

# Merton Council

## Cabinet Agenda

### Membership

#### Councillors:

Stephen Alambritis (Chair)  
Mark Allison  
Caroline Cooper-Marbiah  
Nick Draper  
Andrew Judge  
Edith Macauley MBE  
Maxi Martin  
Judy Saunders  
Martin Whelton

**Date: Monday 10 November 2014**

**Time: 7.15 pm**

**Venue: Committee rooms B, C & D - Merton Civic Centre, London Road,  
Morden SM4 5DX**

This is a public meeting and attendance by the public is encouraged and welcomed.  
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[democratic.services@merton.gov.uk](mailto:democratic.services@merton.gov.uk) or telephone [020 8545 3361](tel:02085453361).

All Press contacts: [press@merton.gov.uk](mailto:press@merton.gov.uk), 020 8545 3181

# Cabinet Agenda

## 10 November 2014

1	Apologies for absence	
2	Declarations of pecuniary interest	
3	Minutes of the previous meeting	1 - 4
4	Incontinence amongst Women of Child Bearing Age	5 - 28
5	Variation of the Governing Agreement for London Council's Transport & Environment Committee	29 - 38
6	South London Partnership – Establishment of Statutory Joint Committee and Resourcing of Partnership	39 - 46
7	Performance of the Economic Development Strategy Refresh 2012 and proposal for activity beyond 2015	47 - 68
8	Council Tax Empty Homes Premium	69 - 74
9	Council Tax Support Scheme	75 - 76
10	Financial Monitoring September (2014/15)	77 - 148
11	Morden Leisure Centre	149 - 162
12	SLWP - options for joint procurement of waste collections, street cleaning and associated services	163 - 176
13	Exclusion of the public  To RESOLVE that the public are excluded from the meeting during consideration of the following report(s) on the grounds that it is (they are) exempt from disclosure for the reasons stated in the report(s).	
14	Contract for the provision of a Supported Living Service for Adults with Learning	177 - 194

## Disabilities

*N.B - The Chair of the Overview & Scrutiny Commission, has agreed to the use of Part 4B, Paragraph 17 of the Constitution for the Contract for the provision of a Supported Living Service for Adults with Learning Disabilities report qualifies for exemption as it contains information relating to the financial affairs of any particular person (including the authority holding that information), in accordance with the provisions of Part 4B, Paragraph 10.4 and Category 3 of the Constitution set out.*

### **Note on declarations of interest**

Members are advised to declare any Disclosable Pecuniary Interest in any matter to be considered at the meeting. If a pecuniary interest is declared they should withdraw from the meeting room during the whole of the consideration of that matter and must not participate in any vote on that matter. If members consider they should not participate because of a non-pecuniary interest which may give rise to a perception of bias, they should declare this, withdraw and not participate in consideration of the item. For further advice please speak with the Assistant Director of Corporate Governance.

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All minutes are draft until agreed at the next meeting of the committee/panel. To find out the date of the next meeting please check the calendar of events at your local library or online at [www.merton.gov.uk/committee](http://www.merton.gov.uk/committee).

## CABINET

20 OCTOBER 2014

(19.18 - 19.43)

### PRESENT

Councillor Stephen Alambritis (in the Chair),  
Councillor Mark Allison, Councillor Caroline Cooper-Marbiah,  
Councillor Nick Draper, Councillor Edith Macauley,  
Councillor Maxi Martin, Councillor Judy Saunders and  
Councillor Martin Whelton

Ged Curran (Chief Executive), Paul Evans (Assistant Director of Corporate Governance), Caroline Holland (Director of Corporate Services), Chris Lee (Director of Environment and Regeneration), Yvette Stanley (Director of Children, Schools and Families), Simon Williams (Director of Community and Housing), and Chris Pedlow (Senior Democratic Services Officer).

ALSO PRESENT Councillors Oonagh Moulton and Peter Southgate.

### 1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies were received from Councillor Andrew Judge.

### 2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

No pecuniary declarations were made.

### 3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

The Minutes of the Meeting of the Cabinet held on the 10 September 2014 were approved as a correct record.

### 4 FINANCIAL MONITORING AUGUST (2014/15) (Agenda Item 4)

The Cabinet Member for Finance presented the report which provided the regular monthly financial monitoring update for August. It detailed that the council's overspend had increased from last month's report to an expected end of year forecasted overspend of £5.28million. It was stated that one of the benefits of having the monthly financial reporting allowed Cabinet and officers to track the council's spending and the direction of travel in real time and to plan and make necessary adjustments.

The report itself broke down each of the departments' general expenditure and current financial position. It highlighted to the Cabinet that some of the significant overspends were within Children, Schools and Families; as a result of the considerable number of the council's statutory responsibilities within the directorate and the increased use of those services. An example of that was the council supporting those families who were classed as 'No Recourse to Public Funds'

(NRPF). It was explained that in 2011-12 year the council on average were handling 4 NRPF cases at any one time. However, currently there were over 30 NRPF cases on going and as a result the expected end of year overspend was forecasted as £283,000.

**RESOLVED:**

That Cabinet:

1. notes the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £5.28 million, 3.2% of the net budget, an increase of £1.6m from last month.
2. notes that the Public Health underspend of £778k and the Local Welfare support underspend of £240k is to be carried forward and therefore a nil variance is reported this month.
3. approves the virement of £170k from reserves to Communications to recruit 2 posts for sales and marketing to provide strategic advice, commercial working and drive forward the project to increase income in the borough. The funding is required for 2 years.

4. notes the adjustments in Appendix 5b and approve the following adjustments:

	£ <u>2014/2015</u>
Central Road – TfL	360,000
Coombe Lane - TfL	90,000
	£ <u>2014/2015</u>
Mitcham Major Schemes *	557,000
191-3 Western Road	115,000
CCTV (Match Funding)	155,000
	£ <u>2016/2017</u>
Mitcham Major Schemes *	885,000
CCTV (Match Funding)	300,000

\* ringfenced funding from Transport for London

5. notes the following schemes have been removed from the Capital Programme in Appendix 5b:

	£
Haydons Road - TfL	374,000
B521 Morden Park	29,780
B626a-c Cottenham Park and Holland Gardens	28,000
London Rd Lower Green to Cricket - TfL	76,000
High Path Area (Option 1 and 3)	6,000

Total

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523,780

## 5 BUSINESS PLAN 2015-19 (Agenda Item 5)

The Cabinet Member for Finance presented the Business Plan 2015-2019 report to the Cabinet. In doing this he highlighted that over the next 4 years there was likely to be a budget gap of £32million. In order to tackle this expected deficit, he proposed that the council continues with the 'July principles' which had been set in July 2010. They included focusing on providing statutory services, protecting vulnerable residents, low council tax, clean streets and a good place for young people to go to school.

In discussing the report the Cabinet were in support of the July principles continuing to be the driver for the savings, but also looking for 'value for money' in all services. On considering the capital expenditure Members acknowledged that the revenues expenditure of such projects must be considered together. It was noted that the updated version of the Business Plan 2015-2019 including the aligned draft services plans and capital programme would continue to go to scrutiny.

### RESOLVED:

1. That Cabinet notes the rolled forward MTFS for 2015– 2019.
2. That Cabinet confirm the latest position with regards to savings already in the MTFS and agree the proposed amendments to savings set out in Appendix 6 and incorporated into the financial implications in the draft MTFS 2015-19.
3. That Cabinet agrees the approach to setting a balanced budget and the basis for the setting of targets based on weighted controllable expenditure and capacity to generate income.
4. That Cabinet agrees the proposed departmental targets to be met from savings and income
5. That Cabinet agrees the timetable for the Business Plan 2015-19 including the revenue budget 2015/16, the MTFS 2015-19 and the Capital Programme for 2015-19.
6. That Cabinet agrees the latest draft Capital Programme 2015-19 detailed in Appendix 5 for consideration by scrutiny in November and notes the indicative programme for 2020-24.
7. That Cabinet note the process for the Service Plan 2015-19 and the progress made so far.

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## **Committee: Cabinet**

**Date: 10 November 2014**

Agenda item:

Wards: All Wards

## **Subject: Scrutiny Review on incontinence amongst women of child bearing age in Merton.**

Lead officer: Stella Akintan, Scrutiny Officer

Lead member: Councillor Brenda Fraser, Task Group Member

Contact Officer: Stella Akintan; stella.akintan@merton.gov.uk; 020 8545 3390

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### **Recommendations:**

- A. That Cabinet considers the report and recommendations (attached in Appendix 1) arising from the scrutiny review on Incontinence amongst women of child bearing and the response to the report from Merton Clinical Commissioning Group (attached at Appendix 2)
- B. That Cabinet agrees to the implementation of the recommendations through an action plan being drawn up by officers working with relevant local partner organisations and Cabinet Member(s) to be designated by Cabinet.
- C. That Cabinet decides whether it wishes to formally approve this action plan prior to it being submitted to the Healthier Communities and Older People Overview and Scrutiny Panel.

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

- 1.1 To present the scrutiny review report on physical activity amongst the fifty five plus age group for endorsement and seek approval to implement the review recommendations through an action plan being drawn up.

## **2. DETAILS**

- 2.1 At the first meeting of the 2013/14 Municipal Year, the Healthier Communities and Older People Overview and Scrutiny Panel agreed to undertake a scrutiny review of incontinence.
  - 2.1.1. The review looked at the services available to people suffering from incontinence. Although rarely life-threatening, urinary and/ or faecal incontinence can seriously influence the physical, psychological social well-being of affected individuals.
  - 2.1.2. The task group decided to focus on women of child bearing age, those between the ages of sixteen and forty four, not least because, urinary incontinence often occurs following pregnancy. This contributes to making it about two to three times more common in women than in men.
  - 2.1.3. The task group felt that if services can be improved for this age group, there will be a direct knock on effect on older age groups where it is more prevalent. This supports the task group's commitment to the prevention agenda – identifying problems at an early stage and addressing them before they become worse, which creates unnecessary suffering and requires more

invasive and expensive interventions later on. This review also looked at how to raise awareness of incontinence and tackle the stigma that prevents people seeking help.

### **3. ALTERNATIVE OPTIONS**

- 3.1 The Healthier Communities and Older People Overview and Scrutiny Panel can select topics for scrutiny review and for other scrutiny work as it sees fit, taking into account views and suggestions from officers, partner organisations and the public.
- 3.2 Cabinet is constitutionally required to receive, consider and respond to scrutiny recommendations within two months of receiving them at a meeting.
- 3.3 Cabinet is not, however, required to agree and implement recommendations from Overview and Scrutiny. Cabinet could agree to implement some, or none, of the recommendations made in the scrutiny review final report.

### **4. CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1 In carrying out its review, the task group questioned senior council officers as well as voluntary and community sector organisations.
- 4.2 TIMETABLE
- 4.3 The final report was approved by the Panel on 17 March 2014 where it was agreed to present the report to Cabinet.

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

- 5.1 None for the purposes of this covering report. It is envisaged that the recommendations in the attached report will not have any major resource implications. However, any specific resource implications will be identified and presented to Cabinet prior to agreeing an action plan for implementing the report's recommendations.

### **7. LEGAL AND STATUTORY IMPLICATIONS**

- 7.1 None for the purposes of this report. Scrutiny work involves consideration of the legal and statutory implications of the topic being scrutinised.

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

- 8.1 It is a fundamental aim of the scrutiny process to ensure that there is full and equal access to the democratic process through public involvement and engaging with local partners in scrutiny reviews. Furthermore, the outcomes of reviews are intended to benefit all sections of the local community. An Equalities Impact Assessment was completed as part of the review process and is available on request from the Scrutiny Team (020 8545 3864).

### **9. CRIME AND DISORDER IMPLICATIONS**

- 9.1 None for the purposes of this report. Scrutiny work involves consideration of the crime and disorder implications of the topic being scrutinised.

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

- 10.1 None for the purposes of this report.

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

- 11.1 Appendix 1 – task group review report on incontinence amongst women of child bearing age.
- 11.2 Appendix 2 Response from Merton Clinical Commissioning Group

**12. BACKGROUND PAPERS**

- 12.1 Notes of task group meetings on Incontinence amongst women of child bearing age.

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## **Tackling Incontinence Amongst Women of Child-bearing Age in Merton**

**March 2014**

## **A report of the Healthier Communities and Older People Overview and Scrutiny Panel, Chaired by Cllr Suzanne Evans**

### ***Foreword by the task group chair***

There was tremendous support for investigating this issue among members of the Panel. For many of us it was all too personal: we had either suffered ourselves or seen members of our family struggle to cope with this condition, one which is not only debilitating and distressing but also taboo, especially for women of childbearing age.

My own experience of living with incontinence following the birth of my daughter turned out to be typical. It took me five years to pluck up the courage to go to my doctor to ask for help, and only then after an 'accident' I found particularly embarrassing. But once I had done so, and my doctor had assured me the problem could be solved, the relief was immense. I remain incredibly grateful to the staff at St George's hospital who, to use colloquial terms, gave me my life back.

However, in preparing this report the Panel uncovered many barriers faced by women when it comes to getting access to incontinence services. This is unacceptable, especially given how hard it is for them to report the problem in the first place.

It is also very short-sighted. Incontinence has huge impact on health and social care services. Those who suffer are less likely to lead active, sociable lives. Working may become problematic. In any age group, incontinence is a key factor in relationship breakdown. It can often be a trigger for abuse. As women get older they are more likely to suffer falls and need residential care. Yet if incontinence was addressed earlier, many of these subsequent problems could be avoided.

The panel believes that if our recommendations are followed, more women will come forward for treatment, and sooner. Not only will this dramatically improve their quality of life, the NHS and our social care services will also benefit financially in the longer term.

Suzanne Evans

Chair, Incontinence amongst women of child bearing age task group

**Recommendations:**

<b>No</b>	<b>Recommendation</b>	<b>To be implemented by:</b>
1.	That midwives and health visitors follow up first, second and third degree tears following childbirth to check for signs of incontinence	<b>NHS England</b>
2.	That health visitors ask women ‘trigger questions’ after childbirth to identify the onset of incontinence.	<b>NHS England</b>
3.	That women are warned incontinence may be a problem following childbirth and that pelvic floor exercises are important to help prevent it.	<b>MCCG</b>
4,	That women should be given realistic information about the efficacy of pelvic floor exercises and advised what other options may be available in extremis.	<b>MCCG</b>
5.	That women are advised they should not hesitate to contact either their GP or the continence service if they experience any problems with incontinence at any time in the future	<b>MCCG</b>
6.	NHS Trusts should place greater emphasis on early detection and prevention of continence issues. We suggest perhaps establishing local/regional clinical champions?	<b>MCCG</b>
7.	The Director of Public Health should investigate how easily accessible and free training can be rolled out to unpaid carers to help them deal with continence	<b>Merton Council</b>

<b>8</b>	Incontinence issues should be prioritised as part of the Falls Prevention Strategy	<b>MCCG</b>
<b>9.</b>	Merton Clinical Commissioning Group should develop a clear pathway for unified continence services across the borough.	<b>MCCG</b>
<b>10.</b>	That MCCG and local acute NHS Trusts look into what role pharmaceutical companies may be able to take in hosting events to raise awareness on incontinence issues	<b>MCCG</b>
<b>11.</b>	That commissioners and the continence service seek to involve patient participation groups in raising awareness of continence issues	<b>MCCG</b>
<b>12.</b>	That an information leaflet is produced to advertise continence services	<b>MCCG</b>
<b>13.</b>	That e-information leaflets and posters advertising continence services should be distributed in discreet locations such as Lavatory cubicles in local public buildings where women can access them privately.	<b>MCCG</b>



## Introduction

1. This review looked at the services available to people suffering from incontinence. This is a common condition that can affect people of all ages. Urinary incontinence (UI) is defined by the International Continence Society as ‘the complaint of any involuntary leakage of urine’ and is wide ranging in its severity and features. Although rarely life-threatening, UI and or faecal incontinence can seriously influence the physical, psychological and social well-being of affected individuals.
2. The impact of the condition on the families and carers of women with incontinence may be profound; it is often cited as a major reason why relationships between carers and the people they are caring for breaks down, and a key cause of admissions to residential or nursing homes; incontinence is second only to dementia as an initiating factor for such moves.<sup>1</sup>
3. The resource implications for the health service are considerable. Figures from 2010 suggest the total incontinence-related expenditure for the UK was more than £420 million; £80 million of which was spent on absorbent products, such as incontinence pads alone (Royal College of Nursing). The Bladder and Bowel Foundation estimates incontinence costs the NHS £7,178 per 1,000 people in England.<sup>2</sup>
4. Incontinence also has a major impact on the quality of life of those who suffer. It restricts employment, educational and leisure opportunities. There may be considerable financial implications because of the soiling of clothes and bedding which; leads to extra laundry and renewal costs.
5. A number of factors led the task group to conduct this review. Incontinence is an issue that resonated amongst the group both from their own experiences as well as those of loved ones. The Chair and cabinet member had both suffered from the condition and had to face not only the challenge of dealing with it but also summoning the courage to seek medical help, such is the level of stigma around the condition in relatively young or middle aged mobile and otherwise healthy women. Another task group member cared for a family member who had the condition.
6. Age Concern UK were concerned about the low level of resources available to support people and a lack of awareness about what help is available to tackle this problem.

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<sup>1</sup> Urinary continence service for the conservative management of urinary incontinence in women, NICE Guidance, 2008

<sup>2</sup> Prevention and Early Intervention Continence Services, Health and Social Care Partnership.

7. As members felt this group had been overlooked in previous discussions of the subject and because they were less likely to report symptoms due to shame or embarrassment, the task group decided to focus on women of child bearing age, those between the ages of sixteen and forty four, not least because, urinary incontinence often occurs following pregnancy. This contributes to making it about two to three times more common in women than in men. Also the task group felt that if services can be improved for this age group, there will be a direct knock on effect on older age groups where it is more prevalent. This supports the task group's commitment to the prevention agenda – identifying problems at an early stage and addressing them before they become worse, which creates unnecessary suffering and requires more invasive and expensive interventions later on.
8. This review also looked at how to raise awareness of incontinence and tackle the stigma that prevents people seeking help. As a first step the Chair of this task group and the Cabinet member for adult social care and health spoke jointly about their personal experiences in an article for the local newspaper. (See Appendix A)

**The task group's terms of reference were:**

- Looking at health pathways for treatment of incontinence amongst women of child bearing age
- Influencing current policies and strategies to increase the priority for this service such as the CCG's public health and the health and wellbeing strategy
- Looking at ways to tackle the stigma associated with continence issues
- Looking at ways to raise awareness of the problem and encourage people to seek help

**What the task group did?**

The task group held three meetings to consider a wide range of evidence and heard from:

- Continence nurse at St Helier hospital
- Community Nursing Manager, Sutton and Merton Community Services
- Acute Therapies Service Manager, Sutton and Merton Community Services
- Women's Health Physiotherapist, Sutton and Merton Community Services
- Assistant Director, commissioning, NHS South West London

The task group also:

1. Secured an article in the Wimbledon Guardian highlighting the problem with quotes from the Healthier Communities and Older People Scrutiny Panel Chair and the Cabinet Member for Adult Social Care and Health.
2. Conducted an online survey of incontinence in Merton which provided a small sample of people's experiences, while the survey was open to all areas

across London, it was still possible to extrapolate responses from Merton residents. Links to the survey were placed on:

- Mumsnet
- The Bladder and Bowel Foundation
- Merton Council website
- The Pelfix Technique

### **The findings and deliberations of the task group**

#### **Services for people who suffer from incontinence in Merton**

9. We spoke to a number of front line clinicians who provide treatment for people suffering from incontinence to get a picture of services available for Merton residents, especially women in our target group. We found there are a range of services available;
10. The Continence Service is part of Sutton and Merton Community Services. There are two part time continence nurses and a senior nurse who works as a continence advisor . Their work includes clinical services such as assessing people for treatment as well as specialist support to individuals and training for other staff. We were told that there is a limited budget of £700,000 for continence services across the two boroughs. We found the team are passionate about their work and do the best they can with the limited resources available.
11. Continence services have been improved following a review in 2010. This led to the employment of the continence advisor who provides specialist advice and training for staff. There is also improved advice and delivery service on incontinence products.
12. There is a part-time continence nurse at Epsom and St Helier hospital who runs a continence clinic providing diagnosis, physiotherapy and advice on managing the condition.
13. The women's health physiotherapist is based within community services and provides exercises to strengthen the pelvic floor muscles for the treatment of incontinence. She sees five new cases a week. The waiting list for this service is currently three months long.
14. St George's hospital which also serves Merton residents has Urologists that treat incontinence problems.

15. In response to questions from us, staff from the continence service were clear that they spend the majority of their time responding to people who request their services and they have very little time and resources to focus on the prevention agenda. Most people who access continence services are elderly, although the service is open to all age groups. Staff are not able to do preventative work or reach out to other groups who may need help due to limited resources.

16. Although we recognise that there have been some improvements to continence services since the review of 2010. We do not believe that many of the fundamental problems have been addressed. Amongst the issues identified in the review were:

- A lack of standardised referral/advice/treatment pathways within primary care to specialist care
- A lack of consistent information to patients
- Specialist physiotherapy continence is patchy and limited
- Insufficient continence education for front line staff
- Poor data from home delivery service of containment products so unable to get a clear picture of current incontinent needs.

17. An NHS Sutton and Merton briefing report presented to the panel<sup>3</sup> states that 'the service review recommended the provision of a comprehensive continence service, supporting screening or urinary and faecal symptoms, assessment management and evaluation of management. This service provision with the correct highly skilled workforce would be promoting continence through accurate assessment rather than containing it through poor assessment.'

18. It also stated that 'the new model of care will challenge the current reactive service which only provides continence products and very little advice and support.'

19. We also found out that the staffing levels for treatment of incontinence across Sutton and Merton are below the recommended guidelines set out by NICE. It was very apparent to the task group that the service is not adequately resourced to meet need within the borough.

### **Under- reporting of continence problems**

20. Existing research, previous reports to scrutiny, anecdotal evidence and personal experiences made it clear that many people do not seek help for

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<sup>3</sup> NHS Sutton and Merton - Briefing on the Continence Service – Healthier Communities and Older People Overview and Scrutiny Panel January 2010.

their incontinence. Some studies reveal that it can take the average woman five years to go to her general practitioner for help<sup>4</sup>.

21. A report to the health scrutiny committee in 2010 highlighted that accurately quantifying the real need and potential demand for services is difficult because:
  - Definitions of incontinence vary
  - There is so much stigma and misunderstanding of the condition that people who might benefit from treatment do not seek help
  - Some people with continence problems are unaware that anything can be done to help them, and so do not seek help
22. Data from a Leicestershire study has been used to estimate the local need for continence services within the NHS Sutton and Merton area. Over 11,000 people were estimated to have “bothersome” incontinence symptoms, and of these it was estimated that 4,450 would actively want help.
23. Recent figures show that 3,105, individuals are currently receiving incontinence pads from NHS Sutton and Merton, which could mean that there are at least 1,500 people who still need help.
24. The task group concluded that the low priority placed on incontinence needs to change. Incontinence has a huge impact on quality of life and is a major factor in falls amongst older people and those with long term conditions. Women of child-bearing age with young children, may struggle to keep active because of symptoms. It plays a role in mental health issues, leading to problems such as depression, anxiety, agoraphobia etc. If incontinence is left untreated and worsens the cost to the NHS and Adult Social Care becomes even greater.
25. Despite much talk of prevention, task group members concluded that in fact the service was already struggling to cope and probably could not manage if more emphasis was placed on the preventative agenda and more people came forward to get help.
26. We spoke to the Assistant Director for Commissioning at NHS South West London, were informed that commissioners were not aware of an unmet need within the service. Although we spoke to the service as it was going through a major period of transition (February 2013) , this reinforced our conclusions that this service is given a low priority by Commissioners as it is not life threatening.

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<sup>4</sup> Graham Allen MP Report to Parliament on incontinence 24 October 2007.

## Impact of incontinence on women of child bearing age

27. Urinary incontinence is more prevalent among women after childbirth, because of the damage caused to the pelvic floor during the birth process. One in four women experience it. The level of damage and severity of symptoms varies enormously; often muscles are weakened and women leak small amounts of urine when they cough, sneeze or exercise. At the other end of the spectrum – there can be severe damage resulting in uncontrollable urinary and faecal incontinence.
28. If services are improved for women of child bearing age, the task group felt a good practice model could be developed which could then be extended and applied to other groups. The Continence Nurse agreed that this approach could have a direct impact on reducing incontinence amongst older people, where it is more prevalent.
29. There are some services in place to support women in the six week period after giving birth. For example, women who experience third degree tears in childbirth will receive a check up with the women's health physiotherapist, in accordance with NICE guidelines. We were informed that after such a tear women are at higher risk of incontinence so it is important they are encouraged to do pelvic floor exercises which can improve symptoms in up to 70% of women. This is also in line with guidance from the Royal College of Gynaecologists and Obstetricians, although we were told this is not standard practice across the borough.
30. However the task group heard evidence that incontinence does not only result from third degree tears and limiting access to physiotherapy just for this group is a mistake. Despite the fact the task group was aware this goes beyond the current NICE guidelines, members felt strongly that women who experience first and second degree tears should also be followed up to both identify and pre-empt problems.
31. Although women receive postnatal support from health visitors and midwives, it is clear many are not asked questions about incontinence. Or if they are, the questions are asked too soon after childbirth, when it is not possible to assess whether or not a continence problem will either develop or become long-term due to the fact a woman is still recovering and her body is not yet back to 'normal'. The task group felt frontline professionals need more training and support to ensure that they ask women about incontinence issues, well

after the six week period given the problem can kick in a few years after childbirth.

32. One respondent from our survey has called for *“greater help from midwives. I had a third degree tear and had no information at all either before or after birth on pelvic floor exercises or how to treat incontinence. I had to seek help myself some months after the birth”*

33. The task group also heard that in many cases, pelvic floor exercises alone cannot solve the problem. Our concern is that they can be offered as a panacea ‘cure all’ by both medical professionals and voluntary sector support groups, and give women the unrealistic expectations about their efficacy. This means women with greater problems which are not resolvable by pelvic floor exercises may a) fail to seek further help and b) blame themselves for their inability to cure the problem. The point should be made very strongly that if pelvic floor exercises fail to solve the problem this is not the end of the line and that other interventions, including surgery are available.

#### RECOMMENDATIONS:

That midwives and health visitors follow up first, second and third degree tears following childbirth to check for signs of incontinence.

That health visitors ask women ‘trigger questions’ after childbirth to identify the onset of incontinence.

That women are warned incontinence may be a problem following childbirth and that pelvic floor exercises are important to help prevent it

That women should be given realistic information about the efficacy of pelvic floor exercises and advised what other options may be available in extremis.

That women are advised they should not hesitate to contact either their GP or the continence service if they experience any problems with incontinence at any time in the future

#### **The Prevention Agenda**

34. As members of this task group and the Healthier Communities and Older People Overview and Scrutiny Panel we cannot stress enough the importance of the prevention agenda. Time and time again we review health issues and find that resources are concentrated on treating the problem when it has escalated and that not enough emphasis is put on trying to prevent it in the first place or targeting treatment in the early stages.



35. We saw the continence service as being a prime example of this. The condition is clearly not prioritised, nor understood in terms of its wider implications. Current services are stretched and there are no clear treatment pathways. This has a huge impact on those suffering from incontinence and places a significant financial burden on the NHS.
36. An All-Party Parliamentary Group for Continence Care produced a guide for commissioners regarding implementing and monitoring an integrated continence service. The guide argues that the most cost effective continence services are clinically driven, patient sensitive and treatment focussed. This reduces associated complications further down the line such as urinary tract infections, pressure ulcers, and complications leading to hospitalisation. This report calls for one target on incontinence in the Joint Strategic Needs Assessment.<sup>5</sup>
37. The professionals we heard from who work in continence services told us we should target people at risk: those with mental health problems; women aged 16-44; and those with learning disabilities. We need to get healthcare professionals to ask the right questions to find out if people are incontinent and then to know where to send them to.
38. We need to put money into prevention and raising awareness, and recognise that it may take a few years to realise the benefits.
39. We know that as our population ages the impact of incontinence related problems will escalate. It is important to improve the service now not least because we know there is a link between incontinence and falls which can seriously distress and incapacitate the elderly and cause premature death.
40. Given the fact incontinence is a key factor in admissions to care homes and current policy is to continue to allow people to live in their own homes for as long as possible, the task group felt that tying incontinence into the prevention agenda and providing more support to carers would assist in minimising care home admissions.

**Recommendations:**

NHS Trusts should place greater emphasis on early detection and prevention of continence issues. We suggest perhaps establishing local/regional clinical champions?

The Director of Public Health should investigate how easily accessible and free training can be rolled out to unpaid carers to help them deal with continence

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<sup>5</sup> Cost effective Commissioning for Continence Care, All Party Parliamentary Group for Continence Care Report, 2011.



