve the two Transport for London Biking Borough Schemes totalling £45,000
- C. The Task Group note current progress to date on savings
- D. The Task Group note the latest position with regard to the collection of miscellaneous debt (Appendix 8), as at the end of June 2013.

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## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the first quarter financial monitoring report for 2013/14 presented to the Task Group in line with the financial reporting timetable. It is based on expenditure and income as at 30th June 2013 and represents the first quarter of the financial year.

This financial monitoring report provides:-

- The latest budgetary control information on revenue expenditure and income, forecasting a year end underspend of £1.2m (£1.4m underspend reported last month);
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2013/14;
- Progress on the delivery of the 2013/14 revenue savings

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

- 2.1 **Executive summary** - As at June, the forecast is expected to be a net £1.2m underspend compared to the current budget.

	Current Budget 2013/14 £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s
<b>Department</b>				
3A. Corporate Services	11,860	11,508	(352)	(296)
3B. Children, Schools and Families	50,712	50,841	129	63
3C. Community and Housing	63,418	63,050	(368)	(383)
3D. Public Health	0	(11)	(11)	0
3E. Environment & Regeneration	25,886	26,086	200	0
<b>NET SERVICE EXPENDITURE</b>	<b>151,877</b>	<b>151,474</b>	<b>(403)</b>	<b>(616)</b>
<b>3E. Corporate Items</b>				
Impact of Capital on revenue budget	13,878	13,878	0	0
Central budgets	(2,408)	(3,222)	(814)	(814)
Levies	914	914	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>12,384</b>	<b>11,570</b>	<b>(814)</b>	<b>(814)</b>
<b>TOTAL GENERAL FUND</b>	<b>164,261</b>	<b>163,044</b>	<b>(1,217)</b>	<b>(1,430)</b>
<b>FUNDING</b>				
Revenue Support Grant	(47,221)	(47,221)	0	0
Business Rates	(32,020)	(32,020)	0	0
Other Grants	(8,356)	(8,356)	0	0
Council Tax and Collection Fund	(76,664)	(76,664)		
<b>FUNDING</b>	<b>(164,261)</b>	<b>(164,261)</b>	<b>0</b>	<b>0</b>

A detailed table is provided as Appendix 1.

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

	Current Budget 2013/14 £000	Full Year Forecast (June) £000	Forecast Variance at year end (June) £000
<b>Expenditure</b>			
Employees	89,398	89,790	392
Premises Related Expenditure	9,213	8,958	(256)
Transport Related Expenditure	13,137	12,047	(1,089)
Supplies and Services	165,641	165,959	318
Third Party Payments	86,051	86,507	456
Transfer Payments	95,966	95,350	(616)
Support Services	32,417	32,417	(0)
Depreciation and Impairment Losses	13,783	13,783	0
Corporate Provisions	12,384	11,570	(814)
<b>GROSS EXPENDITURE</b>	<b>517,990</b>	<b>516,380</b>	<b>(1,610)</b>
<b>Income</b>			
Government Grants	(245,910)	(245,686)	225
Other Grants, Reimbursements and Contribs	(17,553)	(17,893)	(341)
Customer and Client Receipts	(53,361)	(52,827)	535
Interest	(44)	(24)	20
Recharges	(34,296)	(34,295)	1
Balances	(2,565)	(2,611)	(46)
<b>GROSS INCOME</b>	<b>(353,729)</b>	<b>(353,336)</b>	<b>393</b>
<b>NET EXPENDITURE</b>	<b>164,261</b>	<b>163,044</b>	<b>(1,217)</b>

### 3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

#### i) Corporate Services Department

	2013/14 Current Budget	Full year Forecast June	Forecast variance at year end (June) £000	Forecast variance at year end (May) £000	2012/13 Variance at year end £000
	£000	£000	£000	£000	£000
Business Improvement	2,071	2,068	(4)	(39)	4
Infrastructure & Transactions	8,943	8,839	(104)	(76)	20
Resources	7,499	7,483	(17)	(11)	(141)
Human Resources	2,175	2,259	84	143	253
Corporate Governance	4,489	4,487	(2)	(76)	(195)
Customer Services	841	530	(311)	(238)	460
Corporate Items including redundancy costs	1,326	1,327	1	0	(9)
<b>Total (controllable)</b>	<b>27,344</b>	<b>26,992</b>	<b>(352)</b>	<b>(296)</b>	<b>(393)</b>

#### Overview

At period 3 (June) the Corporate Services department is forecasting an underspend of £352k. The main variances are summarised in the table below.

<u>13/14</u>	<u>Budget</u> £000	<u>June forecast variance</u> £000	<u>13/14 Savings</u> £000
<u>Human Resources</u>			
School's SLA	(376)	70	
iTrent client team	349	50	
Other costs	2202	(36)	
<b>Total Human Resources</b>	<b>2,175</b>	<b>84</b>	
<u>Resources</u>			
Audit Fee	422	(172)	
Other costs	7,077	155	
<b>Total Resources</b>	<b>7,499</b>	<b>(17)</b>	
<u>Customer Services</u>			
Corporate Communications Income	(203)	153	

Shared Bailiff's service with LB Sutton	(150)	93	<b>£150k income target</b>
Local welfare support programme funding	(367)	(250)	
Other costs	1,561	(307)	
<b>Total Customer Services</b>	<b>841</b>	<b>(311)</b>	

### **Human Resources (HR) – forecast overspend £84k**

The Schools SLA shortfall was partly addressed in 13/14 by charging schools a flat fee for the work carried out by the Central Operations Team which was excluded in the 12/13 SLA. However there is a forecast underachievement of SLA income of £70k. There are also budget pressures in the iTrent client side costs forecasting an overspend of £50k.

### **Customer Services – forecast underspend £311k**

In 13/14 a new 'Local Welfare Support' discretionary scheme was set up in response to localise the Department of Works and Pensions, Social Fund. The authority has been allocated £367k of programme funding in the current year. At the moment we are not experiencing the number of claims we anticipated and this is similar across London. Based on year to date claims this budget is expected to underspend by £250k but we will be keeping this under review.

There is a forecast underspend of £115k due to vacant posts within the division.

The above underspends are partly offset by a forecast underachievement of income of £153k in Corporate Communications sponsorship, advertising and filming income. This remains an on-going issue and budget pressure which needs to be addressed following the recent public value review.

The Merton and Sutton shared bailiff service is forecasting an underachievement of income of £93k. The service commenced in September 2012 and generated a surplus of £19k in 12/13 to be shared between the two boroughs. The initial business case for the shared bailiffs' service estimated that for a full year the service would provide a surplus income of approximately £279k. Based on this the income target for Merton was set at £150k for 13/14. However, before the shared service actually commenced the level of enforcement costs (non-statutory) that the Merton bailiff team charged had to reduce following a complaint made to the Local Government Ombudsman and the recommendations received from that investigation. These changes have impacted on the level of costs charged by the Merton bailiff team and subsequently the shared service. The forecast surplus for the shared bailiffs service is £114k (Merton's share £57k), resulting in an underachievement of income forecast of £93k for Merton.

### **Resources – forecast underspend £17k**

The audit fee saving for future years has been captured early in the current year. However, this is partially offset by systems improvement and development work required to the financial systems, as some monies may be required for additional testing and grant certification.

### **Infrastructure and Transactions – forecast underspend £104k**

This underspend is mainly due to the renegotiation of contracts.

### **Management Action**

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

### **3B. Children Schools and Families**

<b>Children, Schools and Families</b>	<b>2013/14 Current Budget £000</b>	<b>Full year Forecast (June) £000</b>	<b>Forecast Variance at year end (June) £000</b>	<b>Forecast Variance at year end (May) £000</b>	<b>2012/13 Variance at year end £000</b>
Commissioning, Strategy and Performance	9,184	9,197	13	(2)	548
Education	16,269	16,313	44	20	144
Social Care and Youth Inclusion	11,490	11,507	17	45	(521)
PFI	7,070	7,125	55	0	68
Redundancy costs	2,042	2,042	0	0	(51)
<b>Total (controllable)</b>	<b>46,055</b>	<b>46,184</b>	<b>129</b>	<b>63</b>	<b>188</b>

### **Overview**

At the end of period 3 (June) Children Schools and Families is forecasting a net overspend of £129k on local authority funded services

### **Local Authority Funded Services**

Significant cost pressures and underspends identified to date are detailed below:

#### **Commissioning, Strategy and Performance Division**

- Pressure on fostering and residential placement costs continues due to a combination of increased number of children looked after and complex placement needs. The net position includes pressures in independent agency fostering and in-house fostering budgets, offset by underspend on mother and baby and other placement budgets. It is estimated that placement budgets overall will overspend at year end but the scale of this will need to be reviewed.
- There may be cost pressures on the legal budget due to a coroner's inquest and a Land Tribunal.

- Despite these pressures the division is reporting spending as virtually on budget.
- PFI is showing a shortfall because of an inflation shortfall with charges to schools. This will be resolved in 2014/15. A top-up may be required to the PFI reserves ensure there proper cash flow over the whole of the program. Any surplus top-up will be released back to general reserves at the end of the PFI payment schedule in 2030. This is not reflected in the data.

### Education Division

- There have been additional costs due to using agency cover ensure social worker management capacity in the Children with Disability section, whilst permanent recruitment was carried out was recruited which will result in spend over budget

### Children's Social Care and Youth Inclusion

- The cost relating to Special Guardianship Orders has significantly increased mainly as a result of a judicial review and increased targets set by Central Government for all adoption services. These pressures along with support package and placement cost pressures are being funded by grant money that is not ring-fenced. Permanent funding will need to be identified in future years.
- In common with other London LAs, the council is having to respond to recent case law regarding families with no recourse to public funds (Zambrano & Clue cases). Officers are in the process of quantifying the additional costs of the legal requirements and will report these in the future.
- Despite these pressures the division is reporting spending as virtually on budget.

### **Dedicated Schools Grant**

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

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

As part of the schools budget setting process, two schools have requested setting deficit budgets for 2013/14. Officers have met with the schools and the schools have submitted recovery plans to show that they will balance their budgets over the next three years. Balances will be reviewed to ensure adherence to the recovery plans.



(C) **Community and Housing**

As at the end of period 3 (June), C&H is forecast to under-spend by £368k

<b>Community and Housing</b>	<b>2013/14 Current Budget</b>	<b>Full Year Forecast (Jun)</b>	<b>Forecast Variance (Jun)</b>	<b>Forecast Variance (May)</b>	<b>2012/13 Variance at year end</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Access and Assessment	43,698	43,382	(316)	(352)	(1,380)
Commissioning	4,631	4,509	(122)	13	(324)
Direct Provision	4,917	5,022	105	156	48
Directorate	888	888	0	0	81
<b>Adult Social Care</b>	<b>54,134</b>	<b>53,801</b>	<b>(333)</b>	<b>(183)</b>	<b>(1,575)</b>
Libraries and Heritage	2,489	2,486	(3)	0	4
Merton Adult Education	(113)	(113)	0	0	(3)
Housing General Fund	1,728	1,696	(32)	(200)	(230)
<b>Total (controllable)</b>	<b>58,238</b>	<b>57,870</b>	<b>(368)</b>	<b>(383)</b>	<b>(1,804)</b>

**Access and Assessment - £316k under-spend**

<b>Access and Assessment</b>	<b>Forecast Variance</b>
	<b>£000</b>
Miles Re-ablement	(414)
Other A&A underspend	(360)
Gross Placements overspend	1,782
<b>Sub-total Net over-spend</b>	<b>1,008</b>
<u>Over-achievement of Income</u>	
Client Contribution	(232)
CCG Contribution	(415)
NHS Social Care Transfer Income	(677)
<b>Sub-Total over-achievement of Income</b>	<b>(1,324)</b>
<b>Total A&amp;A Forecast under-spend</b>	<b>(316)</b>

**Commissioning - £122k under-spend**

Employee under-spend in Contracts and Performance team £120k

Supporting People Grant £36k overspend and Voluntary Organisations grants and contract £31k underspend

### **Direct Provision £105k overspend**

Mainly arises due to increase in staff levels recruited above budget. Funding needs to be identified as a matter of urgency and there are discussions with Access and Assessment .

### **Libraries – £3k underspend.**

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

### **Housing**

Housing is currently projecting that it will not underspend at the same level as in recent years. This is being kept under review and more evidence is requested.

### **Placements**

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

The Gross placements budget is forecast to over-spend by £1.782m.

The impact of the savings on the budget position for 2013-14 and future years are being monitored closely. There is a potential risk that £825k savings proposals relating to placements may not be achieved . Alternative proposals may be required.

The table below identifies the movement in care package numbers:

	No of Care Packages as at October 2012 (budget setting)	No of Care Packages as at June 2013	Increase/decrease since Budget Setting	Total Yearly Commitment @ June 13 £000
<b>Activity Data – Care Package Numbers</b>				
Service Area				
Mental Health	175	163	(12)	£1,634
Physical and Sensory	275	288	13	£3,862
Learning Disabilities	375	368	(7)	£12,155
Older People	1,634	1,643	9	£20,567
Substance Misuse	10	12	(2)	£298
No recourse to public funds	21	15	(6)	£201
Other Placement Expenditure				£588
<b>TOTAL Gross placement expenditure</b>	<b>2,490</b>	<b>2,489</b>	<b>(1)</b>	<b>£39,305</b>

### **Income**

The income budget has been increased by £800k to balance the 2013/14 budget.

The current estimated over-achievement of Income is Client Contribution - £232k and Additional CCG contributions £415k and £677k NHS Social care allocation.

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

### **Public Health**

The allocation of the Public Health budget are detailed below

<b>Cost Centre Description</b>	<b>2013/14 Current Budget £000</b>	<b>Full Year Forecast (Jun) £000</b>	<b>Forecast Variance (Jun) £000</b>
PH - Directorate	626	547	(79)
PH - Contraception	582	731	149
PH - STI Testing and treatment - GUM	2,006	1998	(8)
PH - Sexual Health advice , prevention and promotion	352	153	(199)
PH - NHS Health check	955	838	(117)
PH - Health Promotion Resources	16	16	0
PH - Obesity	339	339	0
PH - Livewell programme	6	6	0
PH – Substance Misuse	2,142	2,142	0
PH - Smoking and Tobacco	282	346	64
PH -Miscellaneous Budget	652	831	179
Public Health -Directorate ( Contingency/ Unallocated )	930	930	0
<b>Total Controllable</b>	<b>8,888</b>	<b>8,887</b>	<b>(11)</b>

The Finance team are working with the PH budget managers to review and re-profile the budget as required. There are disputes with the CCG in respect of some of the recharges for the contracts hosted by Royal Marsden and possibly other costs related to NHS England. A meeting is to be arranged with the CCG to clarify the position.

#### **D) Environment & Regeneration**

<b>Environment &amp; Regeneration</b>	<b>2013/14 Current Budget £000</b>	<b>Full year Forecast (June) £000</b>	<b>Forecast Variance at year end (June) £000</b>	<b>Forecast Variance at year end (May) £000</b>	<b>2012/13 Variance at year end £000</b>
Public Protection & Development	(6,617)	(6,423)	194	220	229
Sustainable Communities	2,021	2,038	17	(93)	(190)
Traffic & Highways	8,146	8,764	618	564	728
Waste Services	16,597	15,815	(781)	(630)	(651)
Safer Merton	970	959	(11)	(3)	(77)
Other	(513)	(349)	163	(58)	(76)
<b>Total (controllable)</b>	<b>20,604</b>	<b>20,804</b>	<b>200</b>	<b>0</b>	<b>(37)</b>

Description	2013/14 Current Budget £000	Forecast Variance at year end (June) £000	Forecast Variance at year end (May) £000
Shortfall in Building & Development Control (B&DC) income	(1,816)	218	266
General Supplies & Services underspend within B&DC	232	(64)	(29)
Employee underspend within Parking Services	2,383	(62)	(62)
Underachievement of Customer & Client Receipts in Parking Services	(11,605)	79	30
Employee overspend within EHTS&L	1,504	40	25
Other	2,685	(17)	(10)
<b>Total for Public Protection &amp; Development</b>	<b>(6,617)</b>	<b>194</b>	<b>220</b>
Employee overspend within Greenspaces	2,177	45	0
General Supplies & Services underspend within Property Management	128	(30)	(25)
Employee overspend within FutureMerton	1,112	73	68
Employee underspend within Senior Mgmt & Support	774	(43)	(47)
Other	(2,170)	(28)	(89)
<b>Total for Sustainable Communities</b>	<b>2,021</b>	<b>17</b>	<b>(93)</b>
Employee overspend within Waste Services	7,265	295	617
Reduced SLWP related costs	8,547	(1,490)	(1,657)
Shortfall in Waste Services income – principally Commercial Waste	(2,527)	353	318
Reduction in ability to Capitalise expenditure	(691)	449	464
Overspend on highways maintenance contract reactive works	640	160	160
Underachievement of Customer & Client Receipts in Traffic & Highways	(1,444)	94	73
Transport Services	(542)	164	(57)
Other	12,982	(25)	(42)
<b>Total for Street Scene &amp; Waste</b>	<b>24,230</b>	<b>0</b>	<b>(124)</b>
Employee related underspend	988	(11)	5
Other	(18)	0	(8)
<b>Total for Safer Merton</b>	<b>970</b>	<b>(11)</b>	<b>(3)</b>
<b>Total controllable</b>	<b>20,604</b>	<b>200</b>	<b>0</b>

## Overview

The department is currently forecasting an overspend of £200k mainly as a result of the following budget pressures, which are being addressed and managed in order to mitigate wherever feasible.

## Public Protection & Development

### **Building & Development Control**

The section is currently forecasting an overspend of £168k due to the recent and further anticipated changes in permitted development rights. This will impact on the section's fee income, as well as potentially the New Homes Bonus and S106 contributions for affordable housing received by the Council. Work is currently being undertaken to assess the extent of the impact on income arising from the permitted development changes and to explore ways to counter this shortfall. However, it is important to note that a 'bedding-in' period of 3-4 months is necessary before we can properly assess trends and impact on income. Similarly the section's building control market share is subject to further analysis involving the development of a commercialisation strategy designed to increase market share and, by association, income levels.

## **Street Scene & Waste**

### **Traffic & Highways**

The section is forecasting an overspend of £618k, which compares to a 2012/13 overspend of £728k and, at this stage, the main reasons for this remain as budget pressures for 2013/14. Firstly, due to a clearer understanding of guidelines and actual patterns of expenditure the section charges a lower level of highways maintenance spend to Capital than previously and, as a result, incurs increased revenue costs.

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

### **Waste Services**

The section is currently forecasting an underspend of £781k, which is mainly due to renegotiating the SLWP contract costs, and a reduction in the levels of residual waste being taken to landfill.

However, there are a few notable pressures. Commercial Waste, is forecasting an income shortfall of around £364k. This compares to a shortfall of £245k in 2012/13. However, an agreed saving of £150k has been implemented for 2013/14. A review of the commercial waste business has been carried out and an action plan is being delivered to address issues around future growth of the business together with improved efficiencies and cost control.

In addition, the section is currently projecting an employee related over spend of about £295k. This is as a result of a combination of issues, including contractual and non-contractual overtime, and agency cover for sick leave absences. Actions are being taken in order to reduce this overspend wherever possible, including an action plan to reduce the level of sick leave absence, and not covering absences with agency staff where this does not impact on service delivery.

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

### **Management Action**

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

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

(E) Corporate Items

Corporate Items	Current Budget 2013/14 £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s
Cost of borrowing	14,261	14,216	-45
Investment Income	-383	-560	-177
Use for Capital Programme	0	222	222
<b>Impact of Capital on revenue budget</b>	<b>13,878</b>	<b>13,878</b>	<b>0</b>
<b>Pension Fund</b>	<b>5,087</b>	<b>5,087</b>	<b>0</b>
<b>Pay and Price Inflation</b>	<b>2,104</b>	<b>1,790</b>	<b>-314</b>
<b>Contingencies and provisions</b>	<b>4,093</b>	<b>3,593</b>	<b>-500</b>
<b>Depreciation and Impairment</b>	<b>-13,692</b>	<b>-13,692</b>	<b>0</b>
<b>Income Items</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Central Items</b>	<b>11,470</b>	<b>10,656</b>	<b>-814</b>
<b>Levies</b>	<b>914</b>	<b>914</b>	<b>0</b>
<b>Appropriation to Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL CORPORATE PROVISIONS</b>	<b>12,384</b>	<b>11,570</b>	<b>-814</b>

There have been no significant changes in June from the position reported in May. There has been a small revision to the forecast cost of borrowing.