Incontinence issues should be prioritised as part of the Falls Prevention Strategy

### **Health Pathways and Co-ordination of Continence Services.**

41. The panel is unanimous in agreeing that there can be no underestimating the importance of having a clear clinical pathway both in terms of patient experience and identifying issues at an early stage. Professionals need to be able to identify problems quickly and signpost people to the right service.
42. When we investigated what someone reporting an issue with incontinence may experience we found a very fragmented service across South West London, where some health care professionals are not even clear where to refer people to. The treatment that people receive depends upon which service they go to – their GP, the continence clinic at Epsom and St Helier or the Urology department at St George’s.
43. The All Party Parliamentary report; *Cost Effective Commissioning for Continence Care* highlights: “There is no doubt that an integrated service saves money, it leads of early identification and treatment of symptoms, agreed referral pathway to specialists , reduced hospital admissions improved patient experience and alleviation of distressing symptoms.

### **RECOMMENDATION :**

Merton Clinical Commissioning Group should develop a clear pathway for unified continence services across the borough.

### **Raising awareness and tackling stigma**

44. Our research highlighted again and again the unfortunate truth that many people do not seek help for their incontinence, either because they do not know where to go or they are too ashamed or embarrassed.
45. We uncovered a number of prevailing and damaging myths around incontinence which; can also act as barrier to those who would otherwise seek help and treatment. Some of these myths include:
  - Incontinence can only be corrected by surgery
  - If pelvic floor exercises don’t work, there is nothing else you can do
  - Incontinence is inevitable because it’s hereditary

- Health professionals can see it as a ‘normal’ part of ageing
  - Health professionals do not take it seriously or they dismiss it
  - Having a caesarean rather than a natural birth always prevents the problem
46. We asked our front line practitioners how we could tackle these myths and were told we need to use a combination of training, positive feedback from clients and success stories to dispel myths around incontinence. Proactive treatments such as pelvic floor exercises and bladder retraining should be used much more widely. Also general awareness raising was necessary among the public, families and, indeed, some health professionals, that the condition can be treated and not just contained.
47. The new responsibility for local authorities for public health presents an important opportunity to raise awareness about how to get help for incontinence. We recognise that there are limited resources and tight budgets, so we considered low budget options for raising awareness of services which will also help to tackle the stigma and myths surrounding this issue.
48. We were told that pharmaceutical companies often play a role in offering information and advice on the range of continence products available. We would like Merton Clinical Commissioning Group ( MCCG) and the Trusts to consider what role they could play in providing information to the public and training for professionals on continence issues. However we recognise that this needs to be managed with sensitivity and caution, not least because the task group felt strongly that some existing commercial forms of awareness raising can be counter-productive. For example, the well known Tena Lady TV advertisements could lead the unformed to conclude that incontinence is as natural as menstruation and that pads are the only answer. This is another reason why positive public health messages need to alert women to the range of support options available.
49. In Merton we have a vibrant voluntary and community sector. We feel they could play an important role in raising awareness of incontinence issues and dispelling the myths and promoting success stories. We would like the commissioners and the continence service to take this forward as a matter of urgency.
50. We were surprised to find that there are no leaflets or strategically placed posters advertising the continence service. This is an important way to signpost people and let them know that the service exists and the task group felt that women needed to access such leaflets in places where they will not feel embarrassed about picking them, lavatory cubicles for example.

**Recommendations:**

That MCCG and local acute NHS Trusts look into what role pharmaceutical companies may be able to take in hosting events to raise awareness on incontinence issues

That commissioners and the continence service seek to involve patient participation groups in raising awareness of continence issues

That an information leaflet is produced to advertise continence services

That e-information leaflets and posters advertising continence services should be distributed in discreet locations such as Lavatory cubicles in local public buildings where women can access them privately.

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# **Incontinence Amongst Women of Child-bearing Age**

## **Merton CCG Response to the Healthier Communities and Older People Overview and Scrutiny Panel Report**

### **1. Purpose of this paper**

This paper outlines the initial response of Merton Clinical Commissioning Group (CCG) to the recommendations contained in the report *Tackling Incontinence Amongst Women of Child-bearing Age* produced for the London Borough of Merton (LBM) Healthier Communities and Older People (HCOP) Overview and Scrutiny Panel by the LBM *Incontinence amongst women of child bearing age task group*.

In particular, this paper describes how Merton CCG will address the recommendations raised in the report.

### **2. Scope of the Report**

The *Tackling Incontinence Amongst Women of Child-bearing Age* report primarily addresses the issue of urinary incontinence in women between the ages of 16 and 44. The reasons given for this focus are:

- Urinary incontinence often occurs following pregnancy
- An improvement in services for this age group would have a direct knock-on effect on older age groups.

The report particularly focuses on

- “The prevention agenda – identifying problems at an early stage and addressing them before they become worse”.
- “How to raise awareness of incontinence and tackle the stigma that prevents people seeking help”

In addition, the report references the 2011 *All Party Parliamentary Group for Continence Care report*.

### **3. Alignment with Merton CCG Priority Delivery Areas**

Merton CCG has identified within its Operating Plan six priority delivery areas and the breadth of the issues related to continence mean that it touches several of these delivery areas. In order to provide focus the work to address the recommendations of this report will primarily be carried out within the *Early Detection and Management* delivery area, but will also link to the *Children’s and Maternity* and *Older and Vulnerable Adults* delivery areas as necessary.

### **4. Findings of the Report**

#### **4.1. Services for people who suffer from incontinence in Merton (paragraphs 9 – 19)**

The report notes continence services provided by Epsom and St Helier University Hospitals NHS Trust and St George’s Healthcare NHS Trust, but identifies that the majority of continence services are community based. The community based continence service, which includes clinical services such as assessing people for treatment as well as specialist support to individuals, and also training for other staff, is currently commissioned by Merton CCG from Sutton and Merton Community Services (SMCS). In addition, SMCS also deliver a women’s health physiotherapy service, which provides exercises to strengthen the pelvic floor muscles.

Merton CCG is pleased to note the report’s finding that the community service had been improved following a review in 2010 but, in light of the fact that the task group considered that

many of the fundamental problems had not been addressed, the CCG will re-examine the review and identify outstanding areas for progression.

#### **4.2. Under-reporting of continence problems (paragraphs 20 – 26)**

Merton CCG notes the information regarding the number of people in Merton estimated to require help with incontinence and will work with Public Health to build on this information to provide, if possible, a current and local view of continence needs in Merton.

Merton CCG is disappointed that the *Incontinence amongst women of child bearing age task group* concludes that the service “is given a low priority by Commissioners” as it is not life threatening”. In fact, Merton CCG supports findings of the report that, in addition to having a huge impact on quality of life, incontinence has a significant effect on many areas, such as being a potential contributory factor for falls in older people, or potentially having an adverse effect on mental health.

In recognition of the importance of this issue, therefore, Merton CCG has included a Continence Work Package in the *Early Detection and Management* priority delivery area with the aim of taking forward the relevant recommendations of this report.

#### **4.3. Impact of incontinence on women of child bearing age (paragraphs 27 – 33)**

Merton CCG notes the analysis contained within the report of the impact of incontinence in women of child bearing age and will take forward the relevant recommendations to local service providers through the relevant channels, including local Maternity Networks.

#### **4.4. The Prevention Agenda (paragraphs 34 – 40)**

Merton CCG agrees with the report’s emphasis on prevention and targeting treatment early to prevent escalation and has therefore placed the work to take forward issues relating to incontinence within the *Early Detection and Management* delivery area.

#### **4.5. Health pathways and co-ordination of Continence Services (paragraphs 41 – 43)**

Merton CCG agrees with the report’s emphasis on clear pathways of care across co-ordinated services. We note the report’s finding that there is a fragmented service across south west London, and that some healthcare professionals are “not even clear where to refer people to”. Merton CCG will therefore take forward the development of/identification of a clear pathway for unified continence services.

#### **4.6. Raising awareness and tackling stigma (paragraphs 44 – 50)**

Merton CCG welcomes the findings of the report in the important area of raising public awareness, dispelling myths and tackling the stigma that some people feel when raising the issue of incontinence and will work with the other relevant stakeholders (both commissioners and providers) to implement the relevant recommendations.

### **5. Recommendations of the Report**

The report makes 13 recommendations of which ten are identified for implementation by Merton CCG. The Merton CCG approach to the implementation of these ten recommendations, many of which are also dependent upon contribution from current service providers, other local commissioners and LBM Public Health, is shown in Appendix A.

## 6. Next Steps

As described in Appendix A:

- Many of the recommendations of the report will be built into the work programmes of the relevant Merton CCG priority delivery areas.
- Merton CCG will liaise with LBM Public Health, both as part of the Early Detection and Management priority delivery group (which includes a representative from Public Health) and separately as issues arise, to address the relevant recommendations.
- Merton CCG will work with other local commissioners and with local maternity services providers through the local Maternity Networks to address the relevant recommendations.

In addition, Merton CCG will review the 2011 report of the *All Party Parliamentary Group for Continence Care*, and will re-examine the review of services carried out in 2010, with a view to identifying further items to incorporate into future programmes of work.

## Appendix A: Recommendations of the Report *Tackling Incontinence Amongst Women of Child-bearing Age*

The report makes 13 recommendations of which ten are identified to be implemented by Merton CCG. The Merton CCG approach to implementation of these ten recommendations is shown below. For completeness, all 13 recommendations are shown (in the order in which they are presented in the *Tackling Incontinence Amongst Women of Child-bearing Age* report).

No	Recommendation	To be implemented by:	MCCG Action
1.	That midwives and health visitors follow up first, second and third degree tears following childbirth to check for signs of incontinence.	NHS England	N/A
2.	That health visitors ask women 'trigger questions' after childbirth to identify the onset of incontinence.	NHS England	N/A
3.	That women are warned incontinence may be a problem following childbirth and that pelvic floor exercises are important to help prevent it.	MCCG	As a member of the local Maternity Networks, Merton CCG will work with local providers of maternity services to take forward these recommendations. Merton CCG will monitor this through the <i>Children's and Maternity</i> delivery group.
4.	That women should be given realistic information about the efficacy of pelvic floor exercises and advised what other options may be available in extremis.	MCCG	
5.	That women are advised they should not hesitate to contact either their GP or the continence service if they experience any problems with incontinence at any time in the future.	MCCG	
6.	NHS Trusts should place greater emphasis on early detection and prevention of continence issues. We suggest perhaps establishing local/regional clinical champions?	MCCG	Merton CCG will liaise with local service providers to identify the requirements to improve early detection and prevention.
7.	The Director of Public Health should investigate how easily accessible and free training can be rolled out to unpaid carers to help them deal with continence.	Merton Council	N/A
8.	Incontinence issues should be prioritised as part of the Falls Prevention Strategy.	MCCG	These recommendations will be included as work packages within the MCCG <i>Early Detection and Management</i> delivery group programme of work, linking to the <i>Older and Vulnerable Adults</i> delivery area as required.
9.	Merton Clinical Commissioning Group should develop a clear pathway for unified continence services across the borough.	MCCG	
10.	That MCCG and local acute NHS Trusts look into what role pharmaceutical companies may be able to take in hosting events to raise awareness on incontinence issues.	MCCG	
11.	That commissioners and the continence service seek to involve patient participation groups in raising awareness of continence issues.	MCCG	
12.	That an information leaflet is produced to advertise continence services.	MCCG	Merton CCG will liaise with local service providers to identify appropriate public information requirements and will work with Public Health colleagues to establish appropriate methods for communication to the public.
13.	That e-information leaflets and posters advertising continence services should be distributed in discreet locations such as Lavatory cubicles in local public buildings where women can access them privately.	MCCG	



**Committee: Cabinet**

**Date: 10 November 2014**

Wards: All

**Subject: London Council's Transport & Environment Committee Agreement with the British Parking Association for an Appeals Service for Parking on Private Land**

Lead officer: Paul Evans

Lead member: Cllr Judy Saunders

Contact officer: Paul Evans, Assistant Director of Corporate Governance

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**Recommendations:**

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- A. Agree that the functions delegated to the London Councils Transport and Environment Committee to enter into the arrangements with the British Parking Association were and continue to be delivered pursuant to section 1 of the Localism Act 2011;
  - B. Delegate the exercise of section 1 of the 2011 Act to the London Councils Transport and Environment Committee for the purpose of providing an appeals service for parking on private land under contract on a full cost recovery basis
  - C. Delegate the formal signature of the Memorandum of Participation to the Director of Environment and Regeneration..
- 

**1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

This report seeks the agreement to recommend to council that it formally resolves to expressly delegate the exercise of section 1 of the Localism Act 2011 to the TEC joint committee for the sole purpose of providing an appeals service for parking on private land for the British Parking Association under contract, confirming for the avoidance of doubt that the existing arrangements are and have been delivered on that basis to-date, and that the TEC Governing Agreement be formally varied accordingly. The service has been provided on a cost recovery basis by London Councils since October 2012 and it is proposed that it should continue in this way until the end of the contract period in October 2015. An express delegation of the exercise of section 1 for this purpose by individual councils, and the variation of the TEC Governing Agreement to reflect this, would remove any legal doubt as to TEC's authority to deliver the service and allow London Councils' auditors, PWC, to conclude an outstanding issue in relation to an objection to the accounts.

## **2 DETAILS**

- 2.1 On 15 March 2012 the London Council's Transport and Environment Committee (TEC) agreed that London Councils should provide an appeals service for parking on private land for the British Parking Association under contract. This was on the basis that this would complement the service provided by PATAS which deals with appeals made against parking enforcement on the highway. It was considered at the time that providing the service on a cost-recovery basis would be in the public interest as: restrictions on parking within London on private land would have a direct impact upon London local authorities, their resources and residents; a significant proportion of the public affected and inclined to avail themselves of the POPLA service were likely to come from the Greater London area; and, having regard to those matters, as TEC was the only interested, qualified bidder. On 14 June 2012, TEC received a report to say that the basis for providing such a service had been accepted by the BPA and agreed that a contract should be entered into to provide the service.
- 2.2 The service, known as POPLA (Parking on Private Land Appeals) started on the 1 October 2012 and has since provided the appeals service to more than 25,000 motorists. The service operates on a full cost recovery basis and at no cost to the London Council Tax payer.

### **Issues**

- 2.3 An objection was raised on the London Councils consolidated accounts by an interested person (residing within London) that TEC did not have the legal power to provide the service. London Councils' auditors, PWC, have, for some time, been investigating this.
- 2.4 PWC has informed London Councils of legal advice it has had from the Audit Commission on the Commission's view on the power of London Councils to provide the POPLA service. In essence, the Audit Commission advice accepts that the London local authorities have the power under Section 1 of the Localism Act 2011 to provide the service and that the exercise of these functions could be delegated to TEC. London Councils agrees with this conclusion.
- 2.5 The Audit Commission advice, however, questions whether the exercise of those functions has been properly delegated to TEC. The issue turns on whether the Committee could be said: to have existing delegated authority under the terms of the TEC Governing Agreement; alternatively whether it made or confirmed such a delegation by virtue of the decisions it made to provide the service in 2012; or whether each individual authority should have expressly resolved to delegate the exercise of section 1 of the 2011 Act to the joint committee for the purposes of TEC's delivery of the POPLA service with the TEC Agreement being formally varied accordingly.
- 2.6 PWC has asked for London Councils' view on this advice in advance of making a formal determination about the objection. London Councils and its legal advisors remain of the view that the service is currently being delivered by TEC on a lawful basis on behalf of all the participating authorities with their consent

and proper authority under the existing terms of the TEC Governing Agreement, and confirmed by the Committee resolving to provide the service in 2012 with these matters having been raised with local authorities prior to those decisions being taken in the normal way in respect of TEC business. However, it is accepted, that there is room for argument as to whether individual councils had to state expressly that they agreed that the arrangement with the BPA was pursuant to exercise by TEC of their powers under section 1 of the 2011.

London Councils' have requested that Merton Council considers and agrees the recommendations contained in this report.

### **3 ALTERNATIVE OPTIONS**

- 3.1. There is no recommended alternative option.

### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1. It is proposed to put the report to full Council at its next available meeting if Cabinet gives its approval.

### **5 TIMETABLE**

- 5.1. N/A

### **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

There are no financial implications for London Councils from this recommendation

### **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. The legal implications are set out in the body of the Report

### **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

There are no equalities implications for the boroughs or London Councils arising from this report.

### **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. None identified further to the issues raised in the report.

### **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

For the London Borough of Merton to not formally delegate the power of Section 1 of 2011 Act to the London Councils Transport and Environment Committee

would increase the risk to the Council as it would not have an appeal service for parking on private land and would be required to procure for a new contract for this service.

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

- Appendix 1 – TEC Agreement

**12 BACKGROUND PAPERS**

DATED

2014

**LONDON COUNCILS  
TRANSPORT AND ENVIRONMENT COMMITTEE\***

(\*ALL REFERENCES IN THIS AGREEMENT TO ALGTEC ARE TO BE CONSTRUED AS REFERRING  
TO LONDON COUNCILS TEC)

**THIRD FURTHER VARIATION OF ALGTEC AGREEMENT  
("the Fifth ALGTEC Agreement")**

Ref: TL0016/005 (AP)

THIS AGREEMENT is made this

2014.

BETWEEN the London local authorities listed in Schedule 1 hereto (“the Participating Councils”) and Transport for London of 14<sup>th</sup> Floor, Windsor House, 42-50 Victoria Street, London SW1H 0TL (together referred to as “the Parties”)

## RECITALS

- A. By an agreement dated 13 December 2001 (“the First ALGTEC Agreement”) the Parties arranged for certain functions to be discharged by a joint committee established under specific and all other enabling powers known as the Association of London Government Transport and Environment Committee (“ALGTEC”).
- B. The First ALGTEC Agreement was varied by an agreement dated 1 May 2003 (“the Second ALGTEC Agreement”).
- C. The First ALGTEC Agreement was further varied by an agreement dated 30 November 2006 (“the Third ALGTEC Agreement”).
- D. In December 2006 ALGTEC changed its name to the London Councils Transport and Environment Committee (“the Committee”).
- E. The First ALGTEC Agreement was further varied by an agreement dated 8 June 2009 (“the Fourth ALGTEC Agreement”) which *inter alia* included a new Part 3(D) in Schedule 2 of the First ALGTEC Agreement for the delegation to the Committee of the exercise of any statutory functions conferred on the Parties relating to transport, environment and planning matters subject to consultation and the written agreement of the Parties.
- F. On the 18 February 2012 section 1 of the Localism Act 2011 came into effect which provides local authorities with the power to do anything that individuals generally may do, and is known as “the general power of competence”.
- G. Section 56 and Schedule 4 of the Protection of Freedoms Act 2012 impose certain conditions concerning the recovery of unpaid parking charges on private land.. As a consequence of those provisions those receiving and disputing a parking ticket on private land must be offered free access to an independent appeals service. On the 15 March 2012 the Committee resolved to tender for the provision of an independent appeals service to the British Parking Association (“the BPA”). The 2012 Act was enacted on the 1 May 2012 and it came into force on the 1 October 2012.
- H. On the 14 June 2012 the Committee resolved to contract with the BPA for the provision of the independent appeals service for parking on private land in England and Wales on a full cost recovery basis.
- I. On 17 July 2014 the Committee resolved to recommend to the Participating Councils that they delegate to the Committee, under Part 3(D) of Schedule 2 of the First ALGTEC Agreement, the exercise of further functions under section 6 of the Road Traffic Regulation Act 1984 and all other enabling powers, to enable the Committee to make any necessary traffic orders for the purposes of implementing and enforcing on the Participating Councils’ roads a scheme to enhance road safety by requiring the fitting of safety mirrors and side guards to all Heavy Goods Vehicles over 3.5 tonnes in London

("the London Safer Lorry Scheme"). At [INSERT DATE] all the Participating Councils had made the delegation in the same form, and this variation to the First ALGTEC Agreement had also been agreed by Transport for London, as required under Clause 15.1 of the First ALGTEC Agreement.

- J. The Participating Councils now wish (for the avoidance of doubt) to confirm that the exercise of functions delegated to the Committee to enter into the arrangements for the delivery of the independent parking appeals service on private land were and continue to be delivered pursuant to section 1 of the Localism Act 2011. The purpose of this agreement ("the Fifth ALGTEC Agreement") is, therefore, to vary further the First ALGTEC Agreement.

## **IT IS HEREBY AGREED AS FOLLOWS:**

### **1. EXECUTION AND COMMENCEMENT**

- 1.1 This Agreement is executed by each Party signing the annexed Memorandum of Participation on behalf of that Party and such Memorandum shall be evidence of execution by that Party when Memoranda signed by all Parties are incorporated into this Agreement.
- 1.2 This Agreement shall commence on the date of execution by the last of the Parties to execute it. ("the Fifth ALGTEC Agreement")

### **2. DELEGATION OF FUNCTIONS**

- 2.1 For the avoidance of doubt, and to confirm that the general power of competence under section 1 of the Localism Act 2011 was, and continues to be, delegated to the Committee for the purposes of providing a private parking appeals service in accordance with section 56 and Schedule 4 of the Protection of Freedoms Act 2012, the First ALGTEC Agreement is hereby varied as follows –

- 2.1.1 After clause 4.1(C) of the First ALGTEC Agreement insert:

*4.1(D) The Schedule 1 Part 1 Participating Councils have delegated to ALGTEC the functions set out in Part 3(E) of Schedule 2 of this Agreement. The Participating Councils may revoke this delegation in accordance with clause 13.2, that is with the unanimous consent of all the Participating Councils or otherwise in accordance with clause 13.2.3.*

- 2.1.2 After clause 13.4 of the First ALGTEC Agreement insert:

*13.5 Part 3(E) of Schedule 2 of this Agreement may be terminated by ALGTEC by a resolution of ALGTEC passed in accordance with the joint committee's normal procedures.*

- 2.1.3 Paragraph 1 of Part 4 of Schedule 2 of the First ALGTEC Agreement shall be varied by replacing the words "Parts 1-3(D)" with::

*"Parts 1-3(E)"*

2.1.4 After Part 3(D) of Schedule 2 of the First ALGTEC Agreement insert:

***PART 3(E) FUNCTIONS – PARKING ON PRIVATE LAND APPEALS SERVICE***

1. *The general power of competence under section 1 of the Localism Act 2011 for the purpose of providing, on a full cost recovery basis, an independent appeals service for disputes arising in respect of parking on private land (with reference to section 56 and Schedule 4 of the Protection of Freedoms Act 2012).*



## **SCHEDULE 1**

### **THE PARTICIPATING COUNCILS**

The London Borough of Barking and Dagenham  
The London Borough of Barnet  
The London Borough of Bexley  
The London Borough of Brent  
The London Borough of Bromley  
The London Borough of Camden  
The London Borough of Croydon  
The London Borough of Ealing  
The London Borough of Enfield  
The London Borough of Greenwich  
The London Borough of Hackney  
The London Borough of Hammersmith and Fulham  
The London Borough of Haringey  
The London Borough of Harrow  
The London Borough of Havering  
The London Borough of Hillingdon  
The London Borough of Hounslow  
The London Borough of Islington  
The Royal Borough of Kensington and Chelsea  
The Royal Borough of Kingston-upon-Thames  
The London Borough of Lambeth  
The London Borough of Lewisham  
The London Borough of Merton  
The London Borough of Newham  
The London Borough of Redbridge  
The London Borough of Richmond upon Thames  
The London Borough of Southwark  
The London Borough of Sutton  
The London Borough of Tower Hamlets  
The London Borough of Waltham Forest  
The London Borough of Wandsworth  
The City of Westminster  
The Mayor and Commonalty and Citizens of the City of London

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## **Committee: Cabinet**

**Date: 10 November 2014**

Wards: All

## **Subject: South London Partnership – Establishment of Statutory Joint Committee and resourcing of Partnership**

Lead officer: Ged Curran

Lead member: Cllr Stephen Alambritis

Contact officer: Paul Evans 3163

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### **Recommendations:**

- A. Cabinet approves, for its part, the establishment of a Joint Committee with neighbouring boroughs in the South London Partnership with the terms of reference and remit as set out in Appendix A.
  - B. Notes that the Procedure Rules for the Joint Committee will be brought to a future meeting of Council for approval.
  - C. Appoints the Leader of the Council to serve as the Council's representative on the Joint Committee
  - D. Agrees to increase the Borough's subscription to £35k per annum in order that the Partnership is adequately resourced for what it needs to do.
  - E. Agrees that Richmond be the host Borough for staffing, with costs and liabilities shared between the constituent boroughs.
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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. This report makes proposals for the establishment of a Statutory Joint Committee of South London Boroughs, building on the current South London Partnership, and provision of appropriate resources. This is in order to be able to respond to the Government's growth agenda, possible future delegation of responsibilities and funding and compete successfully with other sub regions in London.

This report is the result of discussions between the Leaders of those south London Boroughs which comprise the South London Partnership (Richmond, Kingston, Merton, Sutton and Croydon). It makes proposals to position the South London Partnership to better respond to the growth agenda access current potential funding streams and be ready for future likely delegations of responsibilities and funding. In order to achieve this the Partnership needs to :

(1) demonstrate to Government that it has robust governance and mechanisms for decision making in place in accordance with the guidance for the Growth Deal.

(2) be adequately resourced in terms of staff capacity to achieve its goals, both in support of the Partnership's overall aims but also in support of its specific aims for regeneration and growth.

## 2 DETAILS

- 2.1 Introduction - The shared agenda of work for the South London Partnership (SLP) continues to increase particularly in relation to regeneration and growth partly in response to the Government's Growth Deal. There is also possible future scope for the devolution of Government Functions as well as on-going development of shared services both between partners and with partners outside our boundaries. The London Borough of Bromley has also indicated an interest involved in the partnership in view of the importance of the growth agenda and the potential for additional responsibilities and funding.
- 2.2 Context The rationale for our South London Boroughs working together is stronger than ever with the need to maintain and improve public services in a continuingly straightened financial climate and the opportunities afforded through the Growth Deal. Moreover, current discussions on further devolution to England in the light of the Scottish referendum could lead to an increase in powers and funding for London. If these are delegated via the GLA it could work to the disadvantage of outer London suburbs like our own. It seems therefore even more important that there is a strong sub regional governance framework which can provide both a counterweight and a mechanism for devolution of government funds. Vitally it provides a bottom up, voluntary approach building on the individual strengths and characteristics of the constituent boroughs rather than some top down imposed solution which would inevitably work to the detriment of individual boroughs. Any such top down imposition would be vigorously opposed.

However, we need also to consider if the SLP is having the right level of influence with both the GLA and Government in order to achieve our strategic goals and ambition, particularly in relation to growth and regeneration and to achieving a proportionate level of funding from the Growth Deal and other vehicles which are or will become available in future.

In order to position ourselves most successfully, firstly the Partnership needs to develop a stronger narrative about its growth potential, contribution to the success of the London economy overall and barriers to progress. Then it needs to be able to demonstrate to Government that it has robust governance and mechanisms for decision making in place in accordance with the guidance for the Growth Deal:

*“to deliver collective decision from all local authority leaders, including district councils, within the LEP, with evidence of underpinning robust partnership arrangements.”*

Furthermore, the SLP needs to consider the resources in terms of staff capacity that it is able to bring to bear to achieve its goals, particularly in relation to regeneration and growth.

The SLP must be mindful of how it compares with other sub regional partnerships in London, with which it is in competition in terms of influence and resources, notwithstanding any cross border alliances.

2.3 Governance Proposals In London, we have worked hard to establish a relationship with the Mayor and Local Enterprise Partnership which will enable funds to be delegated to sub regional partnerships. It has been made clear that such delegation requires strong sub regional governance, which the SLP does not currently have.

The proposal is therefore to create a Joint Committee which can exercise decision making over:

- Delegation of funds from the London Mayor and LEP to meet local economic growth need.
- Access to and approval of the allocation of additional funds as part of the City Growth Deal process
- Greater control over local economic investment and prosperity at a more localised level
- Existing economic assets across the area to be built upon and maximised
- Current joint working on areas such as procurement and shared services (underpinned by the current Memorandum of Understanding between 4 Member authorities) to be further developed to maximise efficiencies and growth.

Further details are set out in Appendix A. The intention is to submit proposals through each Council’s decision making machinery during November so that the Joint Committee can become operational from 1 January 2015.

The aspiration is to use this governance arrangement to go beyond obtaining funds from the Mayor and LEP but also to persuade Government to delegate additional responsibilities and their funding – eg in relation to getting people back into work, boosting skills and developing innovative local solutions to ensuring economic growth and prosperity.

Critically this proposal also positions us strongly if, in the context of greater devolution for England, the GLA is proposed as the vehicle for London, to the possible detriment of the suburbs generally, including South London.

2.4 Staffing Resources and Capacity Proposals London Councils work on Devolution and Public Sector Reform is welcomed but underlines the amount of work that is required by each sub region to develop a coherent offer and ensure our voice is heard, in order to take advantage not only of the Growth Deal but other future developments.

A comparison of the SLP’s funding and resources with that of other sub regional partnerships is set out below.

Partnership	No of posts	Subscription per partner	Total
West London Alliance	9	£34,333 x 6	£206K
North London Strategic Alliance	6	£40K x 3 £15K x 3	£165K
South London Partnership	2.5	£15K x 5	£75K

Central London Forward	2	£25K x 8	£200K
Growth Boroughs	5	£60K x 6	£360K

In terms of staffing capacity the majority fund dedicated resources for their joint effort, as well as some of the work being led within individual boroughs.