There have been two presentational changes between corporate items and corporate services budgets. The adjustment to the CHAS budget as a result of it becoming a trading company has been consolidated with no overall change to the net budget, and the budget for CRM (£159,110) which relates to the Customer Contact Strategy

#### 4. CAPITAL PROGRAMME 2012-16

4.1 The Table below shows the movement in the Capital Programme since the May 2013 Monitoring Report:

Department	June Cabinet	Increase/ (Decrease)	Total Budget
Community and Housing	3,357,780	497,000	3,854,780
Corporate Services	7,866,450	0	7,866,450
Children Schools and Families	20,860,210	0	20,860,210
Environment and Regeneration	15,052,320	195,000	15,247,320
<b>Total Capital</b>	<b>47,136,760</b>	<b>692,000</b>	<b>47,828,760</b>

- (a) Community and Housing - This adjustment is for the Merton Dementia Hub – confidentially reported as part of the June Cabinet Monitoring Report.
- (b) Environment and Regeneration – £150,000 is for Wimbledon Park Community Space reported as part of the July Cabinet Monitoring Report and £45,000 for two Transport for London Biking Borough Schemes totalling £45,000

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

Dept.	Approved Cabinet March 2013	Slippage from 2012/13	Re-profiling	Revenues	Clawed Back for Overspend 2012/13	Additional External Funding	New Internally Funded	Schools Contributions	June 2013 Cabinet Report	Increase / (Decrease)	June Monitoring Report
C&H	1,535	303			0	2,017	0		3,855	0	3,855
CS	7,252	186			0		428		7,866	0	7,866
CSF	28,428	2,836	(10,096)	(718)	(175)	362	0	224	20,861	0	20,861
E&R	12,860	1,685			(361)	508	510		15,202	45	15,247
<b>Total</b>	<b>50,075</b>	<b>5,010</b>			<b>(536)</b>	<b>2,887</b>	<b>938</b>	<b>224</b>	<b>47,784</b>	<b>45</b>	<b>47,829</b>

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

#### Merton - June 2013 - Summary Departmental Capital Monitoring Information

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Community and Housing	3,854,780	758,701	251,825	506,876	2,877,020	(977,760)
Corporate Services	7,866,450	353,498	1,401,761	(1,048,263)	5,812,450	(2,054,000)
Children Schools and Families	20,860,210	1,357,769	2,433,914	(1,076,145)	20,328,200	(532,010)
Environment and Regeneration	15,247,320	1,908,730	1,808,724	(49,994)	12,851,970	(2,395,350)
<b>Total Capital</b>	<b>47,828,760</b>	<b>4,378,698</b>	<b>5,896,224</b>	<b>(1,667,526)</b>	<b>41,869,640</b>	<b>(5,959,120)</b>

- a) Community and Housing's projected variance is mainly due to the Replacement of Social Care System budget, which is expected to be mostly in 2014/15 due to procurement timescales
- b) Corporate Services – there are two major variances in this department: the Acquisitions Budget £965k projected underspend and IT Transformation £750k underspend. Business Improvement anticipate procurement of Replacement of Document Management System and the Customer Contact Programme, totalling £297,000 to take until next year and therefore forecast nil spend this year.
- c) Children, Schools and Families – a full return has been made on this area which shows the forecast underspend. This is mainly caused by a projected underspend on the Autism unit of £661,700. All primary expansion schemes are anticipated to spend to budget, however some over and underspends are currently showing in this year, budgets will be re-profiled to or from 2014/15 where necessary to reflect expected spend in 2013/14
- d) Environment and Regeneration's projected underspend is due to a number of schemes, the two most significant items are a forecast underspend of £386,000 on the Replacement of Fleet Vehicles and an anticipated re-profiling of £1,363,000 into 2014/15 on the Colliers Wood Regeneration project which will be confirmed next month. Section 106 funded schemes are currently being reviewed and a number of these contributed smaller amounts to the forecast underspend.. Two schemes are showing a forecast overspend, these will be reviewed and a virement proposed where necessary.

4.4 Attached as Appendix 5b is the adjustment to the funding of the capital programme since its approval in March 2013.

## 5. DELIVERY OF SAVINGS FOR 2013/14

5.1 The savings proposed for 2013/14 of £9.3m are shown below:

<b>SAVINGS</b>	<b>2013/14 £000</b>
Corporate Services	524
Children, Schools and Families	822
Environment and Regeneration	6,317
Community and Housing	1,652
<b>TOTAL</b>	<b>9,315</b>

The savings expected to year end are reported in Appendix 6.

## 6. MISCELLANEOUS DEBT

6.1 Attached as Appendix 8 is the bi-monthly miscellaneous debt report as at the end June 2013.



## **7. FORECAST MOVEMENT IN RESERVES**

7.1 Appendix 9 shows the updated position in relation to the use of reserves for 2013/14, updated for the draft 2012/13 outturn and month 3 monitoring.

## **8. CUSTOMER AND CLIENT RECEIPTS**

8.1 Appendix 10 shows the latest position by department in relation to customer and client receipts.

## **9. CONSULTATION UNDERTAKEN OR PROPOSED**

9.1 All relevant bodies have been consulted.

## **10. TIMETABLE**

10.1 In accordance with current financial reporting timetables.

## **11. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

11.1 All relevant implications have been addressed in the report.

## **12. LEGAL AND STATUTORY IMPLICATIONS**

12.1 All relevant implications have been addressed in the report.

## **13. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

13.1 Not applicable

## **14. CRIME AND DISORDER IMPLICATIONS**

14.1 Not applicable

## **15. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

15.1 The key strategic risk register is reported quarterly for review and approval and will be included in the July monitoring report.

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

- Appendix 1 – Detailed monthly position table
- Appendix 2 – Detailed Corporate Items table
- Appendix 3 – Pay and Price Inflation as at June 2013
- Appendix 4 – Treasury Management: Outlook
- Appendix 5a – Current Capital Programme 2013/14
- Appendix 5b – Capital Programme Funding summary
- Appendix 6 – Progress on savings
- Appendix 7 - Forecast year end variance by department
- Appendix 8 – Miscellaneous debt report at June 2013.
- Appendix 9 – Movement on reserves
- Appendix 10 – Customer/ Client receipts

**15. BACKGROUND PAPERS**

- 15.1 Budgetary Control files held in the Corporate Services department.

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**Monthly Position as at 30 June  
2013**

	Current Budget 2013/14 £000s	Year to Date Budget (June) £000s	Year to Date Actual (June) £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s
<b>Department</b>						
3A. Corporate Services	11,860	7,957	5,039	11,508	(352)	(296)
3B. Children, Schools and Families	50,712	47,972	37,048	50,841	129	63
<b>3C. Community and Housing</b>						
Adult Social Care	57,984	14,808	13,531	57,651	(333)	(183)
Libraries & Adult Education	3,476	1,221	1,124	3,473	(3)	0
Housing General Fund	1,958	652	194	1,926	(32)	(200)
3D. Public Health	0	(41)	(2,027)	(11)	(11)	0
3E. Environment & Regeneration	25,886	2,774	22	26,086	200	0
<b>NET SERVICE EXPENDITURE</b>	<b>151,877</b>	<b>75,342</b>	<b>54,931</b>	<b>151,474</b>	<b>(403)</b>	<b>(616)</b>
<b>3E. Corporate Items</b>						
Impact of Capital on revenue budget	13,878	1,587	1,361	13,878	0	
Other Central items	-2,408	120	-518	-3,222	(814)	-814
Levies	914	295	295	914	0	
<b>TOTAL CORPORATE PROVISIONS</b>	<b>12,384</b>	<b>2,002</b>	<b>1,138</b>	<b>11,570</b>	<b>-814</b>	<b>-814</b>
<b>TOTAL GENERAL FUND</b>	<b>164,261</b>	<b>77,344</b>	<b>56,069</b>	<b>163,044</b>	<b>-1,217</b>	<b>-1,430</b>
	Current Budget 2013/14 £000	Year to Date Budget (June) £000	Year to Date Actual (June) £000	Full Year Forecast (June) £000	Forecast Variance at year end (June) £000	
<b>Expenditure</b>						
Employees	89,398	22,101	21,154	89,790	392	
Premises Related Expenditure	9,213	3,286	1,598	8,958	(256)	
Transport Related Expenditure	13,137	3,124	1,989	12,047	(1,089)	
Supplies and Services	165,641	42,360	32,134	165,959	318	
Third Party Payments	86,051	19,111	12,119	86,507	456	
Transfer Payments	95,966	2,445	1,920	95,350	(616)	
Support Services	32,417	20	2	32,417	(0)	
Depreciation and Impairment Losses	13,783	(52)	0	13,783	0	
Corporate Provisions	12,384	2,002	1,138	11,570	(814)	
<b>GROSS EXPENDITURE</b>	<b>517,990</b>	<b>94,397</b>	<b>72,054</b>	<b>516,380</b>	<b>(1,610)</b>	
<b>Income</b>						
Government Grants	(245,910)	(2,283)	(3,135)	(245,686)	225	
Other Grants, Reimbursements and Contribs	(17,553)	(2,953)	612	(17,893)	(341)	
Customer and Client Receipts	(53,361)	(10,623)	(12,138)	(52,827)	535	
Interest	(44)	(11)	0	(24)	20	
Recharges	(34,296)	0	(221)	(34,295)	1	
Balances	(2,565)	(1,082)	(1,103)	(2,611)	(46)	
<b>GROSS INCOME</b>	<b>(353,729)</b>	<b>(16,952)</b>	<b>(15,985)</b>	<b>(353,336)</b>	<b>393</b>	
<b>NET EXPENDITURE</b>	<b>164,261</b>	<b>77,445</b>	<b>56,069</b>	<b>163,044</b>	<b>(1,217)</b>	

3E. Corporate Items	Council 2013/14 £000s	Original Budget 2013/14 £000s	Current Budget 2013/14 £000s	Year to Date Budget (June) £000s	Year to Date Actual (June) £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s
Cost of Borrowing	14,221	14,221	14,261	1,673	1,457	14,216	-45	-125
Investment Inc.	-343	-343	-383	-86	-96	-560	-177	-177
Use for Capital Programme	0	0	0	0	0	222	222	302
<b>Impact of Capital on revenue budget</b>	<b>13,878</b>	<b>13,878</b>	<b>13,878</b>	<b>1,587</b>	<b>1,361</b>	<b>13,878</b>	<b>0</b>	<b>0</b>
<b>Pension Fund</b>	<b>5,087</b>	<b>5,087</b>	<b>5,087</b>	<b>0</b>	<b>0</b>	<b>5,087</b>	<b>0</b>	<b>0</b>
Corporate Provision for Pay Award	790	790	790	0	0	790	0	0
Provision for inflation in excess of 1.5%	314	314	314	0	0	0	-314	-314
Utilities Inflation Provision	1,000	1,000	1,000	0	0	1,000	0	0
<b>Pay and Price Inflation</b>	<b>2,104</b>	<b>2,104</b>	<b>2,104</b>	<b>0</b>	<b>0</b>	<b>1,790</b>	<b>-314</b>	<b>-314</b>
Contingency	1,500	1,500	1,494	0	0	994	-500	-500
Single Status	474	474	474	120	333	474	0	0
Bad Debt Provision	500	500	500	0	0	500	0	0
CHAS - change in basis	1,226	1,226	0	0	0	0	0	0
Cost of disposals - 4%	0	0	-19	0	0	-19	0	0
Revenuisation and miscellaneous	1,618	1,618	1,644	0	0	1,644	0	0
<b>Contingencies and provisions</b>	<b>5,318</b>	<b>5,318</b>	<b>4,093</b>	<b>120</b>	<b>333</b>	<b>3,593</b>	<b>-500</b>	<b>-500</b>
Local Services Support Grant	0	0	0	0	-15	0	0	0
Education Services Grant	0	0	0	0	-836	-3,344	-3,344	-3,344
Use for capital purposes(net of appropriate adjustment for new school becoming an academy)	0	0	0	0	0	3,344	3,344	3,344
VAT Savings	0	0	0	0	0	0	0	0
<b>Income Items</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-851</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Depreciation and Impairment</b>	<b>-13,691</b>	<b>-13,691</b>	<b>-13,692</b>	<b>0</b>	<b>0</b>	<b>-13,692</b>	<b>0</b>	<b>0</b>
<b>Central Items</b>	<b>12,696</b>	<b>12,696</b>	<b>11,470</b>	<b>1,707</b>	<b>843</b>	<b>10,656</b>	<b>-814</b>	<b>-814</b>
<b>Levies</b>	<b>914</b>	<b>914</b>	<b>914</b>	<b>295</b>	<b>295</b>	<b>914</b>	<b>0</b>	<b>0</b>
Transfer to Closing the Gap Reserve	0	0	0	0	0	0	0	0
Transfer re Education Services Grant	0	0	0	0	0	0	0	0
Transfer to Capital financing reserve	0	0	0	0	0	0	0	0
<b>Appropriation to/from(-) Reserves *</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL CORPORATE PROVISIONS</b>	<b>13,610</b>	<b>13,610</b>	<b>12,384</b>	<b>2,002</b>	<b>1,138</b>	<b>11,570</b>	<b>-814</b>	<b>-814</b>

Pay and Price Inflation as at June 2013

In 2013/14, the budget includes 1% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.314m which is held to assist services that may experience price increases greatly in excess of the 1.5%

Inflation allowance provided when setting the budget. At present it is not anticipated that there will be a call on this budget but this will not be released until there is greater clarity.

Pay:

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

Local government employers have offered a 1% pay increase for the current year, The offer also includes deletion of pay scale point 4, the lowest on the salary spine, from October 2013. This will increase the minimum salary from £12,145 to £12,435, including the pay rise.

Following consultation by unions, union members have agreed to accept the offer.

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

Prices:

CPI annual inflation stands at 2.9% in June 2013, up from 2.7% in May 2013.

The main upward pressures came from motor fuels, and clothing and footwear costs. Downward pressures in air transport costs were the main cost reductions.

CPIH, the new measure of consumer price inflation including owner occupiers' housing costs, grew by 2.7% in the year to June 2013, up from 2.5% in May. Owner occupiers' housing costs increased by 0.1% between May and June 2013.

RPI annual inflation stands at 3.3% in June 2013, up from 3.1% in May 2013.

Outlook for inflation:

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

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

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

Source: HM Treasury - Forecasts for the UK Economy (July 2013)			
	Lowest %	Highest %	Average %
2013 (Quarter 4)			
CPI	1.9	3.1	2.5
RPI	2.3	3.3	3.0
2014 (Quarter 4)			
CPI	1.6	3.7	2.4
RPI	2.2	4.0	3.1

In reaching its decision to keep the bank base rate at 0.5%, the MPC noted that “volatility had picked up sharply in financial markets and there had been falls in the prices of many risky assets and marked rises in short and longer-term interest rates .....overnight index swaps (OIS) rates were consistent with the first rise in policy rates in the United States and United Kingdom occurring in the middle of 2015, compared, in the case of the United Kingdom, with a date towards the end of 2016 derived from OIS rates as recently as April. Measures of implied interest rate volatility had picked up, albeit from historically low levels. “

In keeping the Bank Base Rate at 0.5%, the MPC decided that “there had been further signs during the month that a recovery was in train, but it remained weak by historical standards and a degree of slack was likely to persist for some time. Twelve-month CPI inflation had increased to 2.7% in May and was set to rise further in the near term. Thereafter, inflation was likely to fall back towards the 2% target as external price pressures faded and a revival in productivity growth curbed domestic cost pressures.”

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

## Treasury Management: Outlook

The Bank Base Rate has been kept at its low of 0.5% since March 2009. Forecasts for interest rates are that they will remain low for some time, until at least the end of 2014. The Bank of England's Monetary Policy Committee (MPC) on 4 July 2013 voted to maintain the official Bank Base Rate at 0.5%. The MPC also voted to maintain the level of Quantitative Easing (QE) at £375 billion financed by the issuance of central bank reserves.

In making its decision, the MPC noted that "since the May Inflation Report, market interest rates have risen sharply internationally and asset prices have been volatile. In the United Kingdom, there have been further signs that a recovery is in train, although it remains weak by historical standards and a degree of slack is expected to persist for some time ..... Further out, inflation should fall back towards the 2% target as external price pressures fade and a revival in productivity growth curbs domestic cost pressures.....the Committee noted that the incoming data over the past couple of months had been broadly consistent with the central outlook for output growth and inflation contained in the May Report. The significant upward movement in market interest rates would, however, weigh on that outlook; in the Committee's view, the implied rise in the expected future path of Bank Rate was not warranted by the recent developments in the domestic economy."

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

	End Q.3 2013	End Q.4 2013	End Q.1 2014	End Q.2 2014	End Q.3 2014	End Q.4 2014	End Q.1 2015	End Q.2 2015	End Q.3 2015
Sector	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.75%	1.0%	1.25%
Capital Economics	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%			
UBS	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%			

In respect of its decision to maintain the level of QE at £375 billion, the MPC decided that "domestic activity was recovering as quickly as envisaged in the *May Inflation Report*, but the pace remained too slow to begin to close the economy's margin of spare capacity. Moreover, there remained significant headwinds to growth in the United Kingdom, including the effects of the fiscal consolidation, risks from the euro area and an impaired banking sector.... Commodity prices were lower and the downside risks to them had increased with the slowing in emerging economies. An expansion of the asset purchase programme remained one means of injecting stimulus, but the Committee would be investigating other options during the month, and it was therefore sensible not to initiate an expansion at this meeting. Given the already large size of the asset purchase programme, there was merit in pursuing a mixed strategy with regards to the different policy instruments at the Committee's disposal. The Committee's August response to the requirement in its remit to assess the merits of forward guidance and intermediate thresholds would shed light on both the quantum of additional stimulus required and the form it should take."

### Community and Housing Capital Monitoring - June 2013

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care	1,772,140	690	43,561	(42,871)	794,380	(977,760)
Libraries	0	0	0	0	0	0
Adult Education and Community	0	(1,989)	0	(1,989)	0	0
Housing	2,082,640	760,000	208,264	551,736	2,082,640	0
<b>Total Community and Housing</b>	<b>3,854,780</b>	<b>758,701</b>	<b>251,825</b>	<b>506,876</b>	<b>2,877,020</b>	<b>(977,760)</b>

### Corporate Services Capital Monitoring - June 2013

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Business Improvement	297,000	3,192	0	3,192	0	(297,000)
Corporate Items	1,000,000	0	0	0	35,000	(965,000)
Facilities Management	3,955,110	155,291	846,010	(690,719)	3,915,110	(40,000)
IT	1,362,640	195,015	490,330	(295,315)	1,360,640	(2,000)
Resources	261,700	0	65,421	(65,421)	261,700	0
IT Transformation	990,000	0	0	0	240,000	(750,000)
<b>Corporate Services Total</b>	<b>7,866,450</b>	<b>353,498</b>	<b>1,401,761</b>	<b>(1,048,263)</b>	<b>5,812,450</b>	<b>(2,054,000)</b>



### Children, Schools & Families Capital Monitoring - June 2013

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Aragon Expansion	129,140	80,898	36,740	44,158	129,140	0
BENEDICT PRIMARY SCHOOL EXP	36,670	(39,333)	5,778	(45,111)	36,670	0
Cranmer Expansion	2,955,540	97,081	24,605	72,476	2,955,540	0
Temp classrooms for 5 schools	0	(543)	0	(543)	0	0
Hollymount Primary School Exp	72,340	(5,075)	9,125	(14,200)	72,340	0
Joseph Hood Primary School Exp	321,400	(112,458)	90,480	(202,938)	321,400	0
William Morris PCP	32,740	(7,714)	8,185	(15,899)	32,740	0
Holy Trinity Expansion	242,490	48,833	114,530	(65,697)	242,490	0
St Mary's expansion	1,453,370	60,425	152,482	(92,057)	1,700,000	246,630
Pupil Growth - Unallocated	0	27,764	0	27,764	0	0
All Saints/ South Wim YCC exp	169,940	68,072	31,488	36,584	169,940	0
Gorrington Park expansion	967,410	232,000	451,435	(219,435)	967,410	0
Hillcross School Expansion	2,542,030	50,424	81,500	(31,076)	2,542,030	0
Merton Abbey Temp Accomodation	1,501,130	67,280	105,992	(38,712)	1,501,130	0
Pelham School Expansion	1,184,850	28,868	90,727	(61,859)	1,184,850	0
Cricket Grn Exp-Chapel Orchard	31,960	(2,827)	15,980	(18,807)	39,648	7,688
Dundonald expansion	200,130	50,000	53,797	(3,797)	200,130	0
Poplar Permanent Expansion	1,063,190	32,885	189,230	(156,345)	1,953,190	890,000
Liberty expansion	52,540	(33,363)	6,868	(40,231)	52,540	0
Singlegate expansion	1,595,760	35,563	50,000	(14,437)	595,760	(1,000,000)
Wimbledon Park expansion	2,538,490	611,513	426,230	185,283	2,538,490	0
Beecholme Expansion	45,000	0	0	0	45,000	0
St Ann's Primary Phase	339,430	9,070	33,943	(24,873)	339,430	0
Future School Expansion	50,000	0	0	0	50,000	0
Wimbledon Chase Expansion	78,220	0	19,162	(19,162)	78,220	0
<b>Total Primary Expansion</b>	<b>17,603,770</b>	<b>1,299,363</b>	<b>1,998,277</b>	<b>(698,914)</b>	<b>17,748,088</b>	<b>144,318</b>