In terms of skills mix, the additional staffing capacity in the other partnerships compared to SLP's is specialist economic development, regeneration and transport resource.

If the SLP is to increase its influence both generally within the pan London arrangements but also specifically within the context of the Growth Deal it will require more specialist resource who can argue authoritatively for our own strategic position against those of the rest of London. Most SLP boroughs do not currently have this level of resource within their own organisations which can be shared, and so it is proposed that it is specifically appointed to support the Partnership. This is considered a more cost effective solution than buying in consultancy support on an on-going basis.

In addition more capacity will facilitate and enable a wider network of borough officers to work together more efficiently on joint projects.

It is therefore proposed that the SLP borough subscription level is increased to £35K each. This would bring the SLP more in line with other similar partnerships in terms of funding and enable additional resources to be put into a senior capability to engage in specialist regeneration policy work on behalf of the Partnership and some delivery support to sub regional projects. However, it remains a modest amount in relation to the task and it will be necessary for Borough staffing to support the effort as well as the periodic commissioning of one off pieces of consultancy for particular, specialist, needs the Joint Committee may identify.

Currently the employment of the existing staff is with Croydon, whilst Kingston takes responsibility for line management. It is suggested that we take this opportunity to regularise the position with one Borough assuming employment and line management responsibilities on behalf of us all (recognising that costs and liabilities will be shared equally between partners). Richmond has offered to take this on.

### **3 ALTERNATIVE OPTIONS**

To remain with current arrangements. This is not recommended as detailed.

### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

As detailed above.

### **5 TIMETABLE**

It is proposed the Joint Committee operates from 1<sup>st</sup> Jan 2015

### **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

The current SLP subscription is £15,000 so that this proposal requires an increase in expenditure of £20,000. The additional funds required are justifiable in view of the benefits which the Joint Committee and additional staff resource will deliver, in particular the fact that there will be a strong sub regional economic case and appropriate governance to take on additional responsibilities and funding. The additional funding will be met from existing Chief Executive's running cost budgets.

## **7 LEGAL AND STATUTORY IMPLICATIONS**

The Council has the powers to establish and be a member of a Joint Committee.

## **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

There has been considerable discussion and engagement with relevant Members and staff in the relevant South London Boroughs and London Councils.

## **9 CRIME AND DISORDER IMPLICATIONS**

9.1. None identified

## **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

10.1. No significant risks are identified.

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

## **12 BACKGROUND PAPERS**

**NONE.**

## APPENDIX A

### Terms of Reference / Delegations

The Member Councils of the proposed South London Joint Committee would need to agree the Terms of Reference and initial scope of delegations from their respective organisations to the Joint Committee. The level of delegation would remain under review during the Joint Committee's initial period of operation and could be amended (subject to the agreement of Member Councils) as required.

The Joint Committee would also need to understand and determine its relationship with existing statutory and non-statutory governance arrangements operating within South London (e.g. the Waste Partnership) and across London (e.g. Local Enterprise Partnership Board.) A Memorandum of Understanding is suggested as an appropriate way to define and govern this relationship.

#### 1. Role and Purpose of the Joint Committee:

- (a) To form collaborative South London views on issues affecting economic growth, regeneration and competitiveness
- (b) To undertake activities which promote and improve economic growth and wellbeing in the South London area
- (c) To determine strategic objectives and barriers to growth for the local area and develop solutions
- (d) To take on additional responsibilities and funding delegated from Government where the Committee judges this to be in the area's best interests.

*\*The aim of the Joint Committee will be collaboration and the Terms of Reference would not prohibit any of the Member Councils from promoting economic wellbeing in their own areas either in addition to, or independently, from the Joint Committee*

#### 2. Terms of Reference

1. To act as a strategic body, setting and reviewing objectives for strategic growth, regeneration and investment across South London including:
  - Providing a coherent single position on the City Deal and Growth Deal issues
  - Coordinating the contribution of all Councils to the Strategic Economic Plan
  - Agreeing allocation of spending as required
  - Agreeing major priorities
  - Considering and determining any issues made by the Advisory Officer Board to the Joint Committee
- A. 2. To formulate and agree appropriate agreements with Government, ensuring their delivery
3. To influence and align government investment in South London in order to boost economic growth locally.
4. To jointly review as appropriate consultations on plans, strategies and programmes affecting South London, encouraging alignment with the London Enterprise Partnership Plan.



5. To agree, review and amend options at any time for City Deal and Growth Deal Governance which is fit for purpose.
6. To agree and approve any additional governance structures as related to the Joint Committee. (e.g. setting up sub committees etc)

## **Membership**

It is proposed that each Council appoint its Leader to sit on the Joint Committee.

Each Council could also appoint a named substitute (to be an Executive Member for those operating Executive Governance arrangements) to attend in the Leader's absence. Continuity of attendance would be encouraged.

## **Support Arrangements**

In its work the Joint Committee would be supported by an advisory Board comprising each Council's Chief Executive working alongside and giving direction to the existing officer groups on Growth and Transport, respectively.

Local officers can be brought in to support the advisory arrangements based on the expertise and technical knowledge required at a particular point in time.

Each Council could, as required, through its Leader and Chief Executive, put in place any local processes for other Elected Members to input in an advisory capacity into the work of the Joint Committee.

## **Procedure Rules**

In order that meetings of the Joint Committee are conducted properly and that the business is carried out openly and transparently a new set of Procedure Rules for its operation will be prepared.

These will cover all procedural matters, Access to Information regulations and voting rights.

The following key principles are proposed for consideration and inclusion in the document:

1. The Chairman of the Joint Committee will be appointed on an annual basis.
2. No business of the Joint Committee will be transacted unless a minimum of 4 of the 5 appointed members are present (Quorum) The Joint Committee's decision making will operate on the basis of mutual co-operation and consent.

2. Any authority can withdraw on the basis of a six month notice period

Support for governance matters and meeting support will be provided in turn by constituent Member authorities. Richmond has offered to take this on initially and if it passes on annually then each authority takes its turn in a reasonable time period and we might avoid complicated charging processes.

4. The development and approval of a Memorandum of Understanding with the London Enterprise Partnership Board.

The role of the Officer Advisory Board would not form part of the formal governance arrangements of the Joint Committee but would have its role, operation and purpose defined in a separate document.

## **Committee: Cabinet**

**Date 10<sup>th</sup> November 2014**

Agenda item:

Wards: All Wards

## **Subject: Performance of the Economic Development Strategy Refresh 2012 and proposal for activity beyond 2015**

Lead officer: Chris Lee, Director of Environment & Regeneration

Lead member: Councillor Andrew Judge, Cabinet Member for Environmental Sustainability and Regeneration

Contact Officer: Sara Williams, Future Merton Programme Manager  
[Sara.Williams@merton.gov.uk](mailto:Sara.Williams@merton.gov.uk), x3066

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### **Recommendations:**

- A. That Cabinet note the progress made since 2012 on delivery of activities through the Councils Refreshed Economic Development Strategy 2012-2015 shown in Appendix A.
- B. To agree to taking forward a stage two Economic Development Strategy (EDS2) including the proposed activities shown in appendix B

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

- 1.1 To provide a progress report to Cabinet on the Refreshed Economic Development Strategy 2012-2015 and to identify a programme of activities beyond 2015 which builds on the success achieved to date.
- 1.2 At the Cabinet Meeting on 22<sup>nd</sup> October 2012, Cabinet resolved to
  - A. agree the proposed economic development activity in the 'Economic Development Strategy' refresh 2012-2015; and
  - B. approved a virement of a maximum of £1,112, 875 for 2012/13 from specific grants and earmarked reserves to fund the proposed activity.It was noted that future years' budgets were to be submitted for Cabinet approval as part of the process of setting the overall Council budget and this has been the case.

## **2. DETAILS**

- 2.1 The 2010 EDS set out a 20 year plan based on data from 2008. Due to the recession it was felt necessary to review Merton's economic position using more up to date data reflecting the changing local economy from 2008 on Merton's economy.
- 2.2 The EDS Refresh was written to deliver a short-term action plan of activity up to 2015. It sets out six "components for growth" and includes an action plan with delivery timetable and anticipated outcomes (found in the Summary of Actions).
- 2.3 The six main drivers of growth for Merton were:
1. Retaining existing companies
  2. Support business growth and start-ups
  3. Inward investment
  4. Town centre initiatives including BIDs
  5. Providing support to identified sectors
  6. Supporting unemployed residents into work
- 2.4 The attached appendix A identifies the actions to be delivered and provides an update on the progress.
- 2.5 In 2012/13 £702.4k was spent on EDS activities. In 2013/14 £448k was spent and this year it is proposed that £766k will be spent.
- 2.6 Appendix B identifies further projects which future Merton would like Cabinet to consider for 2014/15 and 2015/16. A further £505,000 is requested for this financial year and £785,600 for 2015/16, to be funded from the Economic Development Strategy Reserve. Appendix C provides a breakdown detailing the funding for each of these projects for 2014/15 and 2015/16.

## **3. ALTERNATIVE OPTIONS**

- 3.1 To continue with the current projects planned and do nothing with the proposed EDS2 programme.

## **4. CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1 None for the purposes of this report.

## **5. TIMETABLE**

- 5.1 The timetable was to deliver activities from the action plan in the three year period between 2012-2015. Many of the activities are now in place and some will run over to 2016, subject to funding being approved.

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

- 6.1 As detailed in paragraph 2.6.

## **7. LEGAL AND STATUTORY IMPLICATIONS**

- 7.1 None for the purposes of this report – legal and statutory implications of implementing the agreed recommendations have been accounted for in the budget reports from Corporate Services submitted each October to Cabinet for consideration.

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

- 8.1 None for the purposes of this report – human rights, equalities and community cohesion implications of implementing the agreed recommendations have been accounted for in the budget reports from Corporate Services submitted each October to Cabinet for consideration.

## **9. CRIME AND DISORDER IMPLICATIONS**

- 9.1 None for the purposes of this report – crime and disorder implications of implementing the agreed recommendations have been accounted for in the in the budget reports from Corporate Services submitted each October to Cabinet for consideration.

## **10. RISK AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1 None for the purposes of this report – risk management and health and safety implications of implementing the agreed recommendations have been accounted for in in the budget reports from Corporate Services submitted each October to Cabinet for consideration.

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

- 11.1 Appendix A - EDS Refresh 2012-2015 Progress Report
- 11.2 Appendix B - EDS2 proposed programme
- 11.3 Appendix C – Funding breakdown for EDS2 (2014-2016)

## **12. BACKGROUND PAPERS**

12.1 Minutes of the meeting of Cabinet held on 22<sup>nd</sup> October 2012

Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
<p><b>Supporting the retention of large and medium-size companies</b></p>	<p>Engage the 'top 100' most strategically important companies in the borough</p>	<p>1-2 days of staff time per week. Expenses budget for meetings and travel.</p>	<p>Long-term / recurring six-monthly meetings with firms.</p>	<ul style="list-style-type: none"> <li>Greatly improved business relationships and intelligence</li> <li>Potential business and job retention impacts</li> </ul>	<p>Engagement is on going. Visits are being made and a report prepared after each visit to identify any need and follow up activity required. Businesses tend to need support around premise, apprentices/employees, facilitating council and other public sector services, funding and business support advice. Following the meeting the futureMerton team follow up requests with the appropriate departments and feedback to the business. The visits are shared between Merton Chamber of Commerce staff and the futureMerton Business Growth Officer (recruited November 2012 as part of the EDS programme). Our reputation for supporting businesses locally has improved significantly. We recently submitted a nomination for the London Councils Best Small Business Friendly Borough based on some of the EDS programme of activities. This was accompanied by many endorsement from our local businesses benefiting from the programme. Winners will be announced at the event on 2<sup>nd</sup> November 2014.</p>
	<p>Facilitate supply chain and networking opportunities</p>	<p>Minimal staff time – will be accounted for by general relationship management</p>	<p>Long-term / ad-hoc depending on nature of opportunities</p>	<ul style="list-style-type: none"> <li>Dependent on the nature of opportunities – but would expect commercial benefits to business and improved business-to-business relationships within the borough</li> </ul>	
	<p>Respond quickly and effectively to employer enquiries and concerns</p>	<p>1 full time staff member (in post) however a case can be made for an additional resource to support this activity in the light of the Business Growth Officer workload</p>	<p>Long-term</p>	<ul style="list-style-type: none"> <li>Improved business and job retention</li> <li>Greatly improved reputation amongst businesses and some business intelligence</li> </ul>	

Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
	Renew Industrial Estates Programme	£90,000	3 years to 2014 / 2015	<ul style="list-style-type: none"> <li>Increased business and job retention</li> <li>increased turnover for businesses</li> </ul>	<p>In recognition of the economic importance of the trading estate, and in view of the infrastructural barriers, the Council has provided funding to support the activities of the two largest estates, Willow Lane Industrial Estate (WILE) and South Wimbledon Business Association (SWBA), under the newly established Industrial Estates Programme. This includes funding for a high quality website to act as a marketing and promotional tool for attracting manufacturing and other industrial companies; funding for estate co-ordinators whose role are to interface and co-ordinate any issues and activities between the estate companies and the Council, as well as working with firms to promote the sites and the businesses at each location. Weir Road Industrial Estate has on going problems with broadband connectivity and we have worked closely to support the businesses to resolve the problem. The current Broadband Connection Voucher Scheme may be able to resolve this. We have commissioned a specialist to understand our industrial estates fibre connectivity needs this year and will have a feasibility study available as evidence to support any future bids for European funding. In addition, the council also provides on-going business and other support to all Merton's industrial estates through the Business Growth Officer.</p>



Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
<p><b>Supporting Business Growth and Start-Ups</b></p>	<p>Develop and implement the new Merton Business Support Service (MBSS) programme</p>	<p>£200,000 per annum</p>	<p>3 year programme starting 13/14</p>	<ul style="list-style-type: none"> <li>• 503 new jobs created in 3 years</li> <li>• 270 new businesses started within 3 years</li> <li>• 200 business per annum brokered business support</li> </ul>	<p>The Invitation to Tender was issued in May 2013. The 3 year contract was awarded to Merton Chamber of Commerce (MCC) in July 2013 and is due to run until July 2016.</p> <p>270 new businesses and 500 new jobs to be created by 2016/17 –to date 40 new businesses have been created but the programme is in it's very early stages and is proving to be very positively received. Businesses that have used the service have endorsed it. This is also promoted through other mechanisms, via the MCC website, at business forums and through recommendation following business engagement. Increase marketing of this project will provide a greater emphasis to speed up the delivery of the creation of new businesses.</p>
	<p>Merton Loan Fund (MLF)</p>	<p>£300,000 ( with additional 300k match funding from the London Loan Fund)</p>	<p>3 year programme, starting 13/14</p>	<ul style="list-style-type: none"> <li>• 34 loans totalling £600,000</li> <li>• 34 Merton firms</li> <li>• £200,000 of additional finance accessed</li> <li>• 17 jobs directly created</li> <li>• 51 jobs directly safeguarded</li> </ul>	<p>2 loan funds were launched as part of our business support programme in October 2013.</p> <ul style="list-style-type: none"> <li>• £400,000 is externally matched funded</li> <li>• At the end of 2016/17, 70 loans totalling £800,000 will made to Merton small businesses</li> <li>• To date 3 loans totalling £60K has been made</li> </ul> <p>This programme took an extensive amount of planning and is in it's early stages but proving to be valuable to Merton businesses. Although launched in October the marketing did not start until February 2014.</p>

Appendix A – EDS Refresh 2012-2015 Progress Report

Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
	Review proposals on the Generator and Worsford House	No expense -	2 years	<ul style="list-style-type: none"> <li>Generator has good occupation levels / Businesses at the Generator have significant growth potential</li> </ul>	<p>Worsford House was vacated by the Council in July 2012. The site is in the Sites and Policies Development Plan Document (DPP) for development with a delivery timescale of 2018-2024. The council was incurring costs for the vacant premises including 24 hour security and fly tipping clearance in the region of £108k pa. The Council have enabled Grenfell Housing to locate as a pop up resource centre for a peppercorn rent. Grenfell manages the site to deliver training and support to job seekers. The site is currently referred to as Wandle Valley Resource Centre. To cover the costs for the site Grenfell provide space to SME's and other partners such as Merton Community Transport. The site is seen as a haven for residents needing support with job searching and other life crises and is now a bustling centre where residents can pop in to participate in training, talk to staff or seek help with job applications.</p> <p>The Generator is managed by Merton Chamber of Commerce and acts as an incubator for new SME's. MCC also provide training and deliver the Council's Merton Business Support Service (MBSS) from this site. The site is currently fully occupied and there is a waiting list. Some of the Merton Business Support Services (MBSS) are delivered from here to support residents in the east of the borough.</p>

Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
	Renew the Service Level Agreement (SLA) with the Chamber for the provision of business and economic development services	Funding of £35,000 for one year, To be reviewed towards the end of the first year.	1 year: April 13 to April 14.	<ul style="list-style-type: none"> <li>Continued business support for forum management and town centre initiatives.</li> <li>Resolution of appropriate business/public sector related issues</li> <li>Improved business intelligence gathering and reporting.</li> </ul>	<p>This contract was awarded in May 2014 to The Merton Chamber of Commerce. The programme is referred to as the Economic Development Strategy Support (EDSS). It incorporates support in each of the components for growth. Activities include:</p> <ul style="list-style-type: none"> <li>Assisting in the retention of large and medium companies;</li> <li>Supporting growth and start ups;</li> <li>Supporting sectors and town centres through business engagement with retailers, supporting proposals for BID's, securing investment in new development and holding business forums;</li> <li>Attending the Economic Well Being (sub group of the Sustainable Communities and Transport Partnership)</li> <li>Contributing to funding applications</li> <li>Gathering intelligence on skills/employer demand, including a business barometer.</li> </ul>
	Greening SMEs	£20,000 ERDF funding, possibility for more ERDF match if officer time allocated.	3 years to 2014 / 2015	<ul style="list-style-type: none"> <li>Improved environmental performance amongst SMEs</li> </ul>	<p>Merton is one of 10 partners who received ERDF funding. The project is managed by Wandsworth Council and has run for 3 years with match funding each year from the EDS. It is due to complete in December 2014. Over 40 businesses have been helped to cut down on their energy bills and become greener through the programme.</p>
<b>Inward Investment</b>	Development of an Inward Investment and Business Retention Strategy for Merton	£20,000	Strategy and Action Plan to be completed by 2014/15	<ul style="list-style-type: none"> <li>An actionable plan detailing key projects for promoting Merton as an inward investment destination- and attracting foreign and UK companies into Merton</li> </ul>	<p>The contract was awarded in February 2014 and the Strategy and Action plan is now ready in draft. This will be presented for sign off in November 2014 with planned activities including a workshop to local businesses and members of Scrutiny group. Merton is well ahead of other boroughs in preparing a strategy and focussing on encouraging investment from</p>

Appendix A – EDS Refresh 2012-2015 Progress Report

Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
	Delivery of inward investment action plan and projects	Allocate sufficient staffing resources to deliver this important component -at least 1 day of staff time per week	Long-term	<ul style="list-style-type: none"> <li>• Increase no. of companies attracted</li> <li>• Increase no. of jobs created</li> <li>• Increase no. of companies staying in eth borough</li> <li>• no companies supported to grow</li> </ul>	<p>abroad. We have built excellent links with London and Partners who are now referring businesses to meet with us in Merton as a possible site of location in the UK.</p>
Town Centre Initiatives including BIDs	Retail study	£50,000	2012 - 2014	<ul style="list-style-type: none"> <li>• Completed retail study with robust intelligence on future market demand at each town centre</li> </ul>	<p>A study was not carried out. Other intelligence has been collected on retail activities and focus has been on town centre improvements. It is proposed that this funding is used to support other town centre initiatives, particularly supporting high street improvements and encouraging businesses to understand the benefits of social media and internet.</p>

Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
	<p>Mitcham Town Centre Initiative</p> <p>Business Premises Programme</p>	<p>£45,000 (remainder is Match Funding from the Mayor's Outer London Fund and other sources)</p> <p>£200,000 (£100,000 already received from High Street Innovation Fund)</p>	<p>2012 - 2014</p> <p>3 years to 2014 / 2015</p>	<ul style="list-style-type: none"> <li>Regeneration of the Town centre including improvements in public realm, transport and image</li> <li>increase access to business support for local businesses</li> <li>Improved shopfronts and other town centre premises leading to increase footfall and shoppers/sales; improved image and perception of town centres</li> </ul>	<p>This was part of a £6m regeneration project in Mitcham town centre. The OLF and match has been used to provide business support to the shops and market and to deliver events in the town centre. Improvements have been made to shop fronts/parades (not included in the shop front improvement grants programme) and the Iceland car park. The OLF work officially completed in July 2014 but enabled the delivery of improvements to Mitcham by:</p> <ul style="list-style-type: none"> <li>10 shop front improvements</li> <li>3 parade improvements</li> <li>8 public artworks</li> <li>A programme of 10 market events</li> <li>Support for 102 businesses</li> </ul> <p>Public realm improvements are continuing in Mitcham and the town will benefit this year from the Christmas lights switch on with activities planned in November and December to support the town centre.</p> <p>Although we have offered a shop front improvement grant programme this has not been in great demand. In this current financial year only £23k has been spent on 3 shop fronts and another £21k planned for 2 further shop fronts this year. This does not include improvements in Mitcham and Colliers Wood town centres as these have been funded through other sources.</p> <p>Going forward and learning from activities carried out in Mitcham the proposal for this year is to deliver parade improvements which create more impact to the High Street and will enable a more joined up programme. This took place in Mitcham and also Leopold Road and has more impact on the area. The proposals will also simplify the process for businesses making it more appealing.</p>

Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
	Support future BIDs where there is demand	Minimal	Long-term commitment	<ul style="list-style-type: none"> <li>New BIDs for town centres where there is business demand</li> </ul>	<p>This support is on going and also delivered through the EDSS programme: 90% of the Willow Lane Industrial Estates businesses voted yes to renew the BID in April 2014 for a further 5 years. The council works closely with the business groups to support any interest in BID's, town teams and also with groups such as LoveWimbledon and Willow Lane BID to identify ways of improving the public realm, business offer and business opportunities.</p>
	Place promotion for Colliers Wood and Mitcham	Accounted for under the SLA with the Chamber	Long-term	<ul style="list-style-type: none"> <li>Improved image and profile for Colliers Wood and Mitcham - leading to increase business activities</li> </ul>	<p>Delivered through the EDSS.</p> <p>Colliers Wood regeneration works will effectively begin this financial year. Public consultation has been on going since 2012 on improvements around Brown &amp; Root Tower, Colliers Wood Station, Baltic Close, Wandle Park gateways and riverside improvements as the first phase of wider improvements to realise Colliers Wood's potential as a new district centre.</p> <p>Construction starts Nov 2014 to March 2015.</p>
	Mitcham Outer London Fund (OLF) activity	Accounted for under the Mayor's funding and proposed match funding	2012 / 2013 and 2013 / 2014	<ul style="list-style-type: none"> <li>jobs created</li> <li>new businesses started</li> <li>jobs safeguarded</li> <li>increase footfall</li> </ul>	<p>We are still in the process of collecting the outputs for the OLF on jobs created but have supported 102 businesses and the market stalls by holding 10 events over the two years.</p> <p>The OLF work generally has brought together the council and local businesses and there is a much stronger dialogue taking place.</p>
	Colliers Wood Mayor's Regeneration Fund activity	Accounted for under the Mayor's funding and proposed match funding	2012 / 2013 and 2013 / 2014	<ul style="list-style-type: none"> <li>businesses supported</li> <li>jobs created</li> <li>jobs safeguarded</li> <li>shopfronts improved</li> <li>new businesses attracted</li> <li>increase footfall</li> </ul>	<p>This has been delayed due to external factors but this year the programme for Colliers Wood commenced and the business support is planned for early 2015.</p> <p>Outputs will be reported to future Cabinet meetings in 2015. Consultation is taking place with businesses to understand their concerns and to ensure all activities planned are shared locally.</p>

Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
Providing Support to Identified Sectors	Improve the town centre forums	Accounted for under the SLA with the Chamber	Long-term	<ul style="list-style-type: none"> <li>Increase business engagement and attendance in Town centre Forums</li> <li>Better feedback from Council on business concerns / Better business intelligence</li> </ul>	This is delivered through the EDSS which has 8 forums in total programmed throughout the year. Raynes Park town centre forums occur regularly and are very popular. We have had regular forums in Mitcham town centre supporting the regeneration activities taking place. As part of the EDSS programme this year we are reviewing the format to encourage greater attendance in Mitcham, Colliers Wood and Morden which have not been as well attended as hoped.
	Develop social networking websites	Accounted for under the SLA with the Chamber	2012 / 2013	<ul style="list-style-type: none"> <li>Social networking websites developed and promoted</li> </ul>	The website was for the creative sector to set up with support from the Council. This is still in development and managed through the EDSS programme. A creative forum is due to take place in November/December 2014 and we hope to understand if the businesses still want to consider this option or alternative ways to promote our creative.
Providing Support to Identified Sectors	Fund sector marketing and joint-working initiatives	£20,000 (£10,000 for each sector forum)	2013 / 2014	<ul style="list-style-type: none"> <li>Improved profile for the key sectors; Improved business intelligence; Improved inter-business trading</li> </ul>	Support for the creative and green sectors. Forums were delivered in 2012 and 2013. A forum is scheduled for November 2014 for creatives and we are in discussion regarding a suitable format for an event aimed at the green sector.
	Commission a creative and cultural sector study to support growth	Indicative cost of £10,000 - £20,000	2013 or 2014	<ul style="list-style-type: none"> <li>A study with firm recommendations for how to build on the success of the creative and cultural sector</li> </ul>	A study did not take place but we worked closely with partners in the creative sector to identify other ways to support growth. Due to the recent loss of Wimbledon Studio's Media Village, we have been supporting the 45 businesses to relocate and stay in Merton. We hope to take forward plans to support a creative/media hub in south Wimbledon with the EDSS programme.

Appendix A – EDS Refresh 2012-2015 Progress Report

Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
	Undertake mapping exercise of green technology firms	Minimal expense and staff time. Requires contacting accreditation bodies for details and setting up a database of registered suppliers in the borough	2013-2014	<ul style="list-style-type: none"> <li>Comprehensive data on companies operating in the borough whose derive some or all of their turnover from green technology activities</li> </ul>	<p>There has been engagement with a range of businesses on energy efficiency retrofit working with Merton Chamber of Commerce and the GLA on a pilot project.</p> <p>As part of a wider employment land survey (completed Feb 2014) future Merton mapped all businesses located on industrial areas in Merton (incl. data on business type and location) which included green technology businesses.</p> <p>Also wider engagement with businesses on the Willow Lane BID on sustainability issues, with a focus on improving air quality is currently taking place. An event is planned in October 2014.</p> <p>A recent bid has been prepared as part of our LEP programme (New Homes Bonus) to support further engagement activities with local businesses.</p>
Support networking of green construction firms	Accounted for under sector forum budget	2013 - 2014	<ul style="list-style-type: none"> <li>Opportunities for scale working identified and explored with green firms</li> </ul>	<p>We interact with greening construction businesses through the Code for Sustainable Homes. Significant changes have been introduced over the past two years which impacts on businesses delivering green services. Furthermore, there are recent changes being made in the delivery of sustainable construction announced through the Housing Standards Review in 2014. The Council is waiting to see how changes to the planning system will affect green construction to enable a programme of support green construction companies to respond to these planning changes.</p>	



Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
<b>Supporting unemployed Residents into Work</b>	Skills Strategy/Action Plan	£20,000	2013	<ul style="list-style-type: none"> <li>A skills strategy and action plan setting out the key actions required to tackle skills and unemployment issues in the borough</li> </ul>	<p>An Employment and Skills Action Plan was prepared in December 2012 and is being refreshed in December 2014. This set 6 priorities for the borough including reducing unemployment in the East and supporting young people into employment.</p> <p>The Action Plan saw the development of the Take One initiative which has led to 160 apprenticeship posts in the first 18 months.</p> <p>Unemployment figures since July 2012 have dropped from 3867 (2.8% of population) to 2,601 in July 2014 (1.9% of population). The net decrease of 1,266 equates to a 33% reduction. It is felt that the work of the Economic Wellbeing partnership group has supported this reduction.</p>
	Employability and Access to Jobs Programme	£200,000	3 years to 2014 / 2015	<ul style="list-style-type: none"> <li>Match-fund other employment and skills initiatives to maximise scale and impact</li> </ul>	<p>The Economic Well Being Group members were able to bid for small grants to support employment and skills initiatives in 2013.</p> <p>To date £57k has been spent from this budget on grants and on the new action plan but funding is being held to be used as match for European Social Funds bids in early 2015.</p>
	Additional staff resource specialising in employment and skills and support to business growth activity	£90,000	2 years to 2014/15	<ul style="list-style-type: none"> <li>Co-ordinate the implementation of the skills and employment strategy/action plan; bid for funding for employment and skills projects; work in partnership with employment and skills organisations</li> </ul>	<p>An officer is in post from May 2014. This has meant that initiatives can be taken forward to support the EDS and the Actions from last years Access to Employment and Skills Scrutiny review.</p> <p>A new Employment and Skills Action Plan for Jan 2015 -Dec 2017 is proposed and research is being carried out currently to identify priorities going forward. To date focus has been on young people but the group recognises that there needs to be consideration of other hard to reach groups.</p>

\*SME'S – SMALL AND MEDIUM ENTERPRISES

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## Appendix B – EDS2 Proposed

Programme of Activities	
Merton Business Awards	We have been a main sponsor of the Merton Best Business Awards for the past 4 years and this proposes continued sponsorship. It is a high profile event and recognised by businesses as a prestigious award to promote their business and raise their profile.
Grants for industrial Estates	This proposes a continuation of the existing programme where we support the industrial estates administration at South Wimbledon Business Association and Willow Lane BID. We require the body to provide outputs and outcomes relating to the success of the industrial estate and promotion/marketing to support inward investment. In return we fund their officer time to administer activities.
Merton Chamber of Commerce Service Programme (EDSS)	In 2014/15 a years contract was awarded to Merton Chamber of Commerce (following a competitive tender) to deliver support to businesses. This proposes another years extension of the programme (2015/16). It includes activities around: 1. Assisting in the retention of large (250 plus employees) and medium Size (50-249 employees) companies. 2. Supporting business growth and start-ups. 3. Shopping/Town Centre initiatives including BIDs 4. Support for identified sectors 5. Supporting unemployed residents into work
Additional staff resource (employment/skills)	An Employment and Skills Officer has been in post on a temporary contract from May 2014. This proposes a continuation of the current officers contract to end of the EDS 2 programme to carry out the business growth and inward investment & retention work including project development & management, business for bidding for European funding, EDS strategy development work, partnership development etc.
Inward Investment (touch down zones)	During this financial year we have prepared an Inward Investment and Business Growth Strategy to be implemented from November 2014. Proposed actions is to develop the offer of a suitable site for new inward investors, suitable for a "landing team which can be promoted through London & Partners Touchdown London service. Touch Down Zones are subsidised office space and facilities to attract small and medium size foreign and UK companies. We also propose to carry out marketing and promotion activities including an inward investment website.
Inward Investment programme (marketing and promo)	Funding to develop and maintain an Invest in Wimbledon web site. This site will tell the Merton story and be primarily a reference/data source for companies and their advisers to learn more about Merton as a location for

	<p>business and development opportunity for funders and developers. It will present promotional messages that are consistent with messaging through other channels e.g. Love Wimbledon, the London &amp; Partners website etc. It should include company testimonials.</p>
<p>Business growth and aftercare retention</p>	<p>Continued engagement of Merton's top 100 and high growth Merton companies to support them to remain and retain jobs. Activities will revolve around premises, apprentices, facilitating council and other public sector services, funding and business support advice.</p> <p>Also support towards superfast broadband to Merton's business locations to improve the broadband infrastructure and connections in industrial estates, Town Centres and other key business locations – in order to meet the high-speed broadband requirement of local businesses.</p>
<p>Wimbletec campus phase 2</p>	<p>Funding to support the expansion of Wimbletec which will include a dedicated business hub to provide incubator and co-working space for tech start-ups and other technology businesses to relocate aimed at providing additional space for tech start-ups/entrepreneurs. Future Merton will bid for European funding to match LBM funding.</p>
<p>Superfast broadband connection in Merton industrial estates, town centres and other key locations</p>	<p>In 2014/145 we want to work with a specialist to understand the broadband issues in the borough, particularly on our industrial estates and in Wimbledon Town centre. To enable the creation of a strategy to address connectivity issues and provisions of next generation access for Merton businesses. The intention is to use the findings as evidence to support ERDF bids in early 2015.</p>
<p>Wimbledon (SW19) Media, Creative and Cultural Industries (MCCI) Cluster.</p>	<p>The project will develop and drive Wimbledon's creative cluster by using high calibre business mentors to support and advise small creative businesses and freelancers to expand. Project will also include the provision of studio spaces, and other infrastructure support for creative businesses. Key partners will Wimbledon University Arts, White Light and other creative companies.</p>
<p>Masterplan for industrial estates, initial analysis</p>	<p>Continued support of our industrial estates including infrastructure needs, in particular broadband activities.</p>
<p>Business finance programme - support for SME's</p>	<p>Possible extension for existing business loans schemes in order to help more Merton small businesses to start-up, grow and create jobs. This is dependant on demand and may not be required if funds remain available beyond 2015.</p>
<p>Street Treatment Programme: includes shop front improvements and chosen town centre parades</p>	<p>Following the success and learning taken from of the Outer London Fund shop improvements we are now looking to roll this out further, targeting more shops across the borough. The current budget allows for 33 shop fronts installed before the end of 2015/16 in addition to the proposals under the</p>

	<p>NHB top slice. Additionally we will now be tailoring design and management of the improvements in house to ensure greater quality of installation.</p> <p>Take One is sited as best practice and is being showcased across all London boroughs through a programme called Apprenticeship Staff Support Programme (ASSP). Merton has funded business engagement leading to placement of young people into apprenticeship programmes. We propose to continue to support initiatives that encourage employment of young people.</p>
<p>Take One - continued support to MCC to encourage local businesses to take one young person for apprenticeships work or trial work experience</p>	<p>We are proposing additional funds to be used as grants to support activities that will take forward actions prioritised in the emerging Employment and Skills Action Plan for 2015-2017.</p>
<p>ESF Match Funding and programmes targeting the hardest to reach unemployed, focussing on long term young and adult unemployed, ex-prisoners, gang members, lone parents</p> <p>Colliers Wood - town centre specific initiatives          Mitcham - town centre specific initiatives          South Wimbledon - town centre specific initiatives</p>	<p>Funding to support initiatives in our town centres. Part of the funding is to pay for a town centre coordinator who will develop and promote the long term vision for the effective commercial management of the town centre and to establish a close liaison and working relationship with key private and public sector stakeholders to support the delivery of a Town Centre Strategy/Action Plan for 2015-2017 but also to take forward ways of creating town teams and supporting the development of Business Improvement Districts (BID's). Their role will be to negotiate, commission and promote the development of a vibrant town centres that addresses the needs of the business, cultural and visitor communities through partnership and collaboration with the residents, regeneration agencies and the third sector. This will typically be taken forward through 3 streams, i) wide reaching promotion of the towns through high quality events and improvements such as the Mitcham market events, coordinated communications and maximising the impact of capital regeneration investments, ii) championing daily town centre function through proper enforcement of waste, ASB, parking etc, and iij) strategy and positioning of the towns in regard to future challenges such as the growth of competition through out of town or online retail.</p>

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## Appendix C – EDS2 Project funding breakdown

EDS 2 Project Funding		2014/15	2015/16
Merton Business Awards			12,000
Grants for industrial Estates		10,000	
MCC Service Programme (EDSS)			35,000
Additional staff resource (employment/skills)			11,600
Inward Investment (touch down zones)			30,000
Inward Investment programme (marketing and promo)		25,000	
Business growth and aftercare retention		30,000	35,000
Wimbletec campus phase 2			20,000
Superfast broadband connection in Merton industrial estates, town centres and other key locations		40,000	100,000
Wimbledon (SW19) Media, Creative and Cultural Industries (MCCI) Cluster. Key partners will include Wimbledon University Arts, Wimbledon Studios, White Light, other creative companies, high calibre business mentors to support small creative businesses and freelancers. Projects to include the provision of studio spaces for creative businesses		60,000	
Masterplan for industrial estates, initial analysis			100,000
Business finance programme - support for SME's		35,000	35,000
Street Treatment Programme: includes shop front improvements and chosen town centre parades		100,000	100,000
Take One - continued support to MCC to encourage local businesses to take one young person for apprenticeships work or trial work experience		40,000	40,000
ESF Match Funding and programmes targeting the hardest to reach unemployed, focussing on long term young and adult unemployed, ex-prisoners, gang members, lone parents		30,000	30,000
Colliers Wood - town centre specific initiatives		95,000	65,000
Mitcham - town centre specific initiatives		40,000	130,000
South Wimbledon - town centre specific initiatives			42,000
<b>Total</b>		<b>505,000</b>	<b>785,600</b>

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**Committee: Cabinet**

**Date: 10<sup>th</sup> November 2014**

Agenda item:

Wards:

**Subject: Council Tax Empty Home Premium**

Lead officer: Caroline Holland – Director of Corporate Services

Lead member: Councillor Mark Allison

Forward Plan reference number:

Contact officer: David Keppler – Head of Revenues and Benefits

Tel. 020 8545 3727

Email. david.keppler@merton.gov.uk

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**Recommendations:**

- A. To agree that the Council will implement the council tax empty home premium of an additional charge of 50% on the council tax for long term empty properties (over two years empty) from 1 April 2015.

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**1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. This report proposes the introduction of the council tax empty home premium of an additional charge of 50% on the council tax for long term empty properties (over two years empty) from 1 April 2015.
- 1.2. That cabinet recommends to full Council that it agrees to implement recommendation A above.
- 1.3. Section 67(2) of the Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012) provides that the power to decide to introduce a premium for long term empty homes in section 11B Local Government Finance Act 2012 can only be exercised by full Council.

**2 DETAILS**

- 2.1. In October 2011 the Government issued a consultation paper with proposals to give billing authorities greater discretion over the reliefs available from council tax in respect of second homes and some empty properties.
- 2.2. In May 2012 the Government published its summary of responses and its conclusions it has reached.
- 2.3. Legislation was changed to give billing authorities discretion to remove or reduce the discounts and exemptions awarded for empty properties and second homes and to give authorities the option to charge up to an

additional 50% premium on long term empty properties (over 2 years empty).

- 2.4. On 6 February 2013 full Council agreed to remove the discounts and exemptions on empty properties and second homes and also agreed that a review of the empty homes premium would be undertaken for the full year 2013/14 and reported back to Cabinet for consideration for the 2015/16 budget process.
- 2.5. A review of the potential financial impact and benchmarking across London has been undertaken.
- 2.6. Out of 24 London boroughs who responded 18 are charging the empty home premium in 2014/15 and 6 are not. All of the 18 authorities are charging the full 50% additional charge.
- 2.7. The government's definition of a long term empty property is one that has been empty and unfurnished for two years. If the property has furniture in and empty it is classed as a second home and would not be liable for the addition charge. Likewise, if the sale of a property is delayed due to probate then the property would not be liable for the additional charge.
- 2.8. There are two classes of properties which are exempt from the premium, 1) a property that is the sole or main residence of a member of the armed forces and they are absent from the property as a result of that service and 2) an annexe which is empty which cannot be let or sold separately from the main property.
- 2.9. The number of empty properties over two years in Merton are as follows:

Date	Empty Properties over 2 years
1 April 2013	151
30 September 2013	170
31 March 2014	198
21 July 2014	216

- 2.10. The data we hold has shown a gradual increase in the number of long term empty properties although it should be noted that taxpayers do not have any incentive to accurately notify about the occupation of empty properties as we do not grant any discounts or exemptions anymore.
- 2.11. A data validation exercise will need to be undertaken prior to the 1 April 2015 to ensure that the information on long term empty properties is accurate and that we charge the empty property premium correctly.
- 2.12. The implementation of this new premium is aimed at encouraging homeowners not to unnecessarily leave their properties empty for long periods of time. A certain level of empty homes is inevitable and is a feature of a healthy housing market. However properties which have been empty and unfurnished for 2 years or more are often subject to deterioration that can affect the fabric of the property, can cause damage to neighbouring homes and can attract other social problems to the area. The Council wants

to encourage homeowners to bring long term empty homes into use to the benefit of all residents. Charging a premium would send a clear message to owners that it is not acceptable to keep properties empty, often creating a local nuisance and wasting a housing resource. As part of the exercise to validate the number of long term empty properties a joined up approach will be undertaken with the Housing Needs team to promote and increase housing.

### **3 PROPOSAL**

- 3.1. That the Council will implement the council tax empty home premium of an additional charge of 50% on the council tax for long term empty properties (over two years empty) from 1 April 2015.

### **4 ALTERNATIVE OPTIONS**

- 4.1. The Council could continue as now and not implement the empty homes premium although this would provide no incentive to owners to let or occupy the long term empty properties within the borough.

### **5 CONSULTATION UNDERTAKEN OR PROPOSED**

- 5.1. No local consultation has been undertaken. No formal separate consultation exercise is required unlike the decision on local tax support scheme. The Government undertook a formal consultation exercise on the proposals during the year and the summary of responses were issued in May 2012.

### **6 TIMETABLE**

- 6.1. The premium would be implemented from 1 April 2015.

### **7 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 7.1 The charging of a premium on long-term empty properties of up to 50% will increase the council tax yield. The table below shows possible examples of estimated increase in Merton's council tax yield based on implementing the empty home premium. The financial assumption is based on all taxpayers paying the additional premium assuming Band D Council Tax at the 2014/15 level:

Number of empty properties	Merton only Band D charge	Total increase in yield based on 50% premium
150	£1,102.25	£82,229
180	£1,102.25	£99,202
210	£1,102.25	£115,736

## **8 LEGAL AND STATUTORY IMPLICATIONS**

- 8.1. The Governments Resource Review encompassed three potential areas of reform in local government finance
- The local retention of business rates
  - The replacement of council tax benefit by provision for a local council tax support scheme
  - Technical reforms of council tax
- 8.2 Section 12 (2) of the Local Government Finance Act 2012 which amends Section 11 Local Government Finance Act 1992) allows local authorities in England to set a council tax rate for long-term empty properties of up to 150% of the normal liability. A 'long-term empty property' must have been unoccupied and substantially unfurnished for at least two years.
- 8.3 Under the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003, the government has prescribed two classes of dwellings which are exempt from the premium. These are:
- a dwelling which would otherwise be the sole or main residence of a member of the armed services , who is absent from the property as a result of such service;
  - a dwelling, which forms part of a single property that is being treated by a resident of that property as part of the main dwelling
- 8.2. Section 67(2) of the Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012) provides that the power to decide to introduce a premium for long term empty homes can only be exercised by full Council.

## **9 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 9.1. The Government have undertaken a formal consultation exercise on the proposed technical reforms.

## **10 CRIME AND DISORDER IMPLICATIONS**

- 10.1. It is possible that taxpayers may not pay the premium and increased council tax recovery action is required to pursue this additional debt.

## **11 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 11.1. The Council will need to monitor and review the properties that are recorded as long term empty and also check to ensure that where taxpayers have said they are occupied that this is correct.

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

12.1. None for the purpose of this report

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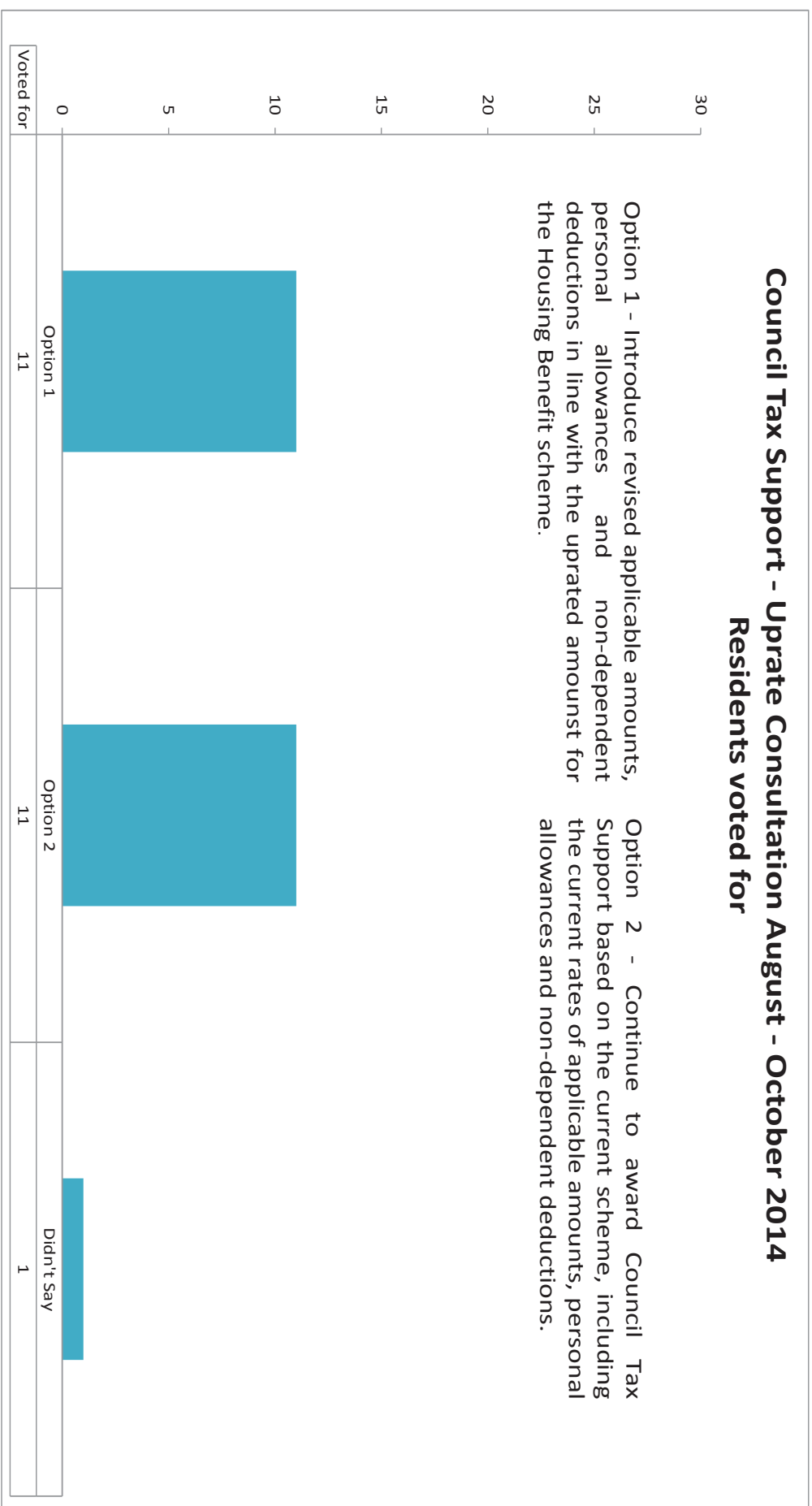
## Council Tax Support – Uprate Consultation

August – October 2014

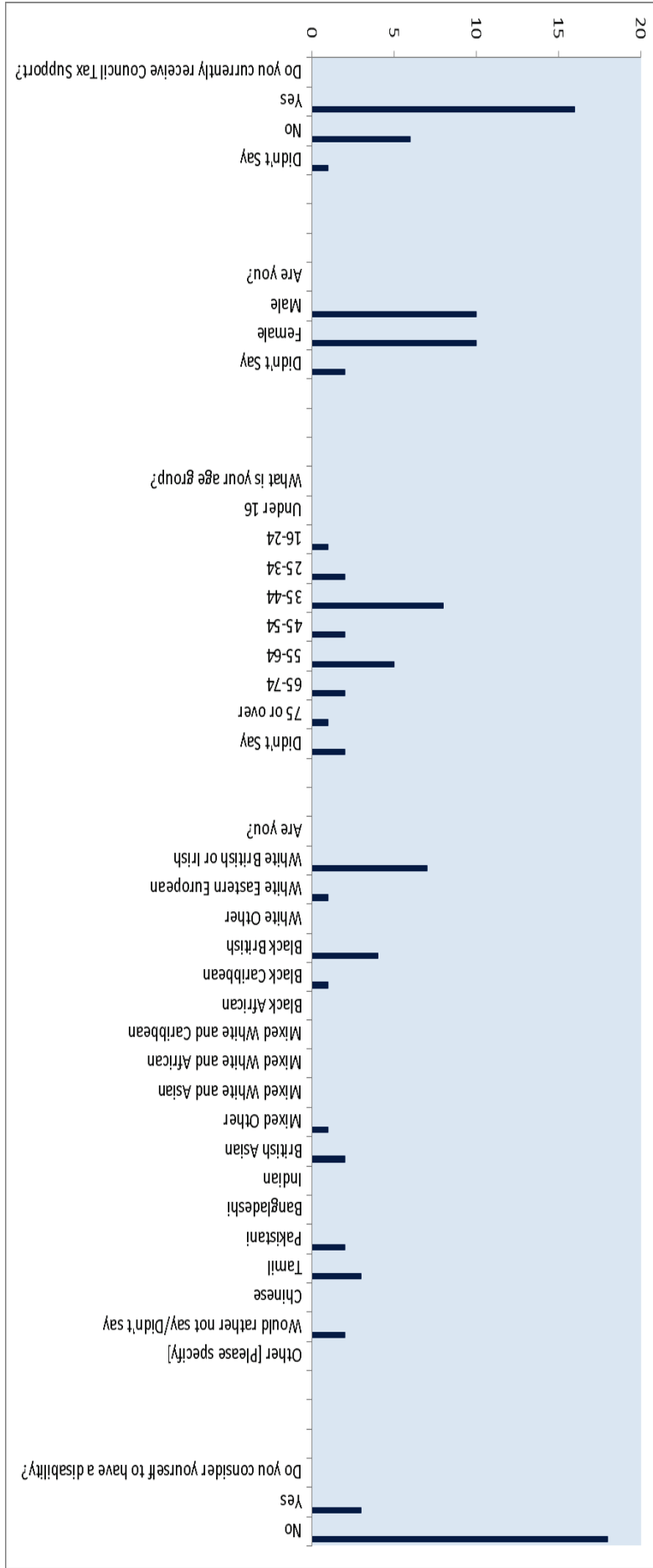
### Council Tax Support - Uprate Consultation August - October 2014 Residents voted for

Option 1 - Introduce revised applicable amounts, personal allowances and non-dependent deductions in line with the uprated amount for the Housing Benefit scheme.

Option 2 - Continue to award Council Tax Support based on the current scheme, including the current rates of applicable amounts, personal allowances and non-dependent deductions.



## Council Tax Support Uprate Consultation - Monitoring Information August - October 2014



Comments received:

Adopting option 2 would severely disadvantage Merton residents. - Received online.



## Cabinet

**Date: 10 November 2014**

**Subject: Financial Report 2014/15 – September 2014**

Lead officer: Paul Dale

Lead member: Mark Allison

### **Recommendations:**

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- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £4.37 million, 2.69% of the net budget, a decrease of £0.9m from last month.
- B. That Cabinet approve the virements in Appendix 5b:
- New Scheme:  
Jan Malinowsky Centre (JMC) Extension £200,000
- Virement  
Street Scene Enhancements (£235,000)  
Restoration of South Park Gardens £40,000  
Figges Marsh Changing Rooms £50,000  
Machinery for Highways Grounds Maint. £25,000  
Dilapidations £65,000  
Rebuild Unsafe Wall (with "charge" placed on property) £55,000  
Joseph Hood Primary Expansion (£136,480)  
Poplar Primary Expansion £136,480
- C. That Cabinet approve the virement for the additional social work capacity required in CSF. The required virement of £127,900 from the corporate contingency.
- D. That Cabinet approve the virement of £216,000 over 2 years from OCPB reserves for temporary resources required for the Procurement Strategy to make procurement plans robust and deliver the council's transformational needs and efficiency savings requirements.
- E. That Cabinet approves the virement of £200,000 over 2 years from OCPB reserves for the SLLP to provide the legal support for the above procurement activity.

## PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the regular financial monitoring report for 2014/15 presented to Cabinet(LSG) in line with the financial reporting timetable. It is based on expenditure and income as at 30th September 2014.

This financial monitoring report provides:-

- The latest budgetary control information on revenue expenditure and income, forecasting a year end overspend of £4.37m (last month £5.28m);
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2014/15;

## 2. 2014/15 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

2.1 **Executive summary** - As at the half year to 30<sup>th</sup> September 2014 the forecast is expected to be a net £4.37m overspend compared to the current budget.

### Summary Position as at 30st September 2014

	Current Budget 2014/15 £000s	Full Year Forecast (Sep) £000s	Forecast Variance at year end (Sep) £000s	Forecast Variance at year end (Aug) £000s	Outurn variance 2013/14 £000s
<b>Department</b>					
3A. Corporate Services	13,286	12,799	(487)	(492)	(732)
3B. Children, Schools and Families	48,492	51,211	2,718	3,183	556
3C. Community and Housing	61,988	63,933	1,945	1,706	(1,122)
3D. Public Health	0	0	0	(0)	0
3E. Environment & Regeneration	24,212	25,545	1,333	1,875	(576)
Overheads	0	0	0	0	55
<b>NET SERVICE EXPENDITURE</b>	<b>147,978</b>	<b>153,488</b>	<b>5,509</b>	<b>6,272</b>	<b>(1,820)</b>
<b>3E. Corporate Items</b>					
Impact of Capital on revenue budget	14,103	14,103	0	0	0
Central budgets	(471)	(1,614)	(1,143)	(991)	2,429
Levies	931	931	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>14,563</b>	<b>13,420</b>	<b>(1,143)</b>	<b>(991)</b>	<b>2,429</b>
<b>TOTAL GENERAL FUND</b>	<b>162,541</b>	<b>166,908</b>	<b>4,366</b>	<b>5,281</b>	<b>610</b>
<b>FUNDING</b>					
Revenue Support Grant	(39,738)	(39,738)	0	0	(249)
Business Rates	(33,253)	(33,253)	0	0	0
Other Grants	(9,972)	(10,053)	(81)	(81)	(359)
Council Tax and Collection Fund	(79,578)	(79,578)	0	0	0
<b>FUNDING</b>	<b>(162,543)</b>	<b>(162,622)</b>	<b>(81)</b>	<b>(81)</b>	<b>(610)</b>

A detailed table is provided as Appendix 1.

It should be noted that C&H and CSF have netted down the forecast overspend by £915k of one-off Public Health money. This reduces the overall overspend from £5.3m to £4.37m reported.

Chart 1 below shows the forecast year end variance for departmental expenditure with a comparison against both 2013/14 and 2012/13.

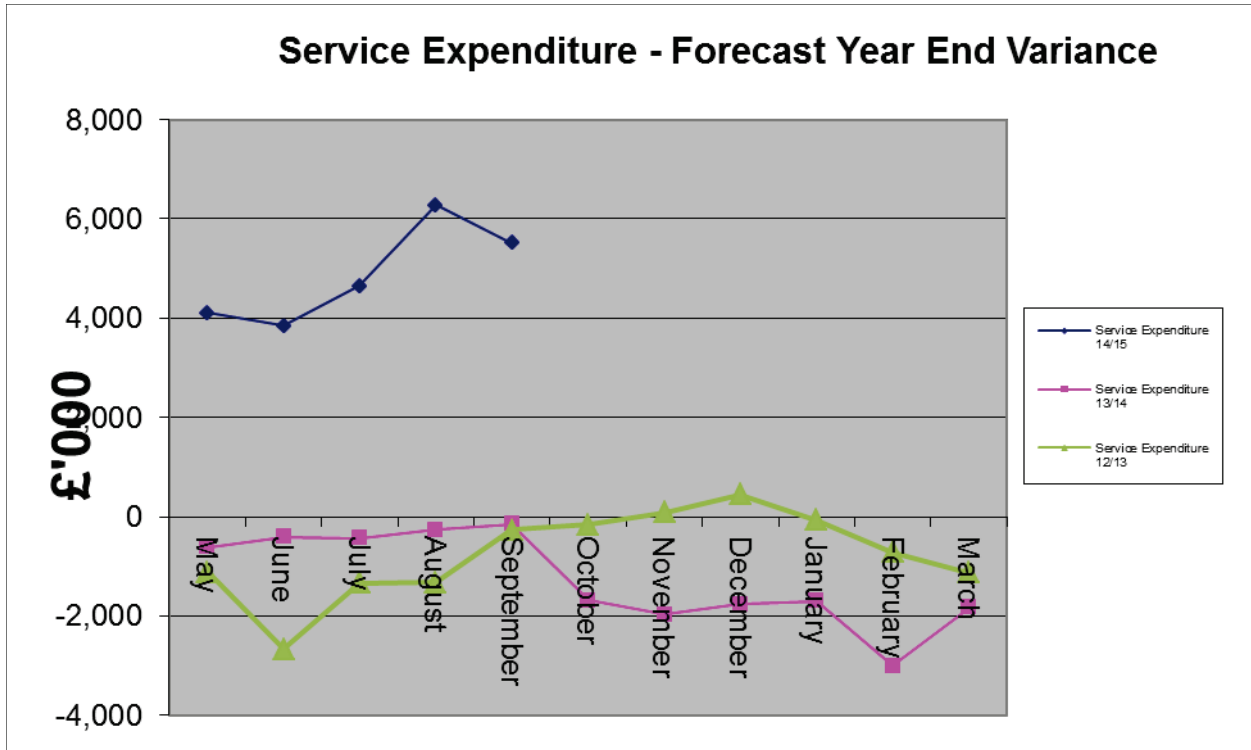
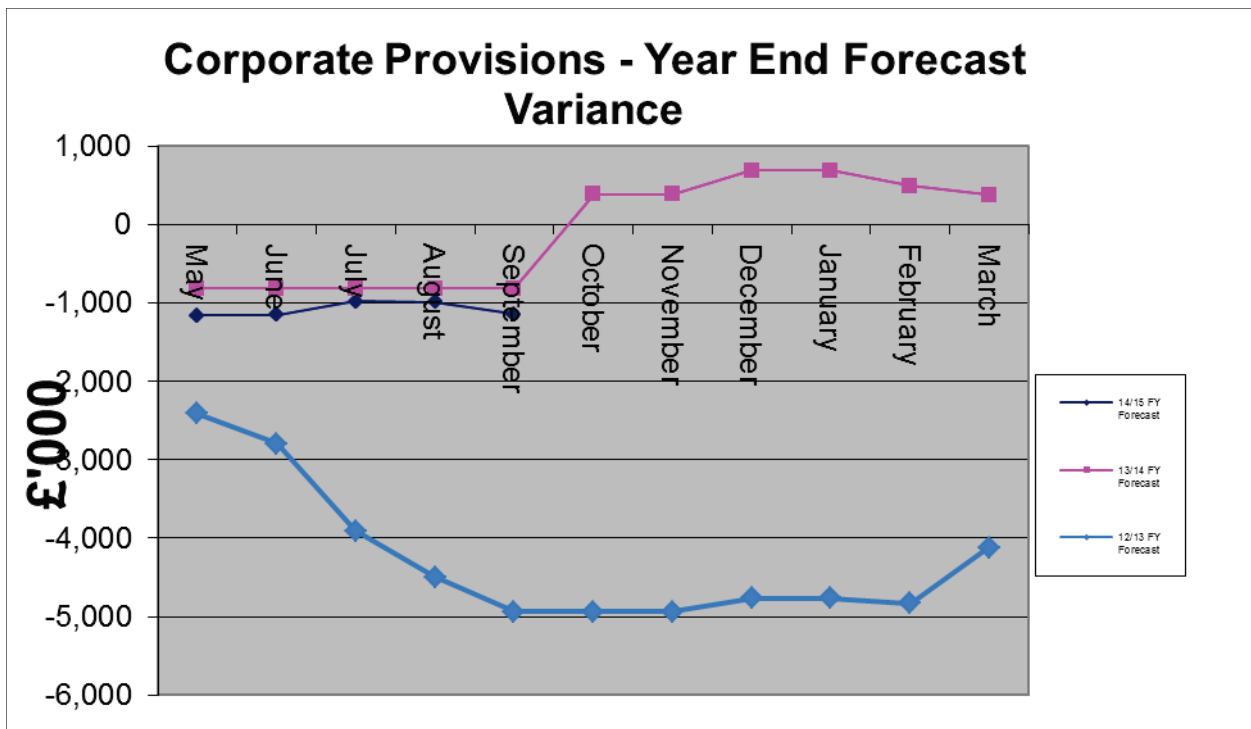


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against both 2013/14 and 2012/13.