### Children, Schools & Families Capital Monitoring - June 2013

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Devolved Formula Capital	466,310	116,917	46,631	70,286	466,310	0
SEN Centre of Excellence	0	(18,109)	0	(18,109)	0	0
Early Years	0	(59,158)	0	(59,158)	0	0
Garden PCP	309,320	61,559	150,000	(88,441)	309,320	0
Schools Access Initiative Inc	34,750	(8,000)	3,475	(11,475)	34,750	0
Bishop Gilpin New Classroom	0	(6,250)	0	(6,250)	0	0
School kitchens/dining areas	0	(1,901)	0	(1,901)	0	0
Behaviour Unit	3,910	0	3,910	(3,910)	3,910	0
Primary school autism unit	711,700	0	20,000	(20,000)	50,000	(661,700)
Short Breaks Disabled Children	89,540	(6,050)	8,954	(15,004)	89,540	0
Primary Capital Improvements	425,680	300	48,417	(48,117)	411,052	(14,628)
Play Spaces	0	0	0	0	0	0
Former Royal Sun Alliance SG	103,420	(33,068)	44,250	(77,318)	103,420	0
Secondary Expansion	0	14,550	0	14,550	0	0
Schools Loans	372,800	0	90,000	(90,000)	372,800	0
Ursuline School Loan	139,010	(2,384)	20,000	(22,384)	139,010	0
Youth Centres	0	0	0	0	0	0
<b>Total Other</b>	<b>3,256,440</b>	<b>58,406</b>	<b>435,637</b>	<b>(377,231)</b>	<b>2,580,112</b>	<b>(676,328)</b>
<b>Total Children, Schools and Families</b>	<b>20,860,210</b>	<b>1,357,769</b>	<b>2,433,914</b>	<b>(1,076,145)</b>	<b>20,328,200</b>	<b>(532,010)</b>

### Environment and Regeneration Capital Monitoring - May 2013

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Footways Planned Works	1,048,520	120,754	119,022	1,732	1,046,020	(2,500)
Greenspaces	892,880	29,594	99,179	(69,585)	892,880	0
Highways General Planned Works	604,820	13,995	29,700	(15,705)	568,840	(35,980)
Highways Planned Road Works	1,500,000	48,687	15,000	33,687	1,500,000	0
Leisure Centres	300,000	6,719	0	6,719	300,000	0
Other E&R	1,614,360	992,299	281,597	560,702	1,449,690	(164,670)
On and Off Street Parking	132,920	17,653	100,000	(82,347)	132,920	0
Plans and Projects	144,090	2,980	31,022	(28,042)	71,530	(72,560)
Regeneration Partnerships	3,168,940	27,995	103,750	(75,755)	1,480,890	(1,688,050)
Street Lighting	424,580	30,245	38,645	(8,400)	424,580	0
Street Scene	469,450	63,460	55,730	7,730	449,640	(19,810)
Transport for London	2,730,370	195,937	619,335	(423,398)	2,740,370	10,000
Traffic and Parking Management	322,640	2,367	36,000	(33,633)	253,840	(68,800)
Transport and Plant	663,330	27,840	100,452	(72,612)	222,160	(441,170)
Safer Merton - CCTV & ASB	165,280	2,308	0	2,308	165,280	0
Environmental Health	776,810	329,239	130,960	198,279	880,000	103,190
Waste Operations	288,330	(3,342)	48,332	(51,674)	273,330	(15,000)
<b>Environment and Regeneration</b>	<b>15,247,320</b>	<b>1,908,730</b>	<b>1,808,724</b>	<b>(49,994)</b>	<b>12,851,970</b>	<b>(2,395,350)</b>

**CAPITAL PROGRAMME FUNDING SUMMARY 2013/14**

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Approved Capital Programme 2013/14</b>	<b>34,408</b>	<b>15,670</b>	<b>50,078</b>
Slippage 2012/13 to 2013/14 - CSF	2,626	210	2,836
Slippage 2012/13 to 2013/14 - CS	186	0	186
Slippage 2012/13 to 2013/14 - C&H	0	303	303
Slippage 2012/13 to 2013/14 - E&R	1,409	276	1,685
Rounding			(3)
Clawback	(536)	0	(536)
Ext Funding	0	2,390	2,390
Int Funding	0	35	35
Schools Contributions	0	224	224
<b>Approved Cabinet June 2013</b>	<b>38,093</b>	<b>19,108</b>	<b>57,198</b>
Corporate Services			
Gifford House DDA Work	47	0	47
Case Mgmt Reconfiguration & Migration	96	130	226
Minor Refurbishment of Gifford House	21	134	155
Children Schools and Families			
Re-Profiling	(10,096)	0	(10,096)
Revenuisation	(718)	0	(718)
Environment and Regeneration			
Parks Development Projects	325	0	325
<b>Approved Cabinet July 2013</b>	<b>27,768</b>	<b>19,372</b>	<b>47,137</b>
Community and Housing			
Merton Dementia Hub - Specific	0	357	357
Merton Dementia Hub - DofH	0	140	140
Environment and Regeneration			
Wimbledon Park	150	0	150
Biking Borough	0	45	45
<b>Revised - CMT July</b>	<b>27,918</b>	<b>19,914</b>	<b>47,829</b>

## Corporate Services Savings 2013-14

## Appendix 6

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

Panel	Ref	Description of Saving	Type of Saving (see key)	2013/14 Savings Required £000	2013/14 Savings Expected £000	RAG	Comments	R/A Included in Forecast Over/Under spend? Y/N
		<u>Service</u>						Y
O&SC	CS7	Joint service with Sutton for the end of 12/13 & 13/14.	SI2	150	57	R	Charges have been reviewed following a complaint made to the Local Government Ombudsman, resulting in a reduced level of fees	
O&SC	CS22	<u>Infrastructure &amp; Transactions - IT Service Delivery</u> Reduction of 2 FTE's	SS2	72	72	G		
		<u>Infrastructure &amp; Transactions - Facilities Management</u>					Saving will be found elsewhere within the department	Y
O&SC	CS37	Introduce a charge for the Archive Service Facility	SI2	15	0	R		
O&SC	CS39	<u>Infrastructure &amp; Transactions - Facilities Management</u> Close Worsfold House and relocate service to Civic Centre.	SPROP	13	13	G		
O&SC	CS43	<u>Infrastructure &amp; Transactions - Transactional Services</u> Recovery of overpayments and other VAT recovery.	SP1	(50)	(50)	G		
O&SC	CS44	<u>Human Resources - L&amp;D</u> Centralisation of L&D spend	SP1	230	230	G		
O&SC	CS51	<u>Human Resources - Employee Relations</u> Staff side	SS2	20	9	R		N
		<u>Human Resources - Employee Relations</u>					Different delivery model to be implemented in December, full year saving unlikely to be achieved in current year	N
O&SC	CS52	Review Employee Relations team	SS2	35	25	A		
O&SC	CS54	<u>Corporate Governance - Democracy Services</u> Delete Deputy Head of Service or a Democratic Services Officer post	SS2	24	24	G		
O&SC	CS56	<u>Corporate Governance - Democracy Services</u> Reduction in overtime payments to staff in Mayor's Office.	SS2	1	1	G		
O&SC	CS59	<u>Corporate Governance - Contingencies budget</u> Within the public duties budget is the contingency sums for additional payments to staff who are used during an emergency situation such as the Riots and gas supply loss situations. This contingency covers payments not covered under departmental budgets as well as payments for external third party organisations initiated by the borough.		14	14	G		
<b>Total Corporate Services Department Savings for 2011-2015</b>				<b>524</b>	<b>395</b>			

Appendix 6

CONFIDENTIAL DRAFT  
DEPARTMENT: CHILDREN, SCHOOLS & FAMILIES OPTIONS: 2013-14

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

Appendix 6

CONFIDENTIAL DRAFT  
DEPARTMENT: CHILDREN, SCHOOLS & FAMILIES OPTIONS: 2013-14

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



DEPARTMENT: COMMUNITY & HOUSING OPTIONS: 2013-2014

Ref	Description of Saving		Type of Saving (see key)	2013/14 Savings Required £000	2013/14 Savings Expected £000	RAG	Comments
ASC17	Service Description	Adult Social Care					
	Service	Optimise use of shared lives		200	50	R	Eligible clients have not been identified as yet, High risk that any savings will be achieved this financial year
ASC7	Service Description	Adult Social Care					
	Service	0% inflation uplift to third party suppliers		600	600	G	
ASC8 / ASC38	Service Description	Adult Social Care					
	Service	Optimising the use of block and spot contracts		600	300	A	Awaiting more details from the contracts team
ASC18	Service Description	Adult Social Care					
	Service	Fanon & Imagine Contract		154	154	G	
ASC36	Service Description	Adult Social Care					
	Service	CADL's (complex equipment)		100	100	G	
ASC13 & ASC34	Service Description	Adult Social Care					
	Service	CFC + high cost (Brokerage)		200	200	G	
ASC14	Service Description	Adult Social Care					
	Service	Supported Living (Incl de-registration)		233	75	R	The delay around de-registration will potentially reduce the projected savings
ASC35	Service Description	Adult Social Care					
	Service	Supporting People		350	314	A	There is a risk that the full saving will not be met as the current forecast is £36k overspend. Monitored as part of monthly budgetary control
ASC43	Service Description	Adult Social Care					
	Service	Procurement opportunities		42	42	G	
ASC39	Service Description	Adult Social Care					
	Service	Reviewed Service packages		110	110	G	
ASC37	Service Description	Adult Social Care					
	Service	Care-tech contract		50	50	G	
ASC16	Service Description	Adult Social Care					
	Service	Transitions		25	25	G	
ASC19 & ASC40	Service Description	Adult Social Care					
	Service	Monitoring of high value/high cost placements		75	75	G	
ASC6	Service Description	Adult Social Care					
	Service	Transport		112	96	A	Budget manager is in discussion with transport services for Core routes for Day centres
ASC10	Service Description	Adult Social Care					
	Service	Optimise telecare usage		165	0	R	It is unlikely this project will achieve the targeted level of savings for 2013-14
ASC41	Service Description	Adult Social Care					
	Service	Staffing savings in Direct Provision		114	114	G	
ASC42	Service Description	Adult Social Care					
	Service	Reduction in Mental Health Placement		32	32	G	

Ref	Description of Saving	Type of Saving (see key)	2013/14 Savings Required £000	2013/14 Savings Expected £000	RAG	Comments	
ASC23	<b>Service Description</b> Adult Social Care Partnerships :The health and social care system . Reablement		3,000	3,000	G		
	<b>Service Description</b> Merton Adult Education Increase income from commercial courses and cafe		50	50	A	Budgets reduced. Monitored as part of monthly budgetary control.	
	<b>Service Description</b> Merton Adult Education Reduce administrative and marketing costs		18	18	A	Budgets reduced. Monitored as part of monthly budgetary control.	
	<b>Service Description</b> Merton Adult Education Close Canons House site and seek alternative venues without incurring costs		32	32	A	Budgets reduced. Monitored as part of monthly budgetary control.	
	<b>Service Description</b> Libraries Completion of changes to opening hours, rationalisation of a number of small contracts and increase in income.		13	13	G		
	<b>Service Description</b> Housing Deletion of 1x Strategy Officer post.		42	42	G		
	<b>Total Community &amp; Housing Department Savings for 2011-2015</b>			<b>6,317</b>	<b>5,492</b>		