## Subjective analysis at 30<sup>th</sup> September 2014

	Current Budget 2014/15	Full Year Forecast (Sep)	Forecast Variance at year end (Sep)	Forecast Variance at year end (Aug)	Outturn variance 2013/14
<b>Expenditure</b>	£000	£000	£000	£000	£000
Employees	94,122	95,998	1,876	2,172	275
Premises Related Expenditure	9,084	8,828	(255)	(285)	(891)
Transport Related Expenditure	13,259	14,629	1,370	1,233	20
Supplies and Services	167,581	167,256	(325)	370	1,933
Third Party Payments	85,132	90,426	5,293	4,564	(2,106)
Transfer Payments	108,346	104,363	(3,983)	(4,338)	6,442
Support Services	32,421	32,420	(1)	(1)	1,501
Depreciation and Impairment Losses	15,227	15,226	(1)	(1)	(0)
Corporate Provisions	14,563	13,420	(1,143)	(991)	2,429
<b>GROSS EXPENDITURE</b>	<b>539,735</b>	<b>542,567</b>	<b>2,832</b>	<b>2,724</b>	<b>9,603</b>
<b>Income</b>					
Government Grants	(263,758)	(260,236)	3,522	3,999	(6,425)
Other Grants, Reimbursements and Contribs	(24,412)	(25,447)	(1,035)	(854)	(2,361)
Customer and Client Receipts	(55,904)	(56,815)	(911)	(271)	(1,141)
Interest	(44)	(19)	25	25	25
Recharges	(33,020)	(33,019)	1	1	(1,446)
Balances	(55)	(123)	(68)	(343)	2,352
<b>GROSS INCOME</b>	<b>(377,194)</b>	<b>(375,659)</b>	<b>1,534</b>	<b>2,557</b>	<b>(8,994)</b>
<b>NET EXPENDITURE</b>	<b>162,541</b>	<b>166,908</b>	<b>4,366</b>	<b>5,281</b>	<b>610</b>

A movement on reserves table is attached as Appendix 8.

A breakdown of customer and client receipts is attached as Appendix 10.

### 3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

#### 3A Corporate Services Department

	2014/15 Current Budget	Full year Forecast September	Forecast variance at year end September	Forecast variance at year end August	2013/14 Variance
	£000	£000	£000	£000	£000
Business Improvement	3,177	3,192	15	4	-32
Infrastructure & Transactions	9,314	9,209	-105	-70	-130
Resources	7,403	7,305	-98	-9	-284
Human Resources	2,458	2,471	13	-25	-46
Corporate Governance	3,498	3,280	-218	-287	-185
Customer Services	2,305	2,211	-94	-105	-752
Corporate Items including redundancy costs	1,272	1,272	0	0	696
<b>Total (controllable)</b>	<b>29,427</b>	<b>28,940</b>	<b>-487</b>	<b>-492</b>	<b>-733</b>

#### Overview

At period 6 (September) the Corporate Services department is forecasting an underspend of £487k. This is a small reduction in forecast underspend from last month of £5k.

#### **Business Improvement – forecast overspend £15k**

There is a forecast overspend of approx. £55k on support and maintenance contracts. Contracts are being reviewed in line with the development of a procurement plan to identify whether there is scope for reduction in these costs. This overspend is partly being offset by an overachievement of street naming income.

The restructure of the systems and development team within Business Improvement is now complete and was implemented on 1<sup>st</sup> October 2014. Recruitment to vacant posts is underway to ensure business continuity, with interim resources in place. Vacant posts will be held where possible to offset salary protection but there is pressure on achieving the full savings target of £50k this financial year.

As salary protection applies for 3 years this may cause budget pressures on future years.

#### **Infrastructure and Transactions – forecast underspend £105k**

There is a forecast underspend of £105k due to some vacant posts and future year savings captured early.

### **Resources – forecast underspend £98k**

The division is forecasting an underspend of £98k due to future year savings being achieved in the current year.

### **Human Resources – forecast overspend £13k**

The division is now forecasting an overspend of £13k as the cost of resources to address the recruitment process issues are being included. The WCN system was intended to be a user friendly self service system but has been problematic and resulted in delays in the recruitment process. Feedback sessions and training has been provided but have failed to address the on-going problems. The most cost effective solution is to engage additional resource to assist managers in the recruitment process until the expiry of the contract.

As reported previously there is a forecast underachievement of schools SLA income of £25k due to the pressure from external providers. There is also pressure in achieving the saving to increase the CRB income target. The shortfall projected is £15k. These are being offset by underspends within the division.

There is a transfer from reserves of £260k to cover the annual costs of apprenticeships.

### **Corporate Governance – forecast underspend £218k**

The Benefits Investigation team currently has 8 posts investigating both welfare and non welfare benefits. From November 2014, the posts within this team will be transferred to the DWP under the Single Fraud Investigation Service. An anti- fraud team of 3 posts will then be set up within the Audit & Investigation service to cover corporate fraud investigations. The budget for this service will therefore be under spent by approximately £98k in 2014/15. The budget for 2015/16 will need to be reduced to reflect these changes, include agreed savings and reflect a reduction in Housing benefits admin grant.

There is a projected underspend of approx. £80k on various non salary budgets which are being held as future year savings.

The SLLP is forecasting salary costs including agency cover for vacant posts within budget. However, an income shortfall of £138k is being forecast at period 6 on the Sutton and Kingston structure. This does not affect the Merton budget but as host borough needs to be communicated to partnership boroughs and investigated.

The saving of a FOI/ complaints officer post within the Data Protection team will not be achieved in the current year due to a very high demand on the service. An alternate saving has being identified from various non-salary budgets within the division.

The £165k from the Corporate Contingency, previously approved by Cabinet to cover the cost of the local elections has been allocated in period 6.

## **Customer Services – forecast underspend £105k**

The Local Welfare Support discretionary scheme continues to underspend in 2014/15. The forecast underspend is £250k. This underspend will be transferred to the local welfare support reserves. A paper will be presented to CMT in due course with a proposal to increase the uptake of this scheme.

The forecast underspend on vacant posts are approx. £115k.

The Corporate Communications sponsorship, advertising and filming income target remains an on-going issue and budget pressure with a forecast overspend of £85k.

The Sutton shared bailiffs income target is also a pressure in 14/15 and expected to underachieve. The forecast underachievement of income is £110k.

### **Management Action**

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

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

<b>Children, Schools and Families</b>	<b>2014/15 Current Budget £000</b>	<b>Full year Forecast (Sep) £000</b>	<b>Forecast Variance at year end (Sep) £000</b>	<b>Forecast Variance at year end (Aug) £000</b>	<b>2013/14 Variance at year end £000</b>
Commissioning, Strategy and Performance	7,062	8,043	981	1,229	449
Education	16,223	17,408	1,185	998	370
Social Care and Youth Inclusion	10,840	11,803	963	1,366	(268)
Public Health contribution	0	(415)	(415)	(415)	0
PFI	7,724	7,729	5	5	29
Redundancy costs	2,073	2,073	0	0	(24)
<b>Total (controllable)</b>	<b>43,922</b>	<b>46,641</b>	<b>2,719</b>	<b>3,183</b>	<b>556</b>

### **Overview**

At the end of September Children Schools and Families is forecasting a net overspend of £2.719m on local authority funded services a reduction of £464k since August. There are a considerable number of duties placed on the Local Authority which have not been fully funded or not funded at all. These include remand costs, no recourse to public funds (NRPF) and the new requirement to support care leavers. This was compounded by the Children and Families Act requirements from September 2014. This has been netted down by one off Public Health money of £415k making the underlying overspend £3.134m (£3.598m last month).

## Local Authority Funded Services

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

Description	Budget £000	Sep £000	Aug £000
Fostering and residential placements (ART)	4,169	884	772
Supported lodgings/housing	627	303	335
Un-accompanied asylum seeking children (UASC)	346	142	142
Procurement & School organisation	953	(134)	0
Other small over and underspends	967	(214)	(20)
<b>Subtotal Commissioning, Strategy and Performance</b>	<b>7,062</b>	<b>981</b>	<b>1,229</b>
SEN Transport	2,816	796	695
No Recourse to Public Funds (NRPF)	0	58	58
Children with disabilities team (CWD) staffing	505	191	218
Other small over and underspends	13,902	140	27
<b>Subtotal Education</b>	<b>16,223</b>	<b>1,185</b>	<b>998</b>
Social work staffing costs	2,581	612	721
No Recourse to Public Funds (NRPF)	20	238	225
Supported lodgings/housing	0	147	133
Special guardianship orders (SGO)	442	114	258
Family & Adolescent Services	178	(93)	0
Other small over and underspends	7,619	(55)	29
<b>Subtotal Children's Social Care and Youth Inclusion</b>	<b>10,840</b>	<b>963</b>	<b>1,366</b>
<b>Public Health contribution</b>	<b>0</b>	<b>(415)</b>	<b>(415)</b>
<b>Subtotal PFI</b>	<b>7,724</b>	<b>5</b>	<b>5</b>
<b>Subtotal Redundancy cost</b>	<b>2,073</b>	<b>0</b>	<b>0</b>
<b>Grand total Children, Schools and Families</b>	<b>43,922</b>	<b>2,719</b>	<b>3,183</b>

### Commissioning, Strategy and Performance Division

- While the numbers of Looked After Children (LAC) are relatively stable, the complexity of a significant proportion of cases is causing the net estimated overspend of £884k. This includes on-going pressures in independent agency fostering of £122k, in-house fostering of £343k and residential placement of £586k which is offset by underspends forecast in mother and baby placements of £167k while secure accommodation costs including remands is expected to spend to budget. The increase is due to a combination of new placements and movements to more expensive placements due to assessed need.
- The budget for semi-independent and supported lodgings/housing placements is estimated to overspend by £303k. This budget is used to finance placements for young people aged 16/17 who require semi-independent provision and for Care Leavers through to independence or, in some cases, through to the age of 21. There has been an increase in forecast expenditure since April 2014 due to increase in caseload as some young people have now reached 18 and funding for their placement has transferred from the LAC placement into this budget. Because of their specific needs, some young people have also needed to move placements and this has resulted in increased expenditure on those placements.



- The UASC payments are expected to overspend by £142k this year due to an increase in the number of claimants turning 18 which is when central government contribution towards these cases ceases.
- Procurement and school organisation budgets are expected to underspend by £134k as a result of not recruiting to vacancies and a lower spend forecast on revenue budgets.
- There are various other small over and underspends predicted across the division netting to a 214k underspend. These combine with the items described above to arrive at the total reported divisional overspend forecast of £981k.

#### Education Division

SEN and FE transport cost are expected to overspend by £796k due to the failure to deliver savings taken in recent year's budgets, the increased number of service users and higher than anticipated charges from the service provider. This is due to more children with challenging behaviour requiring individual transport with accompanying escorts as well as the additional costs of providing cover for transport escorts who are off sick. Work continues to ensure the most cost effective routing for individual young people.

- The No Recourse to Public Funds (NRPF) budgets are forecast to overspend in total by £296k for the current financial year. These overspends are expected across education (£58k) and CSC (£238k). This increase in cost is in response to case law regarding housing families with no recourse to public funds (Zambrano & Clue cases).
- The CWD team is expected to overspend by £191k. As highlighted in the budget reports to Cabinet and Council, additional capacity is being kept under regular review and funded quarterly from the corporate contingency. This amount equates to two additional social workers. On top of the additional staff, the team also has to cover vacancies with agency staff.
- There are various other small over and underspends predicted across the division netting to a £140k overspend. These combine with the item described above to arrive at the total reported divisional overspend forecast of £1.185m.

#### Children's Social Care and Youth Inclusion Division

- The green and purple central social work teams and MASH team staffing budgets are expected to overspend by £612k. The teams are in a similar position to the CWD team with regards to six additional social workers kept under review and funded quarterly from corporate contingency. On top of the additional staff, the teams are also required to cover vacancies with agency staff due to difficulty in recruiting permanent members of staff. This cost could fluctuate during the course of the year depending on our ability to recruit permanent members of staff to our vacancies.
- The NRPF budgets are forecast to overspend by £238k in CSC for the current financial year. See second bullet point under education division for details.
- The budget for semi-independent and supported lodgings/housing placements in the 14+ team is expected to overspend by £147k. This is due to a combination of one-off overspend as a result of CareFirst packages that was not accrued for in the previous financial year, and on-going support cost increasing.

- Special guardianship orders (SGOs), adoption allowances and residence orders are estimated to overspend by £114k during the current financial year due to an increase in caseload as well as increased fees resulting from case law.
- We have been able to fund some elements of core salaries from specific one-off grants which will result in a £93k underspend on the service expenditure for the current year.
- There are various other small over and underspends predicted across the division netting to a £55k underspend. These combine with the item described above to arrive at the total reported divisional overspend forecast of £963k.

## Dedicated Schools Grant

DSG funded services are expected to overspend by an estimated £858k (£1.361m reported last month) in 2014/15. These budgets are not within the council's general fund and any over or underspends cannot be offset against the local authority funded budgets. Any movement at year-end will be added to the DSG reserve and applied after consultation with Schools Forum. Variances between individual subjectives have been shown in the overall departmental subjective analyses.

The main reason for the expected overspend relates to post 16 SEN provision. The responsibility of these payments transferred to Authorities in 2013/14. The cost of Further Education (FE) colleges and Independent Specialist Providers (ISP) are expected to be £953k over budget as the DfE has not provided sufficient funding.

## Management Action

Of the £500k public health underspend allocated to CSF, £415k will be used to offset Early Years costs which enabled us to use existing general fund money to offset overspends on LAC placements.

Transport: a review of the costs of the provision involves all departments is taking place as part of our Transformation work. Issues regarding the costing methodology are being resolved and departments are working closely together to ensure the buses and taxis are used most cost efficiently. E&R are working hard to reduce staff sickness levels to reduce the costs of agency cover. The issue of savings taken in previous years will need to be resolved.

As previously mentioned, there are a considerable number of duties placed on the Local Authority which have not been fully funded or not funded at all. The table below highlights the estimated overspends relating to these duties:

Description	Budget £000	Sep overspend forecast £000	Aug overspend forecast £000
Supported lodgings/housing	627	303	335
Un-accompanied asylum seeking children (UASC)	346	142	142
No Recourse to Public Funds (NRPF)	20	286	283
Special guardianship orders (SGO) & residence orders	200	114	258
Fostering	0	15	15
<b>Total</b>	<b>1,193</b>	<b>860</b>	<b>1,033</b>

Young people aged between 18 and 21 now have the right to stay in their foster placements beyond 18 including whilst attending university. This means their fostering placement has to remain open to them and the in-house foster carer or IFA will have to continue to be paid.

Young People on remand are classed as being LAC and also have access to care leavers' services across a range of budgets. These are in excess of the figures in the table above but included within the overall projections for the department. As the system does not separately identify costs relating to remand cases, it is not possible to identify this separately.

Unaccompanied Asylum Seeking Young People are also required to receive these leaving care services and we have 11 over 18s which is putting pressure on the UASC budget.

NRPF: The majority of families presenting needs are housing. Meetings are on-going to discuss options to reduce cost and strengthen processes and procedures. The expansion of the Merton Action for Single Homeless Hostel agreed at Cabinet will assist with housing supply, but much greater local supply is required. Discussions are on-going regarding the most economic way of procuring housing for families with no recourse to public funds.

Supported lodgings/housing placements: smarter commissioning practices through working with providers to negotiate reductions on placement costs and cost avoidance on proposed fee increases are being explored. The implementation of a "Staying Put" policy as required by new legislation which enables young people to remain in their foster placements post 18 is likely to be a cheaper option for those young people who request it rather than moving into semi-independent provision. We are also maximising the uptake of Housing Benefit for young people aged 18+.

Staff agency cover: The department has developed a scheme for newly qualified social workers (NQSW) with the aim to employ ten to twelve additional members of staff supported and quality assured by a practice assessment manager. We have also engaged an external organisation with the help of the recruitment section to source permanent social worker staff to reduce agency cover.

Of the £860k savings identified for 2014/15, it is expected that SEN transport and LAC and SEN placements will be partly delivered. Current estimates indicate that £768k will be achieved.

### **Additional social worker capacity**

As highlighted in the budget reports to Cabinet and Council, additional capacity is being kept under regular reviewed and funded quarterly from the corporate contingency. CMT / Cabinet are asked to approve the virement £127,900 from the corporate contingency.

### C) Community and Housing

As at the end of period 6 (September), C&H is forecast to over-spend by £1.945m an increase of £249k since the August forecast

<b>Community and Housing</b>	<b>2014/15 Current Budget</b>	<b>Full Year Forecast (Sep)</b>	<b>Forecast Variance (Sep)</b>	<b>Forecast Variance (Aug)</b>	<b>2013/14 Variance at year end</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Access and Assessment	42,396	44,030	1,634	1,354	(1,256)
Commissioning	5,072	5,019	(53)	(49)	(116)
Direct Provision	4,174	4,949	775	788	214
Directorate	893	836	(57)	(20)	70
Contribution from Public Health	0	(500)	(500)	(500)	0
<b>Adult Social Care</b>	<b>52,535</b>	<b>54,334</b>	<b>1,799</b>	<b>1,573</b>	<b>(1,088)</b>
Libraries and Heritage	2,494	2,473	(21)	0	27
Merton Adult Education	(282)	(125)	157	158	(29)
Housing General Fund	2,003	2,013	10	(35)	(32)
<b>Total (controllable)</b>	<b>56,750</b>	<b>58,696</b>	<b>1,945</b>	<b>1,696</b>	<b>(1,122)</b>

This overspending for adult social care has been netted down by one off Public Health money of £500k & £290k of ASC reserves for DOLs meaning that the underlying over-spending is £2.589m. Less than 25% of the Savings agreed for the department have been delivered. The £1.9m shortfall is the main cause of the overspend.

#### Access and Assessment - £1,634k over-spend

<b>Access and Assessment</b>	<b>Forecast Variance (Sep) £000</b>	<b>Forecast Variance (Aug) £000</b>
Miles –Reablement over-spend	317	306
Other A&A under-spend	(669)	(617)
Gross Placements overspend	2,923	2,697
<b>Sub-total Net over-spend</b>	<b>2,571</b>	<b>2,386</b>
Over achievement of Client Contribution	(553)	(585)
Over achievement of CCG Contribution	(384)	(384)
<b>Sub-Total over-achievement of Income</b>	<b>(937)</b>	<b>(969)</b>
<b>Total A&amp;A Forecast over-spend</b>	<b>1,634</b>	<b>1,417</b>

## **Placements Overspend £2.9m**

The total gross placement budget for 2014-15 is £37.6m and forecast total commitment is £40.5m

This includes £2.3m net growth allocated in setting the budget to deal with volume increases and savings of £1.916m through improved efficiency, procurement, service changes, and managing demand..

This is based on the latest data but is subject to wide potential variation.

The impact of the savings on the budget position for 2014-15 is being monitored.

The table below identifies the movement in care package numbers:

<b>Activity Data – Care Package Numbers</b>	<b>No of Care Packages as at October 2013 (budget setting)</b>	<b>No of Care Packages as at Sep 2014</b>	<b>Increase/ (decrease) since Budget Setting</b>	<b>Total Yearly Commitment @ Sep 14 £000</b>
Service Area				
Mental Health	157	147	(10)	£1,583
Physical and Sensory	289	279	(10)	£3,959
Learning Disabilities	369	404	35	£12,888
Older People	1,631	1,707	76	£21,251
Substance Misuse	8	13	7	£223
No recourse to public funds	12	12	0	£200
Transport				£319
Other Placement Expenditure				£121
<b>TOTAL Gross placement expenditure</b>	<b>2,466</b>	<b>2,562</b>	<b>96</b>	<b>£40,544</b>

## **Placement Pressures :-**

Gross expenditure in the placements budget is complex to monitor and depends on CareFirst records and care packages always being up to date. It is essential to monitor that this continues.

Although there is evidence of success in managing demand and making specific savings, there are pressures in this area which are making it difficult to realise all savings. These include:

- Transitions costs, from children coming through to adult services with greater and more complex needs. For example for those young people attending college, there is an increasing demand for accommodation and support to be arranged for them in holidays rather than their being with their families. This reflects the increased level of disability and challenging behaviour.
- A higher rate of dependency among those being discharged from hospital. One indicator for this is the number of people requiring two members of staff for transfers (e.g. between bed and chair), commonly referred to as “double ups”. The number requiring this has grown considerably over the past year

- Demography (e.g. increase in dementia in customers over 65 and corresponding increase in support needs)
- Greater challenge from the NHS in some cases where they have been funding or co-funding individuals
- The local provider market for social care. Merton has for some time had the benefit of lower than average unit costs and fees, partly through some long standing block contracts. As these block contracts are coming to an end the providers are demanding what they can get on the open market, and are comparing what Merton will pay with the rates they get from other neighbouring local authorities. This is in some cases causing cost increases.
- The Cheshire West judgement for Deprivation of Liberty Safeguards (DOLS). This Supreme Court interpretation of the Mental Capacity Act legislation has led to a much larger number of people in hospitals, care homes and community settings to require assessment as to whether they have the capacity to consent to where they are and, if they don't, whether the arrangement is in their best interests.

### **Placements Income**

The income budget was re-aligned as part of budget setting. However based on latest data, income is currently forecast to over-achieve by £937k. This needs to be adjusted with the expenditure budget to more closely align both to the real situation. The monitoring of income is a key budget area where enhancement of the monitoring is being further developed.

The effective overspend on net placements costs is therefore c. £2m

### **Commissioning under -spend £55k**

Salaries budget is £127k under-spend due to vacancies across the commissioning team.

Supporting People grant is forecast to under-spend by £110k; however the Underspend is not guaranteed due to on-going contract negotiation and subsidy movements.

It has been agreed the affected Voluntary organisations currently receiving transitions payments will not receive any funding in 2015/16.

### **Direct Provision over-spend £775k**

The main cause of the adverse variances is due to a over-spend on the Transport SLA (Core-route) charges. This budget is forecast to over-spend by £600k. Operational measures have been taken to reduce volumes within the SLA, but this volume reduction has not been matched by a reduction in re-charges as the reduction proposed was not based upon actual variable costs.



## **Adult Social Care Management Action**

A range of actions are being progressed to help reduce the projected over-spend, as follows:-

- **Staffing** - vacancies across Access and Assessment and Commissioning are being held to help offset the over spend, where such vacancies do not prohibit the delivery of our statutory duties. There is a continued reduction in agency staff usage.
- **Strengthened resource panel arrangements** - the panels now sit twice a week and there is representation from both the Brokerage and occupational therapy teams. Fully costed alternatives are required to be presented for every case in order to ensure the best value alternative.
- **Customer reviews** – the programme of customer review will intensify from November. The objective of the reviews is to ensure that customer’s packages are appropriate to need and reduce any services that are not absolutely needed. This programme is contributing to 2014-15 savings and will also continue into 2015-16.
- **Improved performance information** - the quality of performance data has been adjusted over the past few months in order to ensure we can use more of the data to meet business needs. Team managers now get weekly updates on the volumes of support being authorised from the teams, which can in turn drive immediate discussions and decisions about bringing this into line with the budget. The data is now showing a reduction overall in home care hours and in care home admissions.
- **Third party contract re-negotiation** - following a nine month period of intense negotiations with Eltandia, commissioners have succeeded in securing a rate that though higher than that of our previous block contract, is below the going market rate. Such re-negotiations are on-going with other third party providers. Commissioners have taken a collaborative approach to convince providers to continue to work with them.
- **Reablement restructure** - as previously indicated the restructure of the reablement service is underway, and the team are looking for additional opportunities to take costs out.
- **ASC Redesign programme** - There is continuous scanning of best practice across the country in order to look for further savings. A recent example is the report from the Local Government Association.
- **Working with front line staff** – a conference with social workers has taken place and one for occupational therapists is taking place in November. A major component of these conferences is “promoting independence” and what professional practice needs to be in order to work to this principle.

## **Libraries- £21k under-spend**

Libraries is reporting an under spend on the media fund and some short term vacancies.

## **MAE - £157k over-spend**

Over-spend is mainly due to forecast under-achievement of Income due to changes in the SFA funding regime made after budget setting in previous years and the non delivery of savings

Although currently showing an overspend expenditure, the budget manager expects to contain expenditure within budget by the end of the financial year. This should happen once budget is realigned due to class closures. A detailed management action to demonstrate this is required

Strategic options for the service from 2015 onwards are being explored.

### Housing - £10k overspend

There are various other small over and underspends predicted across Housing netting to a £10k overspend.

The main budget pressure is on the Homelessness Prevention budget is currently forecast to over-spend by £67k based on the current spend to date. This budget cannot be viewed in isolation as if spending was restricted on rent deposits there would be a corresponding increase in the use of temporary accommodation.

In addition, updated housing benefits information is not available to enable good forecast on bed and breakfast.

### Public Health

Public Health is forecast to underspend by £790k

<b>Public Health</b>	<b>2014/15 Current Budget</b>	<b>Full Year Forecast (Sep)</b>	<b>Forecast Variance (Sep)</b>	<b>Forecast Variance (Aug)</b>	<b>2013/14 Final Out- turn</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
PH - Directorate	1,055	1,030	(25)	113	631
PH- Contraception	706	717	11	11	589
PH - STI Testing and Treatment (GUM)	2,060	2,344	284	284	2,275
PH - SH Advice, Prevent and Promotion	360	267	(93)	(93)	301
PH - NHS Health check	232	227	(5)	(5)	172
PH - Falls Prevention	66	59	(7)	(6)	55
PH - Obesity	348	344	(4)	(6)	357
PH – Live well (including smoking cessation)	355	316	(39)	(39)	346
PH - Substance Misuse (drugs and alcohol)	2,057	1,717	(340)	(385)	1,837
PH - School Nursing (including National Child Measurement programme)	628	603	(25)	(19)	570
PH - Surveillance and Control of Infectious Diseases	65	2	(63)	(64)	0
PH - Community Services Contract Estates	191	282	91	91	188
PH - New Investments	1,003	428	(575)	(660)	0
<b>Total Public Health (controllable)</b>	<b>9,126</b>	<b>8,336</b>	<b>(790)</b>	<b>(778)</b>	<b>7321</b>

The main causes of the forecast underspend on Public Health are as a result of delay to projects due to the need for Council to make savings and reconfigure services and capacity in Public Health team. There are also challenges to Public Health budget from MCCG of £900k.

### **3D) Environment & Regeneration**



<b>Environment &amp; Regeneration</b>	<b>2014/15 Current Budget £000</b>	<b>Full year Forecast (Sept) £000</b>	<b>Forecast Variance at year end (Sept) £000</b>	<b>Forecast Variance at year end (Aug) £000</b>	<b>2013/14 Final Out- turn £000</b>
Public Protection	(6,921)	(6,778)	143	176	243
Sustainable Communities (Excl. T&H)	2,936	3,131	195	403	(54)
Traffic & Highways (T&H)	8,129	8,364	235	551	(122)
Waste Services	14,159	15,158	999	899	(1,116)
Safer Merton	1,043	922	(121)	(72)	(63)
Other	(759)	(877)	(118)	(83)	537
<b>Total (Controllable)</b>	<b>18,587</b>	<b>19,920</b>	<b>1,333</b>	<b>1,874</b>	<b>-575</b>

Description	2014/15 Current Budget £000	Forecast Variance at year end (Sept) £000	Forecast Variance at year end (Aug) £000
Employee overspend in Parking Services	2,476	59	53
Underachievement of income in Parking Services	(12,228)	76	177
Other	2,831	8	(54)
<b>Total for Public Protection</b>	<b>(6,921)</b>	<b>143</b>	<b>176</b>
Employee overspend within B&DC	1,580	298	259
General Supplies & Services underspend within B&DC	232	(120)	(95)
Shortfall in Building & Development Control (B&DC) income	(1,859)	64	213
Employee related underspend within Traffic & Highways	1,783	(240)	(166)
Reduction in ability to Capitalise expenditure	(464)	464	464
Underspend on third party payments within Traffic & Highways	2,379	(100)	83
Underachievement of Customer & Client Receipts in Traffic & Highways	(1,453)	183	209
Overachievement of rental income in Property Management	(4,042)	(115)	(41)
Employee overspend within Greenspaces	2,252	140	144
Overachievement of Other Grants & Contributions within Greenspaces	(97)	(99)	(99)
Underachievement of Customer & Client Receipts within Greenspaces	(1,792)	111	111
Employee overspend within Future Merton	1,398	89	35
Employee underspend within Senior Mgmt & Support	758	(74)	(36)
Other	10,390	(171)	127
<b>Total for Sustainable Communities</b>	<b>11,065</b>	<b>430</b>	<b>954</b>
Employee overspend within Waste Services	7,181	198	339
Transport related underspend within Waste Services	1,980	(162)	(310)
General Supplies & Services underspend within Waste Services	1,114	(178)	(175)
Overspend on 3 <sup>rd</sup> Party Payments – principally SLWP	6,354	808	575
Shortfall in Waste Services income – principally Commercial Waste	(2,846)	347	448
Other	376	(14)	22
<b>Total for Waste Services</b>	<b>14,159</b>	<b>999</b>	<b>899</b>
Transport Services	(759)	(118)	(83)
<b>Total for Street Scene &amp; Waste (Excl. Waste Services)</b>	<b>(759)</b>	<b>(118)</b>	<b>(83)</b>
Employee underspend Safer Merton	840	(118)	(65)
Other	203	(3)	(7)
<b>Total for Safer Merton</b>	<b>1,043</b>	<b>(121)</b>	<b>(72)</b>
<b>Total Excluding Overheads</b>	<b>18,587</b>	<b>1,333</b>	<b>1,874</b>

### Overview

The department is currently forecasting an overspend of £1,333k at year end. The main areas of variance are Waste Services, Traffic & Highways, Parking Services, Greenspaces, and Building & Development Control.

## **Pressures**

### **Public Protection**

#### **Parking Services**

The section is currently forecasting an overspend of £124k. Contributing to this is a £59k staff overspend, which is the result of employing additional agency CEOs to enforce areas not routinely enforced within the existing staff rotas, and to mitigate the effect of staff sickness on enforcement. A further £76k is due to an overall underachievement of income.

### **Sustainable Communities**

#### **Greenspaces**

The section is forecasting an overspend of £175k. An employee overspend of £140k is being forecast, as a result of overtime payments to cover for absences, such as annual leave and sickness, in order to maintain service standards (£60k), staffing the paddling pools (£40k), Wimbledon fortnight (£15k), and staffing of the firework displays (£15k). These are areas that need to be contained within normal base budget activity and cannot become a routine overspend. Management proposals are required to fund these on a permanent basis. An underachievement of income totalling £111k is expected relating mainly to sports bookings (£45k), and the hiring of open spaces e.g. Wimbledon Park athletics track (£48k). These overspends are being partially reduced by the reversal of a prior year corporate write-off totalling £90k. This means that the underlying overspend is c.£365,000 and these needs to be resolved before the 2015/16 financial year.

#### **Building & Development Control**

The section is currently forecasting an overspend of £174k mainly due to an employee overspend of £298k, and a shortfall in Customer & Client receipts of £64k. This is partially offset by an underspend of £120k in supplies and services. The employee overspend is largely the result of the additional temporary staff for the agreed 2-year fixed term enhancement of the service.

#### **Traffic & Highways**

The section is forecasting an overspend of £235k, mainly as a result of a clearer understanding of guidelines and actual patterns of expenditure meaning that the section charges a lower level of highways maintenance spend to Capital than previously and, as a result, incurs increased revenue costs. A permanent solution to this issue will be required before the 2015/16 budget is set.

The section also has a forecast income shortfall of £183k, mainly relating to the London Permitting Scheme (LoPS) and street work activities, due to greater compliance.

These forecast overspends are being partially offset by an employee underspend of about £240k arising from charging staff cost to TfL funded works, charging more staff to Capital and deferring recruitment of an Engineer and Permit Officer.-

### **Street Scene & Waste**

#### **Waste Services**

The section is currently forecasting an overspend of £999k, mainly due to a forecast shortfall in Customer & Client receipts, specifically on Commercial activities (including Commercial Waste, clinical waste and bulky waste collection) which is forecasting an income shortfall of around £600k.

This compares to a shortfall of £389k in 2013/14. This effectively means that an agreed saving of £250k implemented in 2014/15 for Commercial Waste is not being fully achieved

In addition, the section is currently projecting an employee related overspend of about £198k. There is an element of non-contractual overtime and agency cover for sick leave absences. Some actions are being taken to reduce this overspend, 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.

The section is also projecting an overspend of £207k relating to the operational and disposal costs associated with the management of the HRRC and transfer station.

The forecast overspend also includes some one-off costs. Firstly, two Household Reuse and Recycling Centre (HRRC) invoices relating to the previous financial year were not accrued for (£229k). Secondly, a sundry debtor balance whereby the income relating to the food waste rebate as a result of the contract renegotiations was over-estimated (£309k).

### **Transport Services**

Work continues with analysing the varying forecasts seen within E&R and the client departments, so that a permanent solution can be achieved for 2015/16.

### **Management Action**

The department is implementing actions to mitigate the budget pressures, and all managers are aware of the need to contain expenditure and maximise income wherever possible. Corporate guidance regarding the filling of vacant posts will be strictly adhered to.

## (E) Corporate Items

The details comparing actual expenditure up to 30 September 2014 against budget are contained in Appendix 2. The main areas of variance as at 30 September 2014 are:-

Corporate Items	Current Budget 2014/15 £000s	Full Year Forecast (Sep.) £000s	Forecast Variance at year end (Sep.) £000s	Forecast Variance at year end (Aug) £000s	2013/14 Year end Variance £000s
Cost of borrowing	14,103	14,032	-71	-71	-166
Use for Capital Programme	0	71	71	71	512
<b>Impact of Capital on revenue budget</b>	<b>14,103</b>	<b>14,103</b>	<b>0</b>	<b>0</b>	<b>346</b>
<b>Investment Income</b>	<b>-522</b>	<b>-676</b>	<b>-154</b>	<b>0</b>	<b>-346</b>
Pension Fund	13,434	13,434	0	0	21
Pay and Price Inflation	1,619	1,619	0	0	-314
Contingencies and provisions	4,110	3,121	-989	-991	845
Income Items	0	0	0	0	-177
Appropriations/Transfers	-3,885	-3,885	0	0	2,051
<b>Central Items</b>	<b>14,756</b>	<b>13,613</b>	<b>-1,143</b>	<b>-991</b>	<b>2,080</b>
Levies	931	931	0	0	0
Depreciation and Impairment	-15,227	-15,227	0	0	3
<b>TOTAL CORPORATE PROVISIONS</b>	<b>14,563</b>	<b>13,420</b>	<b>-1,143</b>	<b>-991</b>	<b>2,429</b>

There has been a change in the forecast since August as it is estimated that investment income will exceed the budget anticipated by £154,000 by year end. It is still anticipated that the contingencies and provisions budgets will be underutilised by c. £1m.

There are no other significant variations in the corporate expenditure forecast against budget in September.

## 4. CAPITAL PROGRAMME 2014-18 – September Monitoring

### 4.1 Capital Expenditure

4.1.1 Over the past three financial years considerable work has been undertaken to reduce the Capital Programme to levels that can be delivered with our current staffing complement. Historically this has been shown to be around £40 million per annum, in 2013/14 this reduced to £30 million. The October Cabinet approved capital programme was just under £50 million, the proposed programme is £46.5 million.

#### Comparison of Spend to September between 2012/13, 2013/14 and 2014/15

Department	Spend To Sept 2012	Spend To Sept 2013	Spend To Sept 2014	Variance 2012 to 2014	Variance 2013 to 2014
Children Schools and Families	16,320	4,724	7,979	(8,341)	3,255
Corporate Services	1,083	1,372	480	(603)	(892)
Community and Housing	365	786	182	(183)	(604)
Environment and Regeneration	4,124	4,140	1,685	(2,439)	(2,455)
<b>Total Capital</b>	<b>21,892</b>	<b>11,022</b>	<b>10,326</b>	<b>(11,566)</b>	<b>(695)</b>

Outturn £000s	40,487	31,564		
Budget £000s			46,541	
Projected Spend October 2013 £000s			43,554	
Percentage Spend to Budget			22.19%	5,538
Percentage Spend to Outturn/Projection	54.07%	34.92%	23.71%	

4.1.2 September is half way through the financial year however departments have only spent 22.2% of their budget or 23.7% of their forecast, in the last two years spend was in the region of 45% of the final outturn by this point. To achieve a projected spend of £43.6m officers will need to spend just over £5.5m per month for each of the remaining 6 months. The table below shows that in July 2014 departments have managed to spend just over £2.7 million.

Department	Spend To Aug 2014	Spend To Sept 2014	Variance
Children Schools and Families	5,854	7,979	2,125
Corporate Services	216	480	264
Community and Housing	109	182	73
Environment and Regeneration	1,396	1,685	289
<b>Total Capital</b>	<b>7,575</b>	<b>10,326</b>	<b>2,751</b>

## 4.2 Capital Programme 2014/15

4.2.1 The table below summarises the position in respect of the Capital Programme as at July 2014 the detail is shown in Appendix 5a:

### Merton Summary Capital Report - September 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Community and Housing	2,595,530	181,629	197,320	(15,691)	2,528,869	(66,661)
Corporate Services	6,023,420	480,420	1,194,311	(713,891)	4,148,297	(1,875,124)
Children Schools and Families	25,127,020	7,979,443	10,529,923	(2,550,481)	25,127,026	6
Environment and Regeneration	12,795,160	1,684,964	3,685,850	(2,000,887)	12,560,290	(234,870)
<b>Total Capital</b>	<b>46,541,130</b>	<b>10,326,456</b>	<b>15,607,404</b>	<b>(5,280,950)</b>	<b>44,364,482</b>	<b>(2,176,649)</b>

#### Notes

1. Corporate Services the bulk projected under spend is due to three corporate schemes – Acquisitions (£1,042k), Capital Bidding Fund (£500k) and Capital Transformation (£240k) which are held to fund transformation activity throughout the organisation.
2. Environment and Regeneration – the following projected underspends/slippage against this year's budget account for the bulk of the projected variances on this forecast:

	<u>£000's</u>
Colliers Wood Town Centre	90
Mobile Working	50
Mitcham Means Business	39
Bewley Bridge	26
Total	<u><u>205</u></u>

4.2.2 The adjustments being made to the capital programme are detailed in Appendix 5b and the impact on funding of these changes is detailed in Appendix 5c. The Table below shows the adjustments to the Capital Programme since its approval in March 2014:

Within Environment and Regeneration the "Street Scene Budget" and the unspent balance from "Wimbledon Park Hall Budget" (this unspent balance of £21,680 is from the total budget of £150,000) are being utilised to supplement two existing schemes and create three new schemes. The new schemes being created are:

- a) Machinery for Highways Ground Maintenance (£25,000) – This equipment is required as part of the highways grounds maintenance contract if this equipment is purchased second hand it will provide a revenue saving as the Authority will no longer need to hire the equipment.

- b) Rebuild Wall (£55,000) – This is a health and safety issue with a wall in an owner occupied property. Normally the owner would be required to undertake and pay for this work. The owner is very elderly and cannot undertake the work, the Authority will undertake the work on their behalf and place a charge on the property.
- c) Dilapidations (£86,680 - dilapidations works required on site vacation of a unit have not been undertaken. The Authority will undertake the work so the unit can be relet and then re-coup the expenditure through court action.

### Changes to the Capital Programme 2014/15 since March 2014

Depts.	Original Budget 14/15	Slippage 2013/14	Reductions	New External Funding	New Internal Funding	Re-profiling	Revised Budget 14/15
Children, Schools and Families	27,193	304	0	849	0	(3,219)	25,127
Corporate Services	8,829	169	(538)	10	0	(2,447)	6,023
Community and Housing	2,603	302	(170)	0	242	(381)	2,596
Environment & Regeneration	15,920	1,368		1,178	0	(5,671)	12,795
<b>Total</b>	<b>54,545</b>	<b>2,143</b>	<b>(708)</b>	<b>2,037</b>	<b>242</b>	<b>(11,718)</b>	<b>46,541</b>

4.2.2 The Table below details the changes made to the approved programme within Appendix 5.

Depts.	July Monitoring Budget 2014/15	Variance	August 2014 Monitoring Budget 2014/15	July Monitoring Budget 2015/16	Variance	August 2014 Monitoring Budget 2015/16	July Monitoring Budget 2016/17	Variance	August 2014 Monitoring Budget 2016/17	July Monitoring Budget 2017/18	Variance	August 2014 Monitoring Budget 2017/18
CSF	27,791	(2,664)	25,127	15,297	2,644	17,941	22,087	0	22,087	21,399	0	21,399
CS	6,014	9	6,023	5,000	0	5,000	3,862	0	3,862	2,806	0	2,806
C&H	2,817	(221)	2,596	1,229	422	1,651	1,334	0	1,334	340	0	340
E&R	13,095	(300)	12,795	25,867	253	26,120	8,335	0	8,335	4,501	0	4,501
<b>Total</b>	<b>49,717</b>	<b>(3,176)</b>	<b>46,541</b>	<b>47,393</b>	<b>3,318</b>	<b>50,711</b>	<b>35,618</b>	<b>0</b>	<b>35,618</b>	<b>29,046</b>	<b>0</b>	<b>29,046</b>

## 5. DELIVERY OF SAVINGS FOR 2014/15

The table below shows that 2014/15 savings have been substantially delivered by Service Departments, with the exception of Community and Housing. The shortfalls will need to be fully delivered in 2015/16 or alternatives identified in addition to future years savings targets.

Department	Target Savings 2014/15	Projected Savings 2014/15	Shortfall	Shortfall
	£000's	£000's	£000's	%
Corporate Services	1,650	1,595	(55)	(3.3)%
Children Schools and Families	860	768	(92)	(10.7)%
Community and Housing	2,465	583	(1,882)	(76.3)%
Environment and Regeneration	3,338	2,863	(475)	(14.2)%



<b>Total</b>	<b>8,313</b>	<b>5,809</b>	<b>(2,504)</b>	<b>(30.1)%</b>
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The overspendings identified in the report will also need to be eliminated before 2015/16.

Detailed progress on savings by department is reported in Appendix 6.

## 6. INVESTMENTS AND DEBT UPDATE

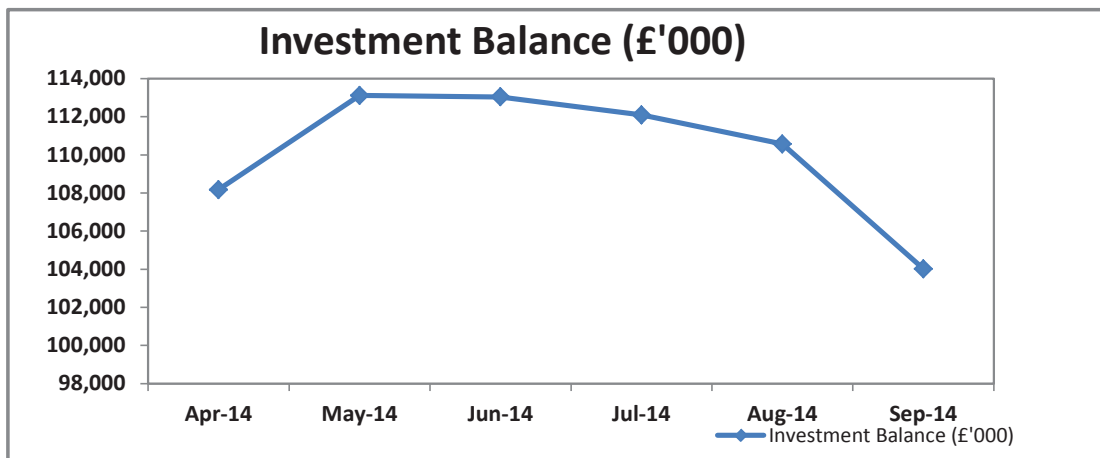
**6.1** The Council's forecast cash balance for 31 March 2015 as at 30 September is £63m. The council operates separate cash flow for the pension fund. Investment balances at 30 September 2014 was £104m. This is made up of investments in counterparties listed in table 6.2 below. Long term borrowing remains at £116.9m, financing of the capital program is expected to be met through internal borrowing as interest rates on investments remain low.

Description	Rate (%)	Principal (£'000)
Public Works Loan Board	5.08	52,010
Negotiable Loan	6.08	63,000
Stock Loan	11.25	1,966
<b>Total Long Term Debt</b>	<b>5.72</b>	<b>116,976</b>
Deposit/Investment	0.8	104,020
<b>Net Investment/Borrowing at 30 Sept 2014</b>		<b>12,956</b>

**6.2** The Council's cash is invested in UK banks, Building Societies, Money Market Funds which meet is credit criteria and Local Authorities. The lending list will continue to be reviewed and expanded as required.

Counter Party	Institution	Type	Amount £'000	Average Rate %
Barclays	Bank	Fixed Deposit	-24,000	0.89
Lloyds	Bank	Fixed Deposit	-29,850	0.95
RBS	Bank	Call Account	-8,620	0.25
Nationwide	Building Society	Fixed Deposit	-19,300	0.78
Money Market Fund	MMF	Money Market Fund	-4,250	0.34
New Castle City Council	Local Authority	Fixed Deposit	-3,000	0.90
Northumberland County Council	Local Authority	Fixed Deposit	-3,000	0.53
BlackPool Borough Council	Local Authority	Fixed Deposit	-2,000	0.47
London Borough of Islington	Local Authority	Fixed Deposit	-5,000	0.95
London Borough of Croydon	Local Authority	Fixed Deposit	-5,000	1.09
<b>Total</b>			<b>-104,020</b>	<b>0.80</b>

Month End	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14
Investment Balance (£'000)	108,170	113,110	113,040	112,090	110,570	104,020



A cashflow statement is attached as Appendix 9.

## 7. MISCELLANEOUS DEBT

7.1 The debt position is reported in Appendix 11.

## 8. CONSULTATION UNDERTAKEN OR PROPOSED

8.1 All relevant bodies have been consulted.

## 9. TIMETABLE

9.1 In accordance with current financial reporting timetables.

## 10. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

10.1 All relevant implications have been addressed in the report.

## 11. LEGAL AND STATUTORY IMPLICATIONS

11.1 All relevant implications have been addressed in the report.

## 12. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

12.1 Not applicable

## 13. CRIME AND DISORDER IMPLICATIONS

13.1 Not applicable

## 14. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

14.1 Officers are currently reviewing risks and issues facing the Authority, the revised Key Strategic Risk Register as at June 2014 will be reported to Cabinet as part of the July Monitoring Report.

**15. 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 2012

Appendix 4 – Treasury Management: Outlook

Appendix 5a – Current Capital Programme 2014/15 – July Monitoring Information

Appendix 5b – Adjustments to the Capital Programme

Appendix 5c – Funding the Capital Programme

Appendix 6 – Progress on Savings

Appendix 7 - Forecast year end variance by department

Appendix 8 – Movement on Reserves

Appendix 9 – Cash flow statement

Appendix 10 – Customer/Client receipts

Appendix 11 – Miscellaneous Debt

**16. BACKGROUND PAPERS**

16.1 Budgetary Control files held in the Corporate Services department.

**17. REPORT AUTHOR**

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**Summary Position as at 30th  
September 2014**

## APPENDIX 1

	Original Budget 2014/15 £000s	Current Budget 2014/15 £000s	Year to Date Budget (Sep) £000s	Year to Date Actual (Sep) £000s	Full Year Forecast (Sep) £000s	Forecast Variance at year end (Sep) £000s	Forecast Variance at year end (Aug) £000s	Outturn Variance 2013/14 £000
<b>Department</b>	-	-	-	-	-	-	-	-
3A. Corporate Services	11,285	13,286	15,097	13,102	12,799	(487)	(492)	(732)
3B. Children, Schools and Families	48,040	48,492	90,136	91,677	51,211	2,718	3,183	556
<b>3C. Community and Housing</b>	-	-	-	-	-	-	-	-
Adult Social Care	55,894	56,495	27,927	29,023	58,294	1,799	1,568	(1,088)
Libraries & Adult Education	3,232	3,212	1,839	1,823	3,349	137	141	(2)
Housing General Fund	2,207	2,280	1,002	1,545	2,290	10	(3)	(32)
3D. Public Health	0	0	(48)	(2,783)	0	0	(0)	0
3E. Environment & Regeneration	22,853	24,212	6,414	2,156	25,545	1,333	1,875	(576)
Overheads	0	0	0	0	0	0	0	55
<b>NET SERVICE EXPENDITURE</b>	<b>143,511</b>	<b>147,978</b>	<b>142,368</b>	<b>136,543</b>	<b>153,488</b>	<b>5,509</b>	<b>6,272</b>	<b>(1,820)</b>
<b>3E. Corporate Items</b>	-	-	-	-	-	-	-	-
Impact of Capital on revenue budget	14,103	14,103	3,346	2,380	14,103	0	0	0
Other Central items	3,996	-471	2,222	1,807	-1,614	(1,143)	(991)	2,429
Levies	931	931	505	505	931	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>19,030</b>	<b>14,563</b>	<b>6,073</b>	<b>4,692</b>	<b>13,420</b>	<b>-1,143</b>	<b>-991</b>	<b>2,429</b>
<b>TOTAL GENERAL FUND</b>	<b>162,541</b>	<b>162,541</b>	<b>148,440</b>	<b>141,235</b>	<b>166,908</b>	<b>4,366</b>	<b>5,281</b>	<b>610</b>
<b>- Funding</b>	-	-	-	-	-	-	-	-
- Business Rates	-33253	-33253	-4655	-4655	-33253	0	0	0
- RSG	-39738	-39738	-24832	-24832	-39738	0	0	-249
- Council Tax Freeze Grant 2014/15	-858	-858	-511	-511	-858	0	0	-13
- Section 31 Grant	-1118	-1118	-480	-480	-1199	-81	-81	-346
- New Homes Bonus	-3199	-3199	-1654	-1654	-3199	0	0	0
- PFI Grant	-4797	-4797	-2398	-2398	-4797	0	0	0
<b>Grants</b>	<b>-82,963</b>	<b>-82,963</b>	<b>-34,530</b>	<b>-34,530</b>	<b>-83,044</b>	<b>-81</b>	<b>-81</b>	<b>-610</b>
Collection Fund - Council Tax Surplus(-)/Deficit	-4608	-4608	0	0	-4608	0	0	0
Collection Fund - Business Rates Surplus(-) /Deficit	372	372	0	0	372	0	0	0
<b>Council Tax</b>	-	-	-	-	-	-	-	-
- General	-75049	-75049	0	0	-75049	0	0	0
- WPC	-293	-293	0	0	-293	0	0	0
<b>Council Tax and Collection Fund</b>	<b>-79578</b>	<b>-79578</b>	<b>0</b>	<b>0</b>	<b>-79578</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUNDING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>162,541</b>	<b>162,543</b>	<b>-34,530</b>	<b>-34,530</b>	<b>162,622</b>	<b>-81</b>	<b>-81</b>	<b>-610</b>
<b>NET</b>	<b>0</b>	<b>-2</b>	<b>113,910</b>	<b>106,705</b>	<b>4,286</b>	<b>4,285</b>	<b>5,200</b>	<b>1,820</b>

	Current Budget 2014/15	Year to Date Budget (Sep)	Year to Date Actual (Sep)	Full Year Forecast (Sep)	Forecast Variance at year end (Sep)	Forecast Variance at year end (Aug)	Outturn variance 2013/14
<b>Expenditure</b>	£000	£000	£000	£000	£000	£000	£000
Employees	94,122	46,135	46,840	95,998	1,876	2,172	275
Premises Related Expenditure	9,084	5,596	3,938	8,828	(255)	(285)	(891)
Transport Related Expenditure	13,259	6,577	6,319	14,629	1,370	1,233	20
Supplies and Services	167,581	79,816	75,234	167,256	(325)	370	1,933
Third Party Payments	85,132	41,551	39,789	90,426	5,293	4,564	(2,106)
Transfer Payments	108,346	5,100	4,843	104,363	(3,983)	(4,338)	6,442
Support Services	32,421	0	0	32,420	(1)	(1)	1,501
Depreciation and Impairment Losses	15,227	0	1	15,226	(1)	(1)	(0)
Corporate Provisions	14,563	6,073	4,692	13,420	(1,143)	(991)	2,429
<b>GROSS EXPENDITURE</b>	<b>539,735</b>	<b>190,847</b>	<b>181,656</b>	<b>542,567</b>	<b>2,832</b>	<b>2,724</b>	<b>9,603</b>
<b>Income</b>							
Government Grants	(263,758)	(6,513)	(7,427)	(260,236)	3,522	3,999	(6,425)
Other Grants, Reimbursements and Contribs	(24,412)	(9,120)	(6,378)	(25,447)	(1,035)	(854)	(2,361)
Customer and Client Receipts	(55,904)	(26,679)	(26,345)	(56,815)	(911)	(271)	(1,141)
Interest	(44)	0	0	(19)	25	25	25
Recharges	(33,020)	(74)	(6)	(33,019)	1	1	(1,446)
Balances	(55)	(22)	(263)	(123)	(68)	(343)	2,352
<b>GROSS INCOME</b>	<b>(377,194)</b>	<b>(42,407)</b>	<b>(40,420)</b>	<b>(375,659)</b>	<b>1,534</b>	<b>2,557</b>	<b>(8,994)</b>
<b>NET EXPENDITURE</b>	<b>162,541</b>	<b>148,441</b>	<b>141,235</b>	<b>166,908</b>	<b>4,366</b>	<b>5,281</b>	<b>610</b>

**APPENDIX 2**

3E. Corporate Items	Council 2014/15 £000s	Original Budget 2014/15 £000s	Current Budget 2014/15 £000s	Year to Date Budget (Sep.) £000s	Year to Date Actual (Sep.) £000s	Full Year Forecast (Sep.) £000s	Forecast Variance at year end (Sep.) £000s	Forecast Variance at year end (Aug) £000s
Cost of Borrowing	14,103	14,103	14,103	3,346	2,380	14,032	-71	-71
Use for Capital Programme	0	0	0	0	0	71	71	71
<b>Impact of Capital on revenue budget</b>	<b>14,103</b>	<b>14,103</b>	<b>14,103</b>	<b>3,346</b>	<b>2,380</b>	<b>14,103</b>	<b>0</b>	<b>0</b>
<b>Investment Income</b>	<b>-522</b>	<b>-522</b>	<b>-522</b>	<b>-261</b>	<b>-236</b>	<b>-676</b>	<b>-154</b>	<b>0</b>
<b>Pension Fund</b>	<b>13,434</b>	<b>13,434</b>	<b>13,434</b>	<b>4,673</b>	<b>4,673</b>	<b>13,434</b>	<b>0</b>	<b>0</b>
Corporate Provision for Pay Award	807	807	807	404	0	807	0	0
Provision for inflation in excess of 1.5%	538	538	512	0	0	512	0	0
Utilities Inflation Provision	300	300	300	0	0	300	0	0
<b>Pay and Price Inflation</b>	<b>1,645</b>	<b>1,645</b>	<b>1,619</b>	<b>404</b>	<b>0</b>	<b>1,619</b>	<b>0</b>	<b>0</b>
Contingency	1,500	1,500	1,141	0	24	152	-989	-991
Single Status/Equal Pay	100	100	100	50	16	100	0	0
Bad Debt Provision	500	500	500	0	0	500	0	0
Loss of income arising from P3/P4	400	400	400	0	0	400	0	0
Revenuisation and miscellaneous	2,166	2,166	1,969	0	0	1,969	0	0
<b>Contingencies and provisions</b>	<b>4,666</b>	<b>4,666</b>	<b>4,110</b>	<b>50</b>	<b>40</b>	<b>3,121</b>	<b>-989</b>	<b>-991</b>
Local Services Support Grant					-26	0	0	0
<b>Income items</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-26</b>	<b>0</b>	<b>0</b>	<b>0</b>
Appropriations: CS Reserves	0	0	-1,552	-1,552	-1,552	-1,552	0	0
Appropriations: E&R Reserves	0	0	-1,314	-73	-73	-1,314	0	0
Appropriations: CSF Reserves	0	0	-349	-349	-349	-349	0	0
Appropriations: C&H Reserves	0	0	-670	-670	-670	-670	0	0
<b>Appropriations/Transfers</b>	<b>0</b>	<b>0</b>	<b>-3,885</b>	<b>-2,644</b>	<b>-2,644</b>	<b>-3,885</b>	<b>0</b>	<b>0</b>
<b>Depreciation and Impairment</b>	<b>-15,227</b>	<b>-15,227</b>	<b>-15,227</b>	<b>0</b>	<b>0</b>	<b>-15,227</b>	<b>0</b>	<b>0</b>
<b>Central Items</b>	<b>18,099</b>	<b>18,099</b>	<b>13,632</b>	<b>5,568</b>	<b>4,187</b>	<b>12,489</b>	<b>-1,143</b>	<b>-991</b>
<b>Levies</b>	<b>931</b>	<b>931</b>	<b>931</b>	<b>505</b>	<b>505</b>	<b>931</b>	<b>0</b>	<b>0</b>
<b>TOTAL CORPORATE PROVISIONS</b>	<b>19,030</b>	<b>19,030</b>	<b>14,563</b>	<b>6,073</b>	<b>4,692</b>	<b>13,420</b>	<b>-1,143</b>	<b>-991</b>

Pay and Price Inflation as at September 2014

In 2014/15, the budget includes 1% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.517m 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 significant call on this budget but this will not be released until there is greater clarity.