DEPARTMENT: ENVIRONMENT & REGENERATION OPTIONS: 2013-2014

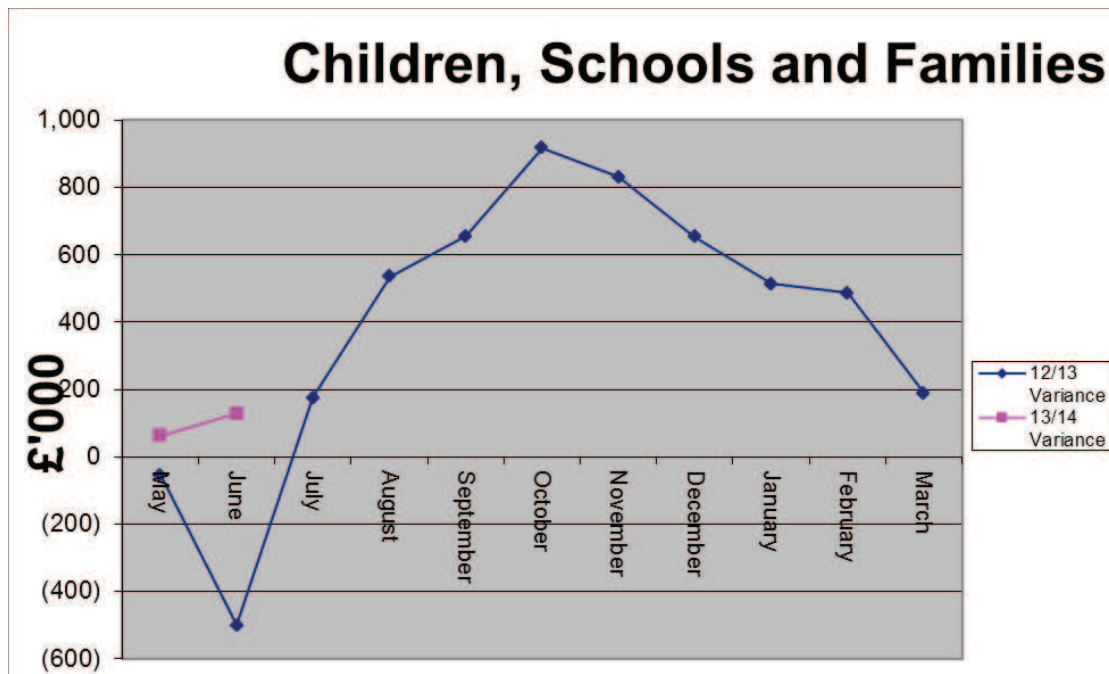
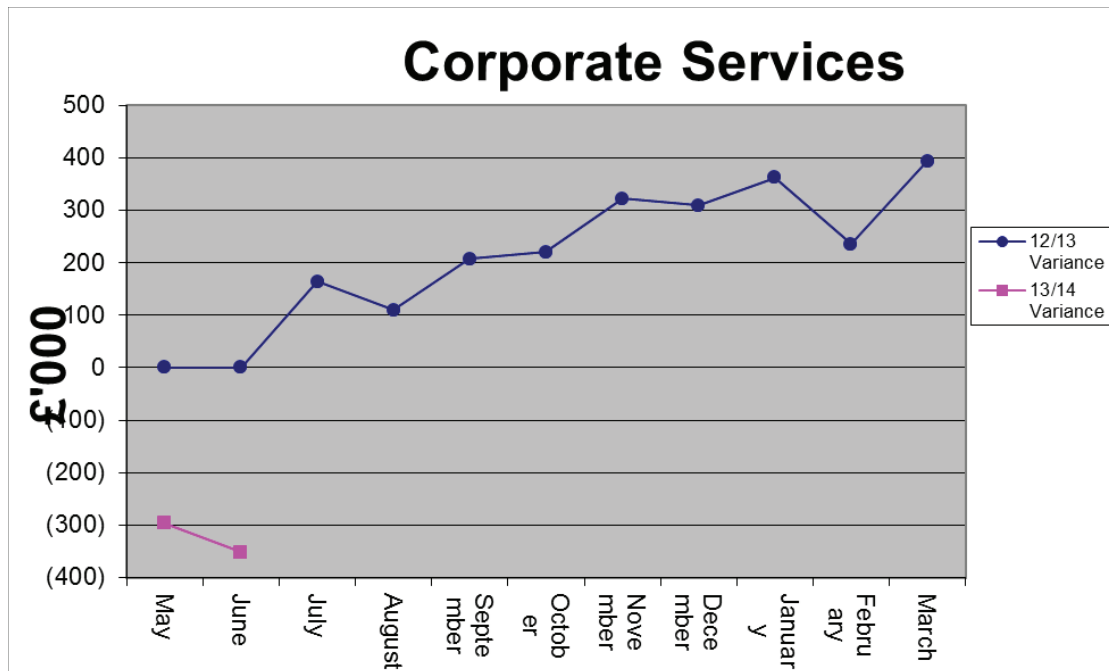
Panel	Ref	Description of Saving	Type of Saving (see key)	2013/14 Savings Required £000	2013/14 Savings Expected £000	RAG	Comments
	ER01	<b>Service Description</b> <b>Parks, Greenspaces &amp; Cemeteries</b> Reduction x 1 cemetery supervisor, fee/income increases, 10k reduction in grant to Michtham Common Conservators		89	89	G	
	ER04	<b>Service Description</b> <b>Leisure &amp; Culture</b> Reductions in supplies & services budgets, reduction of a total of 0.7 fte, reduction of theatres grant & removal of olympics budget.		55	55	G	
	ER05	<b>Service Description</b> <b>Leisure &amp; Culture</b> Delete 3 fte Leisure & Arts Development Officers leaving, cease London Youth Games funding, delete post of Leisure & Business Projects Officer (0.7 fte) & increase income through multi use games room at Cannons Leisure.		103	103	G	
	ER06	<b>Service Description</b> <b>Greenspaces</b> A phased reduction in the grant to Deen City Farm of fifteen thousand per year for the next three years.		15	15	G	
	ER07	<b>Service Description</b> <b>Development &amp; Building Control</b> Changes in fee regulation		(200)	(200)	G	
	ER14	<b>Service Description</b> <b>Parking Services</b> Enforcement of moving traffic offences, channel Migration, reduce phone calls, reduce CEO sickness and gain CEO efficiencies.		380	380	A	There is a risk that the full saving will be met, especially regarding channel migration. This needs to be confirmed by the Parking Services manager. However, it is expected that any shortfall will be met from elsewhere within Parking.
	ER17	<b>Service Description</b> <b>Waste Management</b> Reductions in landfill tonnage and anticipated Slwp contract cost, staff saving and legislative change to close Landfill Allowance Trading Scheme in March 2013		191	191	G	
	ER18	<b>Service Description</b> <b>Waste Management</b> Introduction of 6 day working week for refuse, recycling and food collection from Oct 2012		271	271	G	
	ER20	<b>Service</b> <b>Traffic &amp; Highways</b>					

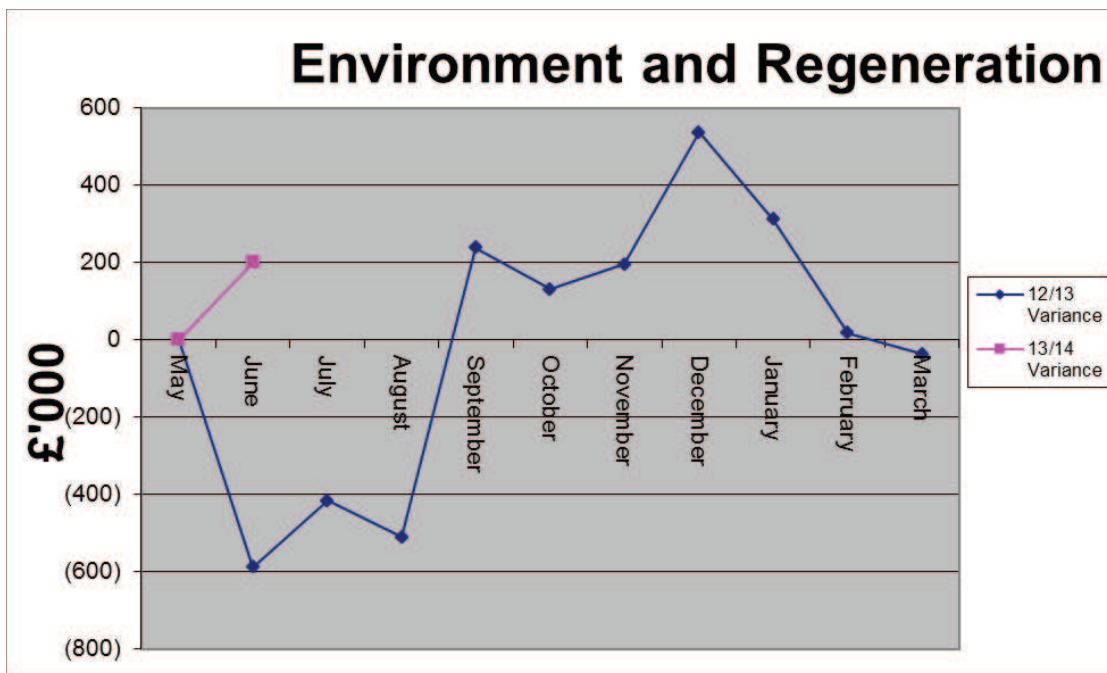
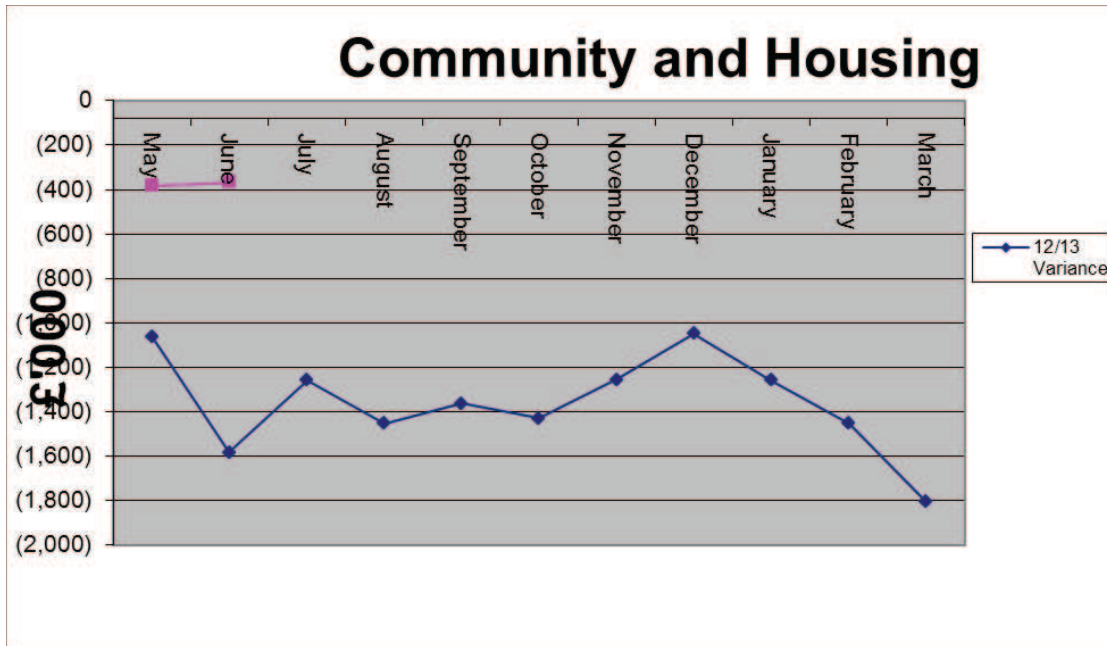
DEPARTMENT: ENVIRONMENT & REGENERATION OPTIONS: 2013-2014