Pay:

2014/15 – The MTFS approved by Council on the 5th March 2014 includes 1% for increases in pay. This equates to £0.807m and is held as a corporate provision.

The national joint council (NJC) trade union side, the negotiators for local government pay, have submitted the following claim for a pay increase for its members in 2014-15:

**“A minimum increase of £1 an hour on scale point 5 to achieve the living wage and the same flat rate increase on all other scale points.”**

The Local Government Association responded by offering Council employees a pay increase from 1 April 2014. All staff earning £14,880 or more would receive a 1% rise. Staff earning less than this would receive extra, in order to keep their hourly rate at least 25p above the national minimum wage. The national minimum wage is due to increase by 3.0% to £6.50 on 1 October 2014.

Union members rejected the offer and took strike action on 10 July and were due to strike again on 14 October but this action was suspended after the Local Government Association (LGA) made "new proposals". The unions said they would now consult their members on the proposals which they said covered the period from 1 April 2014 to 31 March 2016.

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 was 1.2% in September 2014, which is down from 1.5% in August 2014. The main contributors to the drop in the rate were transport costs, mainly sea fares and air fares, and also recreational goods. If falling food and motor fuel prices were excluded the rate of inflation would be a third higher. .

CPIH, the measure of consumer price inflation including owner occupiers' housing costs, grew by 1.2% in the year to September 2014, down from 1.5% in August 2014. Owner occupiers' housing costs increased by 0.1% between September 2014 and August 2014.

RPI annual inflation stands at 2.3% in September 2014, down from 2.4% in August 2014.

Outlook for inflation:

On 9 October 2014, 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 MPC reached

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

In the MPC Minutes published on 22 October, it was noted that “ the fall in CPI inflation on the month ... was consistent with currently weak price pressures: wage growth remained low; unit labour costs had fallen; and import prices were falling, driven by lower commodity prices, weak global inflation, and the higher level of sterling. This weakness in inflation also corresponded to similar downside surprises to inflation in some other countries. Set against the evidence of weak inflation in the backward-looking data, the amount of slack in the economy had been diminishing and this was expected in due course to lead to a gradual pickup in inflation back towards the 2% target. But there continued to be a considerable degree of uncertainty about the amount of slack in the economy and the rate at which it was being used up. The unemployment rate had fallen by a little more than expected in the most recent data. Despite this, the labour force participation rate had also fallen and it was now estimated to be a little further below its potential level than previously thought. Analysis by Bank staff suggested that the output gap, while continuing to fall, was estimated to be slightly larger in the second half of the year than had been previously expected.”

The latest inflation and unemployment 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 (October 2014)			
	Lowest %	Highest %	Average %
2014 (Quarter 4)			
CPI	1.1	2.6	1.7
RPI	1.9	3.4	2.5
LFS Unemployment Rate	5.7	6.3	5.9
2015 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.5	3.3	2.1
RPI	2.2	4.1	3.3
LFS Unemployment Rate	4.4	6.0	5.5

The medium term forecasts based on a summary average of independent forecasts (August 2014) for 2014 to 2018 are set out in the following table:-

Source: HM Treasury – Medium Term Forecasts for the UK Economy (August 2014)					
	2014	2015	2016	2017	2018
CPI	1.7%	2.0%	2.1%	2.1%	2.1%
RPI	2.4%	3.1%	3.5%	3.4%	3.4%
LFS Unemployment Rate	6.4%	5.9%	5.6%	5.5%	4.8%

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. On 9 October 2014, 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.

In the MPC minutes published on 22 October 2014, the MPC reiterated that although the Bank Base Rate is expected to increase in the near term, it was likely to be a gentle and phased increase. Although two members of the MPC again voted for a 0.25% increase this was rejected and the MPC noted that "short-term interest rates had ended the month slightly lower and the date at which a 25 basis point increase in Bank Rate was fully priced into overnight index swap (OIS) rates had shifted out by around two months to July 2015. This was later than expected by the majority of respondents to the Reuters survey who thought that the first rise in Bank Rate would be in the first quarter of 2015. After the first increase, the path of Bank Rate implied by OIS rates had remained shallow and the implied level of Bank Rate in three years' time was a little under 2%.

Analysts are predicting that rates will begin to rise in early 2015. Low inflation is currently helping the Bank of England to keep rates low particularly given the unexpected drop to 1.2% for the year to September 2014, a five year low..

The MPC makes its decisions in the context of the monetary policy forward guidance announced alongside the publication of the August 2013 Inflation Report. This guidance was summarised and reported in the July 2013 monitoring report.

The Inflation Report for February 2014 provided a summary of the Bank of England's approach to its proposed monetary policy as the economy recovers and once the unemployment threshold has been reached:-

- The MPC sets policy to achieve the 2% inflation target, and, subject to that, to support the Government's economic policies, including those for growth and employment.
- Despite the sharp fall in unemployment, there remains scope to absorb spare capacity further before raising Bank Rate.
- When Bank Rate does begin to rise, the appropriate path so as to eliminate slack over the next two to three years and keep inflation close to the target is expected to be gradual.
- The actual path of Bank Rate over the next few years will, however, depend on economic developments.
- Even when the economy has returned to normal levels of capacity and inflation is close to the target, the appropriate level of Bank Rate is likely to be materially below the 5% level set on average by the Committee prior to the financial crisis.
- The MPC intends to maintain the stock of purchased assets at least until the first rise in Bank Rate.

- Monetary policy may have a role to play in mitigating risks to financial stability, but only as a last line of defence if those risks cannot be contained by the substantial range of policy actions available to the Financial Policy Committee and other regulatory authorities.

The Bank of England published the August Inflation Report on 13 August. Changes to the Bank Base Rate will depend on how quickly the economy recovers and will be set to achieve the inflation target of 2%.

The MPC sets monetary policy to meet the 2% target in the medium term and in a way that helps to sustain growth and employment.

Bank Base Rates forecasts are set out in the following table:-

	End Q.3 2014	End Q.4 2014	End Q.1 2015	End Q.2 2015	End Q.3 2015	End Q.4 2015	End Q.1 2016	End Q.2 2016	End Q.3 2016	End Q.4 2016	End Q.1 2017	End Q.2 2017
Capita	0.5%	0.5%	0.75%	0.75%	1.0%	1.0%	1.25%	1.25%	1.5%	1.75%	2.0%	2.0%
Capital Economics	0.5%	0.5%	0.75%	0.75%	1.0%	1.0%	1.25%	1.25%	1.5%	1.5%		

### Community & Housing Summary Capital Report - September 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care	340,980	(9,140)	13,080	(22,220)	340,019	(961)
Housing	2,254,550	190,769	184,240	6,529	2,188,850	(65,700)
Community and Housing Total	2,595,530	181,629	197,320	(15,691)	2,528,869	(66,661)

### Corporate Services Summary Capital Report - September 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Business Improvement	1,293,840	216,750	324,831	(108,081)	1,238,676	(55,164)
Corporate Governance	22,430	9,036	20,721	(11,685)	9,921	(12,510)
Corporate Items	1,542,340	0	499,998	(499,998)	0	(1,542,340)
Infrastructure and Transactions						
Facilities Management Total	1,410,920	164,045	246,536	(82,491)	1,410,920	0
IT Total	1,180,280	90,589	102,225	(11,636)	1,180,280	0
Resources	333,450	0	0	0	308,500	(24,950)
IT Transformation Unallocated	240,160	0	0	0	0	(240,160)
<b>Corporate Services Total</b>	<b>6,023,420</b>	<b>480,420</b>	<b>1,194,311</b>	<b>(713,891)</b>	<b>4,148,297</b>	<b>(1,875,124)</b>

## Children, Schools &amp; Families Summary Capital Report - September 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Aragon expansion	0	(31,207)	0	(31,207)	0	0
Cranmer expansion	2,051,770	1,959,838	287,778	1,672,060	2,051,770	0
Primary Expansion Contingency	0	0	0	0	0	0
Joseph Hood Permanent Expansn	83,350	(12,902)	219,830	(232,732)	83,353	3
Holy Trinity Expansion	61,000	56,348	39,740	16,608	61,002	2
St Mary's expansion*	2,786,850	1,137,524	1,106,933	30,591	2,786,855	5
All Saints/ South Wim YCC exp	14,250	0	9,250	(9,250)	14,250	0
Gorringe Park expansion	9,620	(13,028)	18,570	(31,598)	9,618	(2)
Hillcross School Expansion	3,216,520	565,840	1,198,864	(633,024)	3,216,519	(1)
Merton Abbey Temp Accomodation	3,621,050	1,045,862	1,265,041	(219,179)	3,621,047	(3)
Pelham School Expansion	2,992,220	642,794	1,283,008	(640,214)	2,992,219	(1)
Dundonald expansion	788,000	136,869	712,226	(575,358)	788,000	0
Poplar Permanent Expansion	3,586,740	1,374,100	1,490,639	(116,539)	3,586,737	(3)
Liberty expansion	2,620	2,077	2,620	(543)	2,620	0
Singlegate expansion	2,915,000	465,721	1,517,176	(1,051,455)	2,915,004	4
Wimbledon Park expansion	429,380	175,730	369,380	(193,650)	429,380	0
<b>Primary Expansion</b>	<b>22,558,370</b>	<b>7,505,566</b>	<b>9,521,055</b>	<b>(2,015,490)</b>	<b>22,558,374</b>	<b>4</b>

## Children, Schools &amp; Families Summary Capital Report - September 2014 Monitoring Continued ...

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Devolved Formula Capital	408,830	181,736	439,640	(257,904)	408,830	0
Early Years	0	(59,158)	0	(59,158)	0	0
Free School Meals	437,090	193,848	0	193,848	437,090	0
Garden PCP	0	0	12,310	(12,310)	0	0
Schools Access Initiative Inc	0	(711)	0	(711)	0	0
St Ann's Primary Phase	0	20,610	0	20,610	0	0
Cricket Green Site	20,000	5,330	50	5,280	20,000	0
Primary school autism unit	179,110	13,912	87,498	(73,586)	179,110	0
Breaks-disabled children grant	0	(4,038)	0	(4,038)	0	0
Perseid	335,670	2,841	36,322	(33,481)	335,673	3
Secondary School Autism Unit	40,000	0	0	0	40,000	0
Lonesome - Main Heating	0	(1,194)	0	(1,194)	0	0
The Sherwood-Boiler&Perim Fnc	0	(1,868)	0	(1,868)	0	0
Morden - Safer access scheme	0	(5,000)	0	(5,000)	0	0
Merton Pk- Entrance adaptation	630	0	630	(630)	630	0
Schs Cap Maint & Accessibility	666,170	167,042	233,670	(66,628)	666,170	0
B631 - Solar PV Raynes Prk Pav	0	(17,000)	0	(17,000)	0	0
Raynes Park Sports Pavilion	4,770	(25,257)	4,770	(30,027)	4,770	0
Secondary School expansion	100,000	0	74,998	(74,998)	100,000	0
Schools Equipment Loans	372,800	0	50,000	(50,000)	372,800	0
ICT Harnessing Technolgy Grant	0	0	0	0	0	0
Wimbledon Chase DCSF grant	3,580	3,579	68,980	(65,401)	3,579	(1)
Youth&Comm centres reprovision	0	(795)	0	(795)	0	0
	<b>2,568,650</b>	<b>473,877</b>	<b>1,008,868</b>	<b>(534,991)</b>	<b>2,568,652</b>	<b>2</b>
<b>Children Schools and Families</b>	<b>25,127,020</b>	<b>7,979,443</b>	<b>10,529,923</b>	<b>(2,550,481)</b>	<b>25,127,026</b>	<b>6</b>

**Environment & Regeneration Summary Capital Report - September 2014 Monitoring**

<b>Scheme Description</b>	<b>Total Budget</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance To Date</b>	<b>Forecast For Year</b>	<b>Forecast Variance</b>
Footways Planned Works	1,000,000	124,477	264,408	(139,931)	1,000,000	0
Greenspaces	1,079,700	318,798	446,845	(128,047)	1,070,080	(9,620)
Highways General Planned Works	700,690	88,612	191,680	(103,068)	600,250	(100,440)
Highways Planned Road Works	1,783,100	204,367	346,301	(141,934)	1,783,100	0
Leisure Centres	1,634,290	296,987	588,061	(291,074)	1,634,290	0
Other E&R	234,340	(2,893)	27,660	(30,553)	192,160	(42,180)
On and Off Street Parking	42,910	22,456	14,000	8,456	42,910	0
Plans and Projects	70,000	0	70,000	(70,000)	70,000	0
Regeneration Partnerships	2,382,950	130,851	934,125	(803,274)	2,246,460	(136,490)
Street Lighting	410,000	23,456	135,522	(112,066)	410,000	0
Street Scene	80,000	15,376	98,461	(83,086)	80,000	0
Transport for London	2,295,050	380,229	454,789	(74,560)	2,269,510	(25,540)
Traffic and Parking Management	216,730	39,783	43,500	(3,717)	286,730	70,000
Transport and Plant	620,000	28,563	54,998	(26,435)	629,400	9,400
Waste Operations	215,400	13,902	15,500	(1,598)	215,400	0
Dev and Licensing PH Framework	30,000	0	0	0	30,000	0
<b>Environment and Regeneration</b>	<b>12,795,160</b>	<b>1,684,964</b>	<b>3,685,850</b>	<b>(2,000,887)</b>	<b>12,560,290</b>	<b>(234,870)</b>

## Virement, Re-profiling and New Funding

Appendix 5b

	2014/15 Budget	Virements	Adjusted & New Funding	Reprofiling	Revised 2014/15 Budget	2015/16 Budget	Adjusted & New Funding	Reprofiling	Revised 2015/16 Budget
	£	£	£	£	£	£	£	£	£
<b>Environment &amp; Regeneration</b>									
<b>Section 106</b>									
Brenley Park Canopy Creation	0		3,500		3,500	0	2,440		2,440
B639a Fair Green	42,600			(22,600)	20,000	0		22,600	22,600
B672a-f Connecting Colliers Wood	72,350			(72,350)	0	0		72,350	72,350
S106 Wim Broadway	46,480			(46,480)	0	0		46,480	46,480
B611 - Comm Facilities in WTC	30,000		(30,000)		0				
B591b Shop Front Improvement	42,510			(42,510)	0	0		42,510	42,510
B591a Street Scene Improvement	17,680			(17,680)	0	0		17,680	17,680
B646a Lombard Industrial Estat	48,070		(24,100)		23,970	0			0
S106 Cycle Imp Beverley Roundabout	0		43,500		43,500	0			0
B544 Wimbledon Station Access	11,790		(11,790)		0				
B609 Wim Town Centre trans imp	5,000		(5,000)		0	0		5,000	5,000
B610 Wim Town Centre Trans Imp	42,490			(12,490)	30,000	0		12,490	12,490
<b>Other</b>									
Mitcham Town Centre Improvement	401,630			(1,630)	400,000	300,000		1,630	301,630
Street Scene Enhancements	250,000	(235,000)			15,000	250,000			250,000
Restoration of South Park Gdns	129,890	40,000			169,890	0			0
The Broadway - Russell - TfL	115,000		(5,750)		109,250	0			0
Morden Road Kingston Road - TfL	61,000		(3,050)		57,950	0			0
Central Road - TfL	360,000		(18,000)		342,000	0			0
Coombe Lane - TfL	90,000		(4,500)		85,500	0			0
Network Rail	9,400			(9,400)	0	0		9,400	9,400
Shared Space	20,000			(20,000)	0	0		20,000	20,000
Figges Marsh Changing Room	100,000	50,000			150,000				0
Machinery fro Highways Grounds Maintenance	0	25,000	0	0	25,000	0			0
Wimb Park Hall	21,680	(21,680)			0	0			0
Dilapidations	0	86,680			86,680	0			0
Rebuild Wall	0	55,000			55,000	0			0
<b>Corporate Services</b>									
IER Capital Hardware Funding	0		9,920		9,920	0			0
<b>Community and Housing</b>									
JMC Extension	0		200,000		200,000	0	0		0
Disabled Facilities Grant	1,345,470			(389,770)	955,700	724,000		389,770	1,113,770
Small Repairs Grant	52,420			(32,420)	20,000	40,000		32,420	72,420
<b>Children, Schools and Families</b>									
Devolved Formula Capital	439,640	(30,810)			408,830	0			0
Joseph Hood	219,830	(136,480)			83,350	0			0
St Mary's	2,946,040			(159,190)	2,786,850	0		159,190	159,190
All Saints / South Wim YCC	9,250	5,000			14,250	0			0
Hillcross School	3,492,490			(275,970)	3,216,520	1,347,860		275,970	1,623,830
Merton Abbey Temp	3,452,300			168,750	3,621,050	1,058,460		(168,750)	889,710
Pelham School	3,200,000			(207,780)	2,992,220	2,315,560		207,780	2,523,340
Dundonald	981,790			(193,790)	788,000	4,025,070		193,790	4,218,860
Poplar Perm Expansion	3,450,260	136,480			3,586,740	410,730			410,730
Singlegate Expansion	4,291,090			(1,376,090)	2,915,000	1,117,740		1,376,090	2,493,830
Cricket Green Site	50,050			(30,050)	20,000	100,000		30,050	130,050
Primary School Autism	320,000	65,400		(206,290)	179,110	630,000		206,290	836,290
Perseid	480,600	43,200		(188,130)	335,670	962,140		188,130	1,150,270
Schools Cap Maintenance	686,170		(20,000)		666,170	600,000			600,000
Secondary School Expansion	275,000			(175,000)	100,000	1,475,000		175,000	1,650,000
Wimbledon Chase DCSF	68,980	(65,400)			3,580	0			0
Youth and Comm Centre	17,390	(17,390)			0	0			0
<b>Total</b>	<b>27,696,340</b>	<b>0</b>	<b>134,730</b>	<b>(3,310,870)</b>	<b>24,520,200</b>	<b>15,356,560</b>	<b>2,440</b>	<b>3,315,870</b>	<b>18,674,870</b>

# Capital Programme Funding Summary 2014/15 Appendix 5c

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Cabinet - October 2014</b>	<b>20,215</b>	<b>29,502</b>	<b>49,717</b>
<b>Environment and Regeneration</b>			
Brenley Park Canopy Creation	0	4	4
B639a Fair Green	0	(23)	(23)
B672a-f Connecting Colliers Wood	0	(72)	(72)
S106 Wim Broadway	0	(46)	(46)
B591b Shop Front Improvement	0	(43)	(43)
B591a Street Scene Improvement	0	(18)	(18)
Lombard Road Improvements	0	(24)	(24)
S106 Cycle Imp Beverley Roundabout	0	44	44
Mitcham Town Centre Improvement	(2)	0	(2)
The Broadway - Russell	0	(6)	(6)
Morden Road Kingston Road	0	(3)	(3)
Central Road	0	(18)	(18)
Coombe Lane	0	(5)	(5)
Network Rail	(9)	0	(9)
Shared Space	(20)	0	(20)
B611 - Comm Facilities in WTC	0	(30)	(30)
B544 Wimbledon Station Access	0	(12)	(12)
B609 Wim Town Centre Trans Imp	0	(5)	(5)
B610 Wim Town Centre Trans Imp	0	(12)	(12)
<b>Corporate Services</b>			
IER Capital Hardware Funding	0	10	10
<b>Community &amp; Housing</b>			
JMC Extension *	0	200	200
Disabled Facilities Grant	(280)	(110)	(390)
Small Repairs Grant	(32)	0	(32)
<b>Childrens, Schools and Families</b>			
St Mary's	0	(159)	(159)
Hillcross School	(276)	0	(276)
Merton Abbey Temp	169	0	169
Pelham School	(208)	0	(208)
Dundonald	0	(194)	(194)
Singlegate Expansion	(1,376)	0	(1,376)
Cricket Green Site	(30)	0	(30)
Primary School Autism Unit	0	(206)	(206)
Perseid	0	(188)	(188)
Schools Cap Maintenance	0	(20)	(20)
Secondary School Expansion	(175)	0	(175)
<b>Cabinet - November 2014</b>	<b>17,976</b>	<b>28,566</b>	<b>46,542</b>

\* Funded from Revenue Reserves



## Capital Programme Funding Summary 2015/16

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Cabinet - October 2014</b>	<b>10,622</b>	<b>36,772</b>	<b>47,394</b>
<b>Environment and Regeneration</b>			
Brenley Park Canopy Creation	0	2	2
B639a Fair Green	0	23	23
B672a-f Connecting Colliers Wood	0	72	72
S106 Wim Broadway	0	46	46
B591b Shop Front Improvement	0	43	43
B591a Street Scene Improvmeent	0	18	18
Mitcham Town Centre Improvement	2	0	2
Network Rail	9	0	9
Shared Space	20	0	20
Wim Town Centre Trans Imp	0	12	12
Wim Town Centre trans imp	0	5	5
<b>Community and Housing</b>			
Disabled Facilities Grant	280	110	390
Small Repairs Grant	32	0	32
<b>Children Schools and Families</b>			
St Mary's	0	159	159
Hillcross School	276	0	276
Merton Abbey Temp	(169)	0	(169)
Pelham School	208	0	208
Dundonald	0	194	194
Singlegate Expansion	1,376	0	1,376
Cricket Green Site	30	0	30
Primary School Autism Unit	0	206	206
Perseid	0	188	188
Secondary School Expansion	175	0	175
<b>Cabinet - November 2014</b>	<b>12,866</b>	<b>37,850</b>	<b>50,711</b>

DEPARTMENT : CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2014-15

APPENDIX 6

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	<b>Children Social Care</b>							
CSF2012-01	Reduction of the overall detached youth service budgets following service review.	25	25	0	G	Paul Angeil		
CSF2012-09	Participation/Advocacy commissioning	50	50	0	G	Paul Angeil		
CSF2012-10	Duke of Edinburgh reprovide via schools funding	25	25	0	G	Paul Angeil		
CSF2012-12	Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE)	100	100	0	G	Paul Angeil		
	<b>Education</b>							
CSF2012-02	Increased income generation and management efficiencies	70	70	0	G	Jan Martin		
CSF2012-03	Service restructuring and realignment to deliver efficiencies	100	100	0	G	Jan Martin		
CSF2012-08	Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport	140	70	70	A	Jan Martin	Base budgets were reduced. The annual SLA charge is circa £300k above the budget due to an increase in 2013/14. Overall transport budget is forecasting an overspend due to increase taxi costs. Procedures have been put in place to reduce the overspend.	Y
	<b>Commissioning, Strategy and Performance</b>							
CSF2012-05	Reduction in commissioning budgets for Early Intervention and Prevention service	50	50	0	G	Paul Ballatt		

**DEPARTMENT : CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2014-15**

APPENDIX 6

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
CSF2012-06	Reduce expenditure on LAC and SEN placements	200	178	22	A	Paul Ballatt	Base budgets were reduced. Increased cost due to higher caseload is causing a cost pressure, some of which is covered by grant funding. Grant funding is not expected to continue which will lead to an even bigger cost pressure in future years.	Y
CSF2012-07	Staffing reduction equivalent to 1 fte	50	50	0	G	Paul Ballatt		
CSF2012-11	Reduction of one post in commissioning and partnerships	50	50	0	G	Paul Ballatt		
	<b>Total Children, Schools &amp; Families Department Savings for 2014-15</b>	<b>860</b>	<b>768</b>	<b>92</b>				

**DEPARTMENT : CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2014-15**

**APPENDIX 6**

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
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**APPENDIX 6**

**DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2014/15**

Ref	Description of Saving	2014/15	2014/15	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
		Savings Required £000	Savings Expected £000					
ASC7	0% inflation uplift to third party suppliers	550	495	55	A	David Stark	No uplifts have been awarded to date, although there is currently discussion with one provider. This is the 5th year of no uplifts and it is becoming increasingly difficult to sustain with the providers. We will prudently assume 90% achievement of this target.	Y
ASC13/ASC34	Brokerage Efficiencies	300	200	100	A	Julie McCauley	A lot of work is going on within the Brokerage team around negotiating the best value care packages: particularly new customers. The outcome of these negotiations often result in cost avoidance, which contributes to more efficient management of the placement budget.	Y
ASC16	Transitions	50	30	20	R	Jonathan Brown	Prioritised reviews are generating savings from both of these projects. It is anticipated that the combined savings target of £100k will be achieved. Additional savings against the LD budget are being identified to meet other savings targets, in particular those related to Brokerage. Joint working arrangements are in place across ASC to review existing spend, identify savings and control new spend through the effective use of tools such as the Care Funding Calculator.	Y
ASC19	Monitoring of high value/high cost placements (domiliary)	50	35	15	R	Jonathan Brown		

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend? Y/N
ASC8	Optimising the use of block and spot contracts- OP&LD	300		300	R	David Stark	In addition to the 0% inflation uplift to providers, there is additional challenges around securing best value rates for LB Merton. There have been significant negotiations with EI Tandia around agreeing a mutually suitable rate. We liaised for a period of circa 9 months and have now agreed on a rate (which though higher than that of the former block contract) which is considerably less than the initial rate proposed by the provider - this will result in additional spend and adversely impact on the achievement of savings. Nonetheless, discussions are also on-going with Choice Support to re-negotiate a better rate, and other ideas for alternative savings are currently being developed.	Y
ASC45	Reablement (outcome- care packages)	50		50	R	Sarah Wells	It was anticipated that reductions in Older People's packages after hospital discharge was possible once the new MILES Reablement service was fully operational. Although there have been delays in the implementation of the new service we anticipate that these savings should be achieved.	
ASC46	Review Service packages	60	54	6	A	Jean Spencer	The projected savings to dates is circa £45k. It is anticipated that additional reviews could yield a further £15k. prudently however we will assume 90% achievement of this target.	Y

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Undersp end? Y/N
ASC54	Reduction in Mental Health Placement	50	0	50	R	Kamia Sumbhoolal	There has been an increase in care packages and in the number of people requiring placements. In addition CCG have stepped people down from CCG health funded placements, as well as the expectation of the CMHT contributing 50/50. The savings project manager will however endeavour to yield savings where possible, prudently however we will assume this savings will not be achieved.	Y
CH12	Remove day care costs from residential customers	250	0	250	R	Andy Ottaway-Searle	The LD/PD teams place few residential customers in external day opportunities; most live with families and day services are highly specialised, additionally residential homes increase their charges if asked to arrange day time activities. A full review of in-house day services will look at those people in residential care and supported living to look at alternative activities which can reduce day service costs.	Y
CH14	All Saints Respite extension	36	0	36	R	Julie McCauley	A sound plan was developed to release savings by supporting people with PD at All Saints as well as existing LD users. The building however needs minor adaptation and this has not been progressed. These savings cannot therefore be achieved as planned. Alternative savings are being sought through the Brokerage Team.	Y

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend? Y/N
CH15	Assistive Technology	70	0	70	A	Andy Ottoway- Searle	AT is increasingly recognised as playing a key part in preventative services. The 'Just Checking' tool allows a more accurate assessment to be made of an individual's needs, enabling a suitably tailored package of care to be prescribed. Work is now being carried out to evaluate figures for both cost avoidance and actual savings following adjustments to care packages after Telecare has been installed. Additionally there has been a reduction in commissioned home care hours as well as residential placements which will also have been positively influenced through the provision of AT.	Y
CH6	Voluntary Organisation- SLA reduction	150	0	150	R	Rahat Ahmed-Man	The aim was to reduce placement costs through volunteer sector providers, essentially impacting third party spend. Therefore the challenges outlined against ASC8 above also relate to this project. Therefore this saving will not be achieved.	
	Voluntary Sector Grants- reduction in infrastructure	98	0	98	R	Rahat Ahmed-Man	Grants have been reduced from circa £1m in 2013-14 to circa £830k in 2014-15. Due to a decision to provide transitional funding for various voluntary sector organisations this savings will now not be achieved.	
ASC52	Delete 1 management post & reduce management & staffing costs	53	53	0	G	Rahat Ahmed-Man	A Commissioning Manager's post has been deleted. This savings has been achieved.	
ASC53	Meals on wheels contract	50	0	50	R	Rahat Ahmed-Man	It has not been possible to take any more savings out of this contract. We are currently researching alternative models and proposals will be available shortly.	Y



Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend? Y/N
ASC4	TCES Retail Model (simple equipment)	23	33	(10)	G	Maïke Blakemore	It is anticipated this savings target will be achieved.	
ASC44	Remodelling of reablement service	282	282	0	G	Sarah Wells	This savings was due from the remodelled MILES service. The establishment was adjusted accordingly and other vacancies have been held. It is likely this savings will be over achieved.	
ASC47	Additional Reablement Funding (CCG)	500	500	0	G	Sarah Wells	This is not a savings, but additional funding which will cover some of the 2014-15 cost increases.	
ASC48	Staff Vacancy Factor	105	105	0	G	ALL	This savings was due to be achieved by holding three specific posts vacant. The staffing budget is currently underspend due to vacancies. This savings will be achieved.	
CH2	Promoting independence	500	280	220	A	Sarah Wells	The delay in implementing the new reablement model has impacted on the ability to fully achieve this saving. Vacancies have been held and other minor budgets frozen to help achieve part of this savings.	
CH4	Reduce management costs & reduction in staffing costs	148	148	0	G	Jonathan Brown/ Jenny Rees & Julie Phillips	The staffing budgets are projected to underspend. This saving will be achieved.	
CH13	Reduction in staffing in Access & Assessment	50	50	0	G	Jonathan Brown/ Jenny Rees & Julie Phillips	The staffing budgets are projected to underspend. This saving will be achieved.	