Panel	Ref	Description of Saving	Type of Saving (see key)	2013/14 Savings Required £000	2013/14 Savings Expected £000	RAG	Comments
		<b>Description</b> Introduce Streetworks Permitting Scheme, income from fixed penalty notices(FPN's), savings on energy and service changes associated with the existing Street Lighting Contract.		245	203	R	£42k relating to renegotiation of Highways contract not likely to be met.
	ER21	<b>Service Description</b> <b>Traffic &amp; Highways</b> 15% reduction in staffing and reductions in Footway Maintenance/Street Furniture/Ditchingwatercourses/Street Lighting & Walksheet budgets.		79	79	G	
	ER22	<b>Service Description</b> <b>Traffic &amp; Highways</b> A further 15% reduction in staffing		60	60	G	
	ER25	<b>Service Description</b> <b>Commercial Services</b> Potential to income generate In Commercial Waste and Recycling due to withdrawal of the LATS requirement.		150	0	R	Saving unlikely to be met. Work continuing in order to maximise income potential.
	EN01	<b>Service Description</b> <b>Legal Budget/PP&amp;D</b> Reduction in spend on legal cases by way of a combination of proactive resolution of issues at first point and/or drawing on section budgets to cover shortfall.		14	14	G	
	EN08	<b>Service Description</b> <b>Building and Development Control</b> 10% increase in pre application planning fees and additional charge for tree pre-application advice		10	10	G	
	EN15	<b>Service Description</b> <b>Waste and Street Cleansing Operations</b> Improved performance management and implementation of the Council's new sickness policy resulting in a reduction in agency staff usage.		25	25	G	
	EN22	<b>Service Description</b> <b>Traffic and Highways</b> Reduction in Street Lighting Budget		50	50	G	
	EN30	<b>Service Description</b> <b>Traffic and Highways</b> Reduction in supplies and Services Costs		6	6	G	
	EN34	<b>Service Description</b> <b>Leisure &amp; Culture Development Team</b> Various Budgets - Reduction in supplies & services		6	6	G	
	EN38	<b>Service Description</b> <b>Leisure &amp; Culture Development Team</b>					

Panel	Ref	Description of Saving	Type of Saving (see key)	2013/14 Savings Required £000	2013/14 Savings Expected £000	RAG	Comments
		<b>Description</b> Reduction of Core Arts Grants to Polka & Attic Theatres - Proposal to further reduce Polka theatre's grant by £4k per annum and Attic by £1k per annum in each of 2015/16 & 2016/17 financial years		4	4	G	
	EN39	<b>Service Description</b> <b>Senior Management &amp; Support</b> Removal of vacant Policy & Projects Officer post.		44	44	G	
	EN40	<b>Service Description</b> <b>Senior Management &amp; Support</b> Reduction in various supplies and services budgets within the section, including stationery and subscriptions.		55	55	G	
<b>Total Environment &amp; Regeneration Department Savings for 2011-2015</b>				1,652	1,460		

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





**Subject: Miscellaneous Debt Update June 2013**

Lead officer: David Keppler

Lead member: Councillor Mark Allison

**1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

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

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

2.1 A breakdown of departmental net miscellaneous debt arrears, as at 30<sup>th</sup> June, is shown in column F of Table 1 below.

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

Department a	39 days to 6 months b £	6 months to 1 year c £	1 to 2 years d £	Over 2 years e £	June 2013 arrears f £	February 2013 arrears £	Direction of travel
Env & Regeneration	384,803	308,954	46,879	70,710	811,346	892,536	↓
Corporate Services	343,218	95,658	116,810	68,297	623,983	545,879	↑
Housing Benefits	500,982	464,250	871,891	1,007,569	3,173,011	3,090,263	↓
Children, Schools & Families	52,841	46,695	25,268	8,908	133,712	727,121	↓
Community & Housing	1,463,187	854,548	986,093	879,403	4,183,231	3,627,502	↓
Chief Executive's	3,000	0	0	0	3,000	0	↑
<b>Total</b>	<b>2,748,031</b>	<b>1,770,105</b>	<b>2,046,941</b>	<b>2,034,887</b>	<b>8,928,283</b>	<b>8,883,301</b>	↑
<b>June 2012</b>	<b>3,032,915</b>	<b>1,254,973</b>	<b>1,852,373</b>	<b>1,559,415</b>	<b>7,699,676</b>		
<b>Variance June 12 to June 13</b>	<b>-284,884</b>	<b>515,132</b>	<b>194,568</b>	<b>475,472</b>	<b>1,228,607</b>		↑



- 2.2 Since the position was last reported in February 2013, the net current level of arrears, i.e. invoices over 39 days old, has increased by £44,982.
- 2.3 Table 2 below shows the total net level of arrears for the last five years – not including debt that is less than 39 days old.

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

Department	June 2009	June 2010	June 2011	June 2012	June 2013
	£	£	£	£	£
Env & Regeneration	470,420	345,964	367,217	315,756	811,346
Corporate Services	177,124	161,574	268,063	527,423	623,983
Housing Benefits	1,781,160	2,023,895	2,312,383	2,993,179	3,173,011
Children, Schools & Families	112,505	330,674	180,184	536,458	133,712
Community & Housing	2,757,717	1,905,884	3,178,216	3,326,862	4,183,231
Chief Executive's	27,187	13,904	3,900	0	3,000
<b>Total</b>	<b>5,326,113</b>	<b>4,781,895</b>	<b>6,309,963</b>	<b>7,699,678</b>	<b>8,928,283</b>

- 2.5 The figures in table 2 (above) show that the major area of increase in debt over the five year period is housing benefit overpayments. Housing benefit overpayments have increased by £1.4 million over the 5 year period. It should be noted that the amount of housing benefit paid out has also increased over this period. In 2008/09 £61.3 million was paid out and in 2012/13 £90 million paid out.
- 2.6 The action being taken to recover the largest debts is outlined below.

### 3 THE PROCESS FOR COLLECTION OF MISCELLANEOUS DEBT

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

**Table 3** – the process for collecting debt

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

#### 4 DEBT OVER ONE YEAR OLD

- 4.1 Debt over 1 year old has increased by £1.127,115 since the end of April 2012.

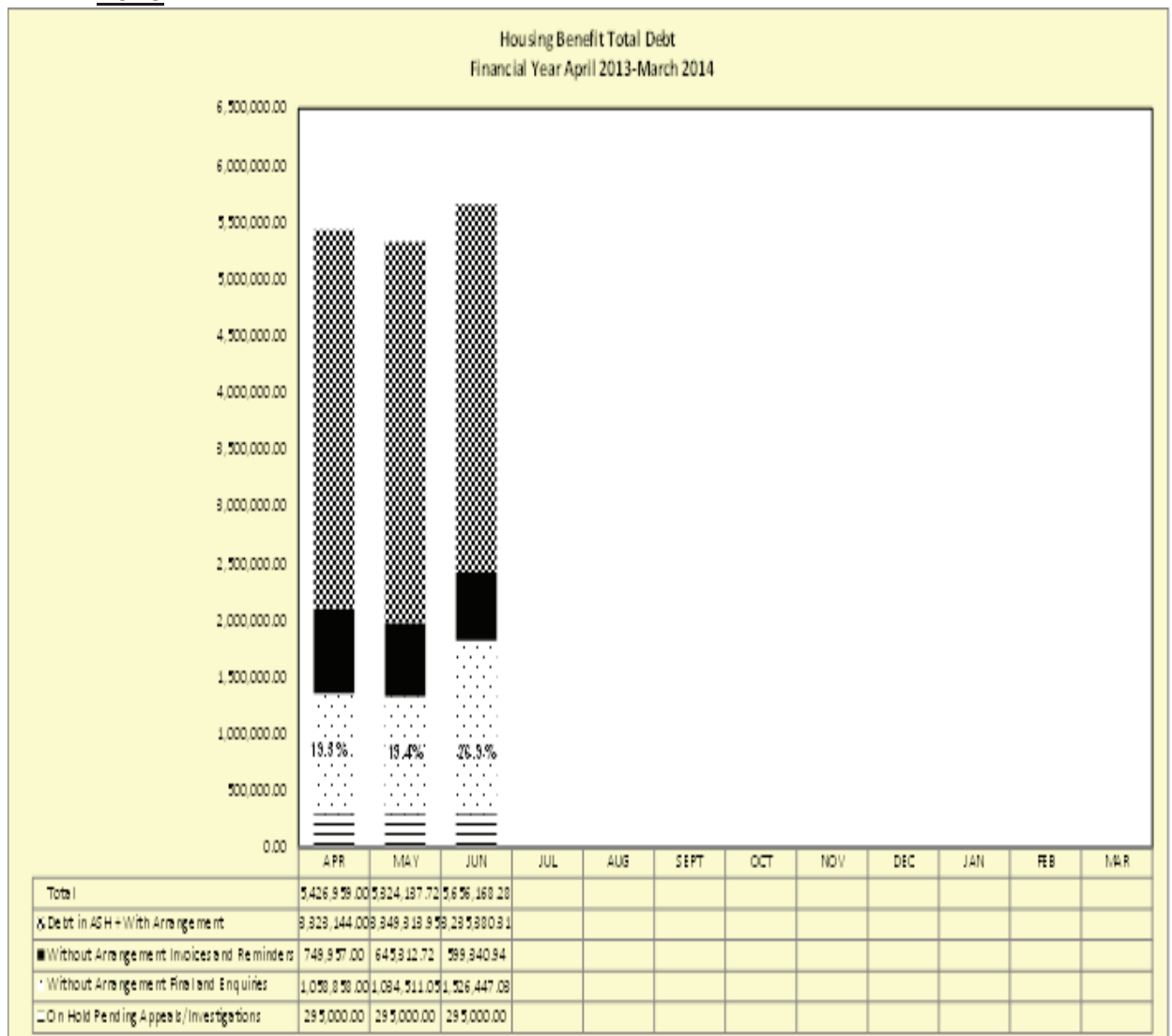
**Table 4** – Debt over 1 year old compared to April 2012

Department	April 2012	June 2013	Variance	% Variance
Env & Regeneration	65,104	117,590	-52,486	<b>44.63</b>
Corporate Services Note 1	45,461	185,108	-139,647	<b>75.44</b>
Housing Benefits	1,695,646	2,207,779	-512,133	<b>23.20</b>
Childrens, Schools & Families	54,992	34,176	20,816	<b>-60.91</b>
Community & Housing	1,421,831	1,865,496	-443,665	<b>23.78</b>
Chief Executives	0	0	0	<b>0.00</b>
<b>Total</b>	<b>3,283,034</b>	<b>4,410,149</b>	<b>1,127,115</b>	<b>25.56</b>

- 4.2 The majority of debt over 1 year old is for Community and Housing debts and Housing Benefit overpayments.
- 4.3 The debt for Community and Housing over a year old has increased by £443,665 since April 2012.
- 4.4 The total debt figure for Community and Housing, including debt that is less than 39 days old, is £4.5 million. Of this debt £1.8 million is over a year old and a further £2.3 million is between 39 days and a year old. Approximately £2.1 million is on arrangements, undertaking legal action or secured with Charging Orders.

- 4.5 Housing benefit overpayment debt over a year old has increased by £512,133 since April 2012. The total amount of housing benefit debt is £5.6 million. This figure is the same as when last reported at the end of February 2013. Of this debt £1.6 million is being recovered from ongoing benefit by reducing current housing benefit payments, this equates to approximately £90,000 per month being reduced from payments to off-set these overpayments. Over £3.5 million is on a payment arrangement or recovery from ongoing benefit. .
- 4.6 It should be noted that the level and number of housing benefit overpayments continues to increase due to the continued drive to identify fraud and failure to declare change in claimant circumstances. In 2012/13 £3.4 million of overpayments were identified and over £1.85 million either recovered or off set against housing benefit.
- 4.7 The graph on the next page shows breakdown of all housing benefit overpayments by recovery action.

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



4.8 Of the total debt outstanding shown in the graph 26.9% requires further recovery action. This figure has increased from 16.6% when last reported in February 2013. This is the debt where effective recovery action can be taken.

**6. PROVISION FOR BAD AND DOUBTFUL DEBTS**

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

- 6.2 The Council adheres to the requirements of the SORP when calculating its provisions. Merton's methodology is to provide for on the basis of the collection rates for individual departmental debt, and the age of the debt. A further review is undertaken to factor in any general economic conditions.
- 6.3 Merton's provision fully complies with CIPFA guidance and is considered prudent.

### **Provision for Bad and Doubtful Debts**

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

## **7. EXECUTIVE SUMMARY / CONCLUSION**

- 7.1 Merton's total level of miscellaneous debt arrears i.e. invoices over 39 days old, at 30<sup>th</sup> June 2013 is £8,928,283. The net level of arrears, when the matter was last reported in February 2013 was £8,883,301.

## **8. TOTAL DEBT DUE TO MERTON**

The total amount due to Merton as at 30<sup>th</sup> June 2013 is detailed in table 6 over the page.

**Table 6** – Total debt outstanding as at 30<sup>th</sup> June 2013 and compared with previous periods over the past 12 months

	<b>Jun-12</b>	<b>Aug-12</b>	<b>Oct-12</b>	<b>Dec-12</b>	<b>Feb-13</b>	<b>Jun-13</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Miscellaneous sundry debt Note 1	10,794,471	10,465,794	11,531,061	11,649,664	18,154,293	11,565,929
HB debt in Benefit system Note 2	2,281,419	2,368,287	2,451,628	2,314,607	2,427,121	2,282,190
Housing Rent Note 3	231,364	231,364	231,236	230,060	110,936,	108,058
Parking Services	1,674,128	1,797,029	1,913,322	2,127,613	2,342,502	2,208,764
Council Tax Note 4	5,263,539	4,816,141	4,166,454	3,817,752	3,402,427	5,056,682
Business Rates Note 5	2,311,224	1,760,715	1,656,657	1,281,928	1,114,885	3,032,636
<b>Total</b>	<b>22,556,145</b>	<b>21,439,330</b>	<b>21,950,358</b>	<b>21,421,624</b>	<b>27,441,228</b>	<b>24,254,259</b>

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

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

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

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

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

## Reserves

## APPENDIX 9

Forecast Movement in Reserves 2013/14	Actual Bal at 31/3/13	Net Movt. in year	Bal. at 31/3/14
	£'000	£'000	£'000
General Fund Reserve (including HRA)	19,181	0	19,183
Earmarked Reserves	33,749	(9,405)	24,344
Grants & Contributions	5,392	(998)	4,394
<b>Total Available Gen. Fund Rev. Reser</b>	<b>58,322</b>	<b>(10,403)</b>	<b>47,921</b>
<b>Fixed to Contracts</b>	<b>2,322</b>	<b>0</b>	<b>2,322</b>
<b>Total General Fund revenue reserves</b>	<b>60,644</b>	<b>(10,403)</b>	<b>50,243</b>

<b>Analysis</b>			
<b>Earmarked Reserves</b>			
Outstanding Council Programme Board	9,789	(872)	8,917
For use in future years for budget	9,752	(3,000)	6,752
Revenue Reserves for Capital / Revn.	4,269	(3,760)	509
Energy renewable reserve	1,441	0	1,441
Repairs & Renewal Fund	1,424	0	1,424
Transforming families reserve	1,318	(524)	794
Pension Fund additional contribution	1,078	0	1,078
Local Land Charges Reserve	1,075	0	1,075
Apprenticeships	1,000	(150)	850
Community Care Reserve	996	0	996
Performance Reward Grant	651	(385)	266
Economic Development Strategy	623	(623)	0
Other	333	(92)	241
<b>Earmarked Reserves</b>	<b>33,749</b>	<b>(9,405)</b>	<b>24,344</b>
Adult Social care contributions	2,277	0	2,277
Culture and Environment contributions	931	(354)	577
Culture and Environment grant	852	(359)	493
Childrens & Education grant	780	(142)	638
Adult Social care grants	101	0	101
Housing Planning Development grant	345	(143)	202
Housing GF grants	106	0	106
<b>Grants &amp; Contributions</b>	<b>5,392</b>	<b>(998)</b>	<b>4,394</b>
<b>Total</b>	<b>39,141</b>	<b>(10,403)</b>	<b>28,738</b>

Insurance Reserve	2,322	0	2,322
<b>Fixed to Contracts</b>	<b>2,322</b>	<b>0</b>	<b>2,322</b>

DSG Reserve	2,378	(423)	1,955
Schools Reserve	1,060	(118)	942
Schools PFI Fund	5,521	337	5,858
Add Schools own reserves	11,674	0	11,674
<b>Schools Reserves</b>	<b>20,633</b>	<b>(204)</b>	<b>20,429</b>

Capital Grants	3,826	0	3,826
Capital Contributions	567	0	567
Capital Receipts	22,753	6,136	28,889
<b>Capital Reserves</b>	<b>27,146</b>	<b>6,136</b>	<b>33,282</b>

Appendix 10

Customer & Client Receipts - £000's									
2013/14									
Department	Division/Service	Total Budget	Year to Date Actual (P3)	Year to Date Budget (P3)	Year to Date Spend	Latest Forecast	Forecast Variance	Internal Receipts Forecast	External Receipts Forecast
Childrens Schools & Families	Schools Buy Back	-2,653	-141	0	-141	-2,884	-231	-2,884	-2,884
	PDC	-247	-36	-62	26	-255	-8	-79	-176
	Early Years & Childrens Centres	-1,192	-265	-295	30	-1,192	0		-1,192
	Other	-168	-100	-42	58	-178	-10		-178
	<b>CSF Total</b>	<b>-4,260</b>	<b>-542</b>	<b>-399</b>	<b>-143</b>	<b>-4,509</b>	<b>-249</b>	<b>-79</b>	<b>-4,430</b>
Corporate Services	Customer Services	-2,138	-1,229	-534	-695	-1,819	319	-100	-1,719
	Corporate Governance	-197	-88	-49	-39	-166	31	0	-166
	Human Resources	-533	-43	-27	-16	-463	71	-128	-335
	Infrastructure & Transactions	-1,990	-355	-419	64	-2,074	-85	-1,860	-214
	Resources	-739	213	-185	398	-789	-50	-1	-788
	Business Improvement	-79	-23	0	-23	-79	0	-79	0
	<b>CS Total</b>	<b>-5,675</b>	<b>-1,524</b>	<b>-1,214</b>	<b>-310</b>	<b>-5,389</b>	<b>285</b>	<b>-2,168</b>	<b>-3,222</b>
Environment & Regeneration	Street Scene & Waste	-11,580	-2,160	-2,664	504	-11,275	305	-7,254	-4,021
	Public Protection & Development	-13,767	-3,377	-3,401	24	-13,475	292	-95	-13,380
	Sustainable Communities	-7,105	-2,397	-1,747	-650	-7,047	58	-1,096	-5,951
	Safer Merton	-6	0	-1	1	-6	0	0	-6
		<b>E&amp;R Total</b>	<b>-32,458</b>	<b>-7,934</b>	<b>-7,813</b>	<b>-121</b>	<b>-31,803</b>	<b>655</b>	<b>-8,445</b>
Community & Housing	Adult Social Care - Client Contribution & Other Cont	-9,981	-1,981	-1,607	-374	-10,078	-97	-30	-10,048
	MAE & Libraries	-956	-116	-154	38	-959	-3	-10	-949
	Housing	-34	-36	-8	-28	-90	-56	0	-90
		<b>C&amp;H Total</b>	<b>-10,971</b>	<b>-2,133</b>	<b>-1,769</b>	<b>-364</b>	<b>-11,127</b>	<b>-156</b>	<b>-40</b>
<b>Grand Total</b>		<b>-53,364</b>	<b>-12,133</b>	<b>-11,195</b>	<b>-938</b>	<b>-52,828</b>	<b>535</b>	<b>-10,732</b>	<b>-42,097</b>