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under spend? Y/N
ASCC6/ASCC49/CH8	Transport	246	0	246	R	Andy Ottaway-Searle	Action has been taken to reduce volume and to reduce usage of fleet vehicles by Direct Provision staff using self-drive vehicles to collect customers from home. However significant price increases in Fleet ransport and taxi costs have meant that the savings will not be realised. There is work happening urgently to arrange alternative solutions for the most high cost taxi users.	Y
ASCC50/CH7	Staffing savings in Direct Provision	216	216	0	G	Andy Ottaway-Searle	Posts were deleted and budgets reduced at the start of the year. Day centres are overspending due to transport costs as per above.	
ASCC23	system . Reablement	(2,000)	(2,000)	0	G	Sarah Wells	This is CCG funding received to support the 2014-15 ASC budget.	
	<b>Merton Adult Education</b>							
	Increase income from commercial courses and café, reduction in staff. Admin & marketing cost.	176	0	176	R	Yvonne Tomlin	Budget holder meeting to be arranged to establish an action plan to meet savings as team is already forecasting an overspend.	Y
	<b>Libraries</b>							
	Media fund	10	10	0	G	Anthony Hopkins		
	<b>Housing</b>							
	Homelessness Prevention Grant	92	92	0	G	Steve Langley		
	<b>Total Community &amp; Housing Department Savings for 2014/15</b>	<b>2,465</b>	<b>583</b>	<b>1,882</b>				

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under
CS1	<u>Business Improvement</u> Rationalisation of management costs	50	50	0	A	Sophie Ellis	Salary protections cost pressure from restructure	N
CS3	Generate income through training	5	5	0	R	Sophie Ellis	Alternate saving to be identified	N
CS4	Expiry of salary protection	10	10	0	G	Sophie Ellis		
CS5	<u>IT Service Delivery</u> Review and challenge of the procurement of Support & Maintenance & Licence Contracts	29	29	0	G	Mark Humphries		
CS6	Consolidation of ITSD Revenue Budgets	34	34	0	G	Mark Humphries		
CS7	Reduction of costs through re-procurement of Mobile Telephones Contract against a number of revenue budgets spread across the Council	10	10	0	G	Mark Humphries		
CS9	Fallout of pay protection	16	16	0	G	Mark Humphries		
CS11	Deletion of One Van	5	5	0	G	Mark Humphries		
CS13	Cancellation of all Escrow Agreements (Carefirst, Hometrack Data, Ash, Open Revenues, Proactis, Fibonacci)	4	4	0	G	Mark Humphries		
CS14	Cancellation of tMobile contract	35	35	0	G	Mark Humphries		
CS19	Energy Refit Savings (Subject to agreed Investment) - Phase 1	100	100	0	G	Mark Humphries		
CS24	Project Manager - Accommodation (Vacant Post)	46	46	0	G	Mark Humphries		

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under
CS26	Savings realised from the renegotiation of Corporate Cleaning Contract	39	39	0	G	Mark Humphries		
CS28	M&E Term Contract (Amalgamation) of Intruder Alarms	10	10	0	G	Mark Humphries		
CS29	Energy Procurement	200	200	0	G	Mark Humphries		
CS32	<u>Corporate Governance</u> Integrate the FOI and Complaints functions	40	0	40	R	Paul Evans	Alternate savings within division identified and implemented	Y
CS35	<u>Customer Services</u> Close Cash Office	30	30	0	G	Sean Cunniffe		
CS36	Re tendering of Cash Collection Contract	20	20	0	A	Sean Cunniffe		N
CS37	Increase Registrars Income	20	20	0	G	Sean Cunniffe		
CS38	Review of Welfare Benefits and New Welfare Support program	30	30	0	G	David Keppler		
CS39	Impact of Customer Service Review	30	30	0	G	David Keppler		
CS40	Rationalisation of Divisional Budgets	20	20	0	G	David Keppler		
CS41	<u>Resources</u> Resources - Change in Audit Arrangements	185	185	0	G	Paul Dale		
CS42	Resources - Fall Out of Pay Protection Arrangement	45	45	0	G	Paul Dale		

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under
CS43	Resources -Delete Business Planning Post	50	50	0	G	Paul Dale		
CS44	Resources -Review of Insurance Provision	200	200	0	G	Paul Dale		
CS45	Resources -Improved Cash Management	200	200	0	G	Paul Dale		
CS37	<u>I&amp;T</u> Introduce a charge for the Archive Service Facility (approximately 0.39p per month - commercial rates x 3300 boxes) to produce income - E02243	15	15	0	A	Mark Humphries	Alternate savings to be identified	N
CS46	<u>Human Resources</u> Co-locate all recruitment jobs	60	60	0	G	Dean Shoesmith		129
CS47	CRB Income generation via sales to PVI	30	15	15	R	Dean Shoesmith	Alternate savings to be identified as well as further opportunities for income	Y
CS54	<u>Corporate Governance</u> Delete Deputy Head of Service or one Democratic Services Officer post	18	18	0	G	Paul Evans		
CS56	<u>Customer Services</u> Reduction in overtime payments to staff in Mayor's Office	1	1	0	G	Paul Evans		
	<u>Customer Services</u> Delete Communications Admin Assistant post (vacant)	23	23	0	G	Sophie Poole		
	Delete Advertising, Film and Sponsorship Officer post (vacant)	40	40	0	G	Sophie Poole		
	<b>Total Corporate Services Department Savings for 2014/15</b>	<b>1,650</b>	<b>1,595</b>	<b>55</b>				

**DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15**

Ref		2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included In Forecast Over/Unders pend? Y/N
<b>LEISURE &amp; CULTURE</b>								
ER04	Reductions in supplies & services budgets; Increased Income at Morden Assembly Hall and the Watersports Centre; Grant reduction of c15% to both Polka and Attic Theatres.	29	29	0	G	James McGinlay		
ER05	Increase income through installation of multi use games area at Canons Leisure Centre.	15	15	0	G	James McGinlay		
EN33	Recharging for staff time & reduction of 0.2fte.	33	33	0	G	James McGinlay		
EN35	Increased Income through various charging increases.	11	11	0	G	James McGinlay		
EN36	Increased Income through sale of advice & guidance.	15	15	0	G	James McGinlay		
EN38	Reduction of Core Arts Grants to Polka Theatre.	4	4	0	G	James McGinlay		
<b>BUILDING &amp; DEVELOPMENT CONTROL</b>								
EN06	Staff reduction of 2fte.	73	73	0	G	James McGinlay		
<b>TRAFFIC &amp; HIGHWAYS</b>								
EN23	Reduction in Grounds Maintenance Budget.	50	50	0	G	James McGinlay		
EN24	Deletion of Major Project Engineer Post.	30	30	0	G	James McGinlay		
EN25	Reduction in the Surface Water Budget.	18	18	0	A	James McGinlay	There is a backlog of drainage related repairs that have been prioritised. Adverse weather has added to this backlog but it is currently expected that this pressure can be contained within existing budgets.	Y
EN26	Reduction in the Ditching Budget.	11	11	0	G	James McGinlay		
EN27	Reduction in the Lining Budget.	10	10	0	G	James McGinlay		
EN28	Reduction in Energy budget.	70	70	0	G	James McGinlay		
<b>FUTURE MERTON</b>								
EN41	Review of staffing levels by 1.5fte within the section following transformation review.	40	40	0	G	James McGinlay		
EN43	Community grant scheme reduction.	60	60	0	G	James McGinlay		
<b>GREENSPACES</b>								
EN45	Further commercialisation and development of sports and allied parks services	96	96	0	G	James McGinlay		
<b>ENVIRONMENTAL HEALTH, TRADING STANDARDS &amp; LICENCING</b>								

**DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15**

Ref		2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included In Forecast Over/Unders pend? Y/N
ER10	Merton & Richmond shared regulatory services.	100	100	0	A	John Hill	Shared Service began on 1st August. Due to the delayed start date, the full £100k saving may not be met this financial year. However, any shortfall is expected to be met from posts currently vacant within the section.	Y
<b>WASTE SERVICES</b>								
ER17	Ceasing compensation payments to Sutton as part of SLWP agreement.	10	10	0	G	Cormac Stokes		
	Planning costs reduction	59	59	0	G	Cormac Stokes		
	Reduction in costs of waste process per tonne	1207	1207	0	G	Cormac Stokes		
	Consultancy and legal costs cease in relation to new partnership contracts	213	188	25	R	Cormac Stokes	The section is currently working with Eunomia to analyse the commercial waste costs / income. Eunomia are conducting a "full" review of the service, seeking to deliver a final report on action required to improve profitability and income achievement. The report is expected in early autumn.	Y
ER25	Commercial Waste and Recycling	250	0	250	R	Cormac Stokes		
EN13	Alter management structure as a result of recommendations in consultants report.	56	56	0	G	Cormac Stokes		
EN15	Improved performance management and implementation of the Council's new sickness policy resulting in a reduction in agency staff usage.	100	0	100	R	Cormac Stokes	The 2014/15 baseline budget was reduced by £100k, and the agency related expenditure is forecast to reduce from £2,012k in 2013/14 to £1,607k in 2014/15. However, this still results in a forecast overspend of £395k.	Y
EN17	Reduction in Staffing 1.5 FTE	65	65	0	G	Cormac Stokes		
EN18	Reduction in cost of waste processing per tonne (phase B) contract gate fee	135	135	0	G	Cormac Stokes		
EN19	Reduction/Re-negotiation of Phase A Contracts.	295	295	0	G	Cormac Stokes		
EN20	Reduction of tonnage to landfill based on current projections for disposal	60	60	0	G	Cormac Stokes		
EN21	Dividend from positive movements in Foreign Exchange rates associated with capital costs of Phase B facility resulting in improved unitary charge	50	50	0	G	Cormac Stokes		
<b>PARKING SERVICES</b>								
EN03	Enforcement of new CPZ's (Controlled Parking Zones)	50	10	40	R	John Hill	The CPZ implementation programme for this year is such that it is unlikely to generate the level of income previously forecast from enforcement. The saving will be mitigated by the employment of additional CEOs to cover sickness, absences and areas of non-compliance not routinely patrolled within the existing staff rotas.	Y

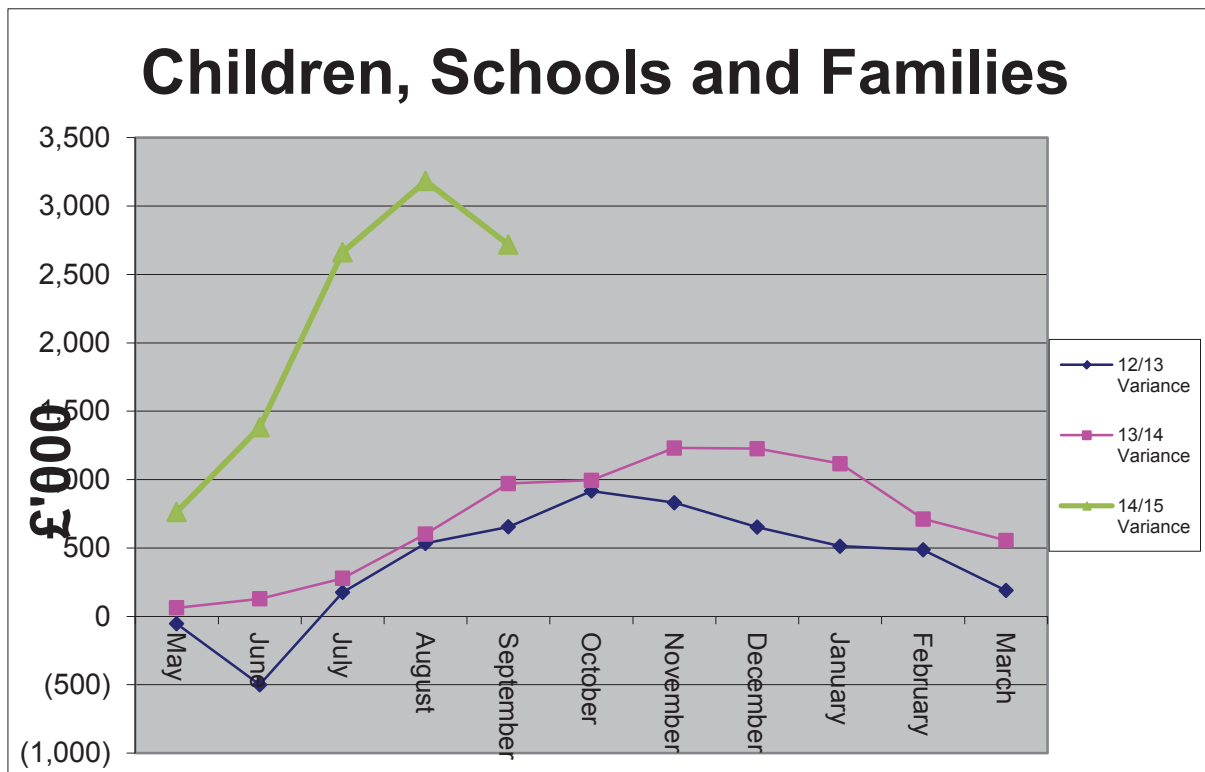
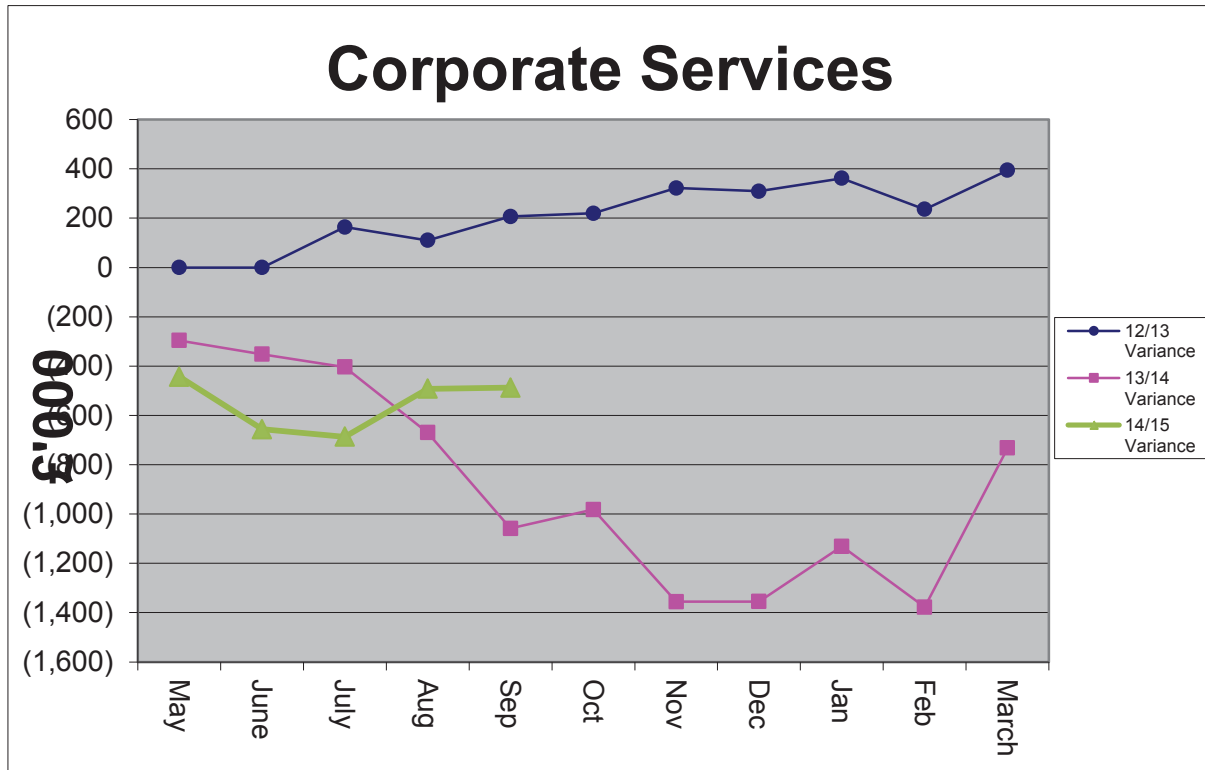
**DEPARTMENT : ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15**

Ref		2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
EN04	Implementation of Pay & Display machines in new CPZs (Controlled Parking Zones)	75	15	60	R	John Hill	This is ongoing, but not at the rate previously forecast.	Y
EN12	Refocusing of resources on areas of non-compliance in order to tackle traffic congestion hotspots and increase efficiency of the service.	48	48	0	G	John Hill		
<b>Total Environment and Regeneration Savings 2014/15</b>		<b>3338</b>	<b>2863</b>	<b>475</b>				

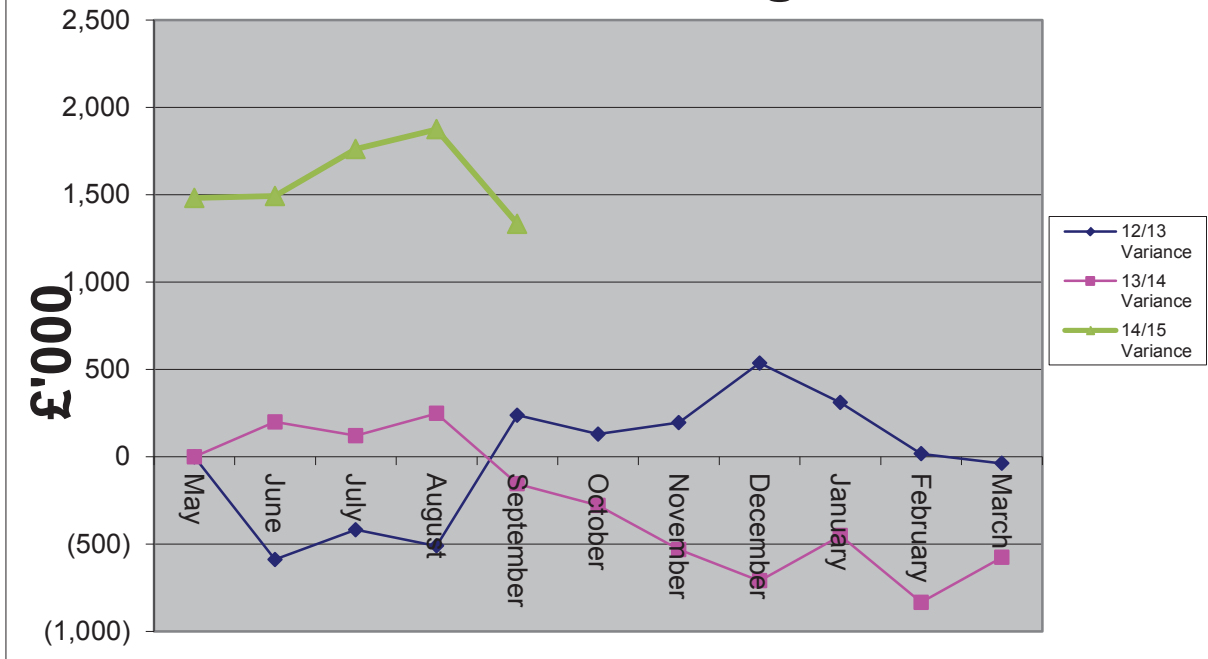


APPENDIX 7

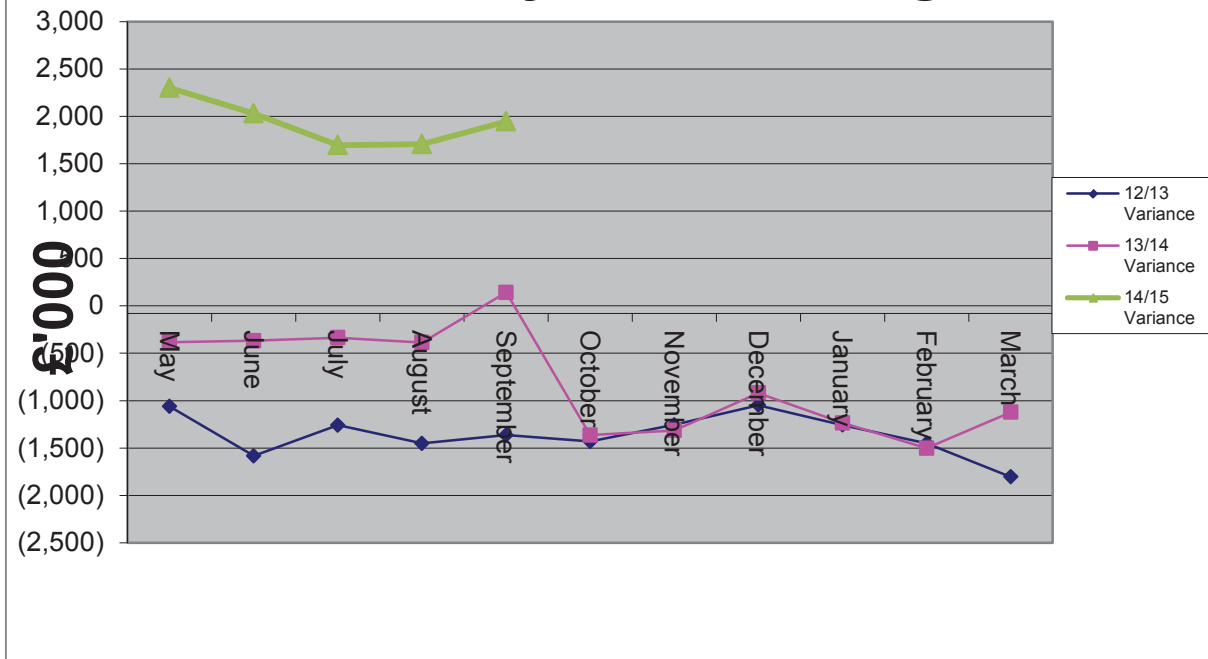
The following charts show the forecast year end variance by department with a comparison for 2012/13 and 2013/14:



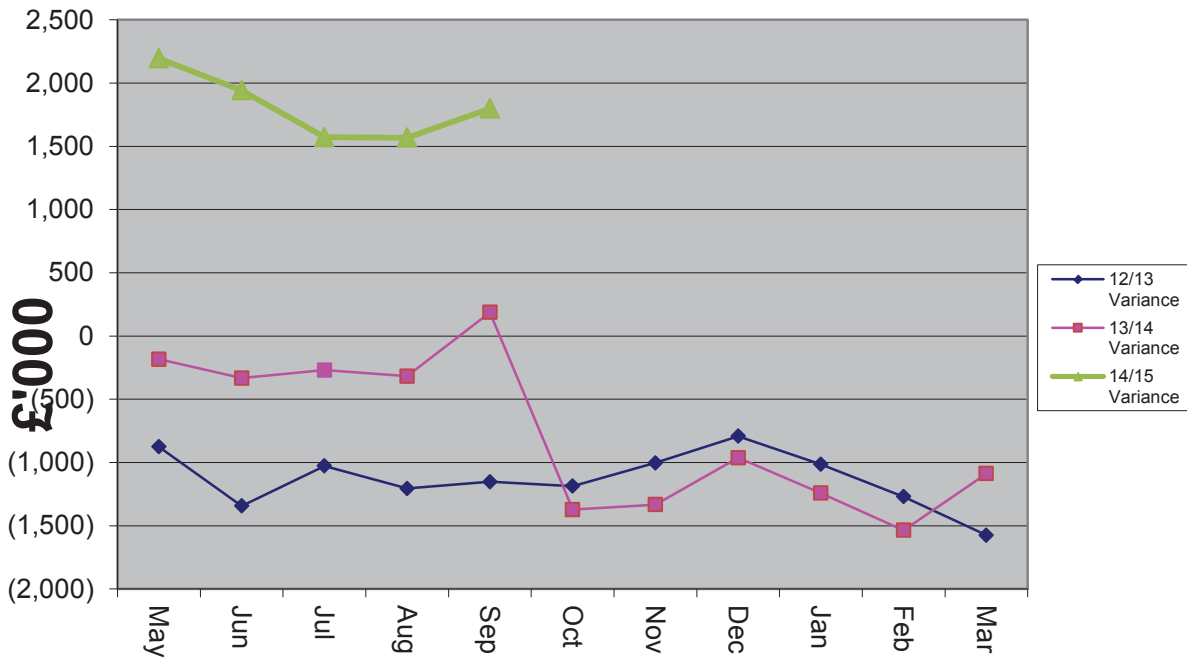
## Environment and Regeneration



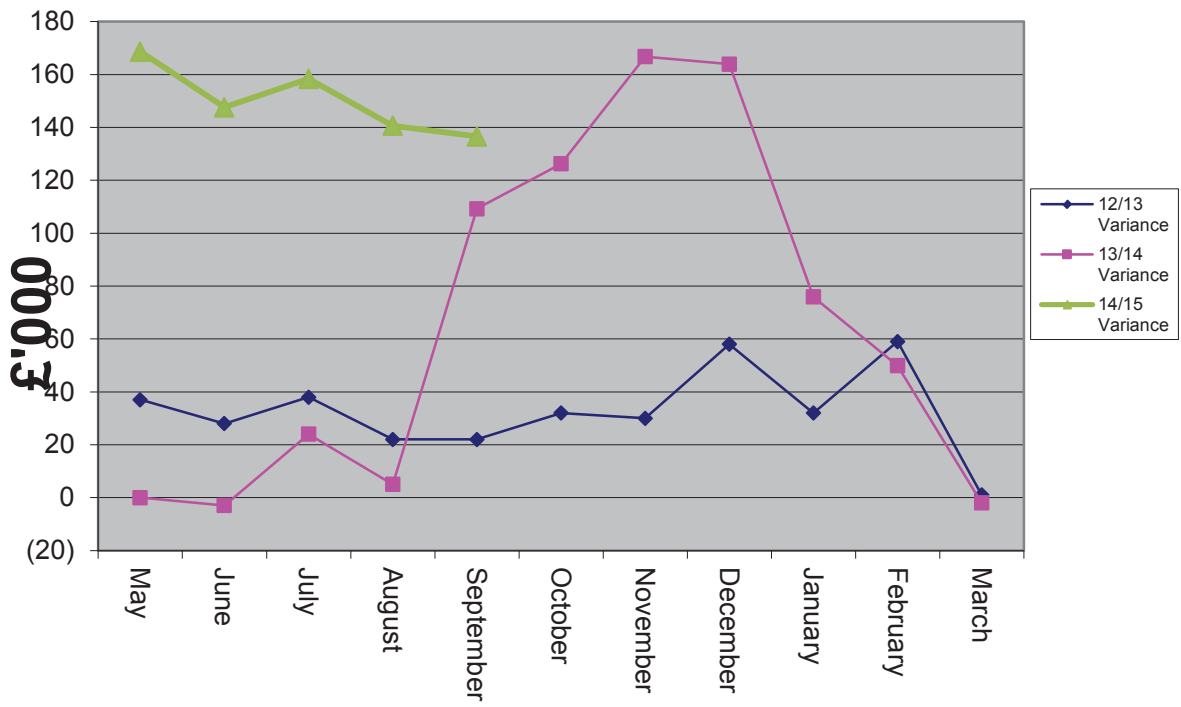
## Community and Housing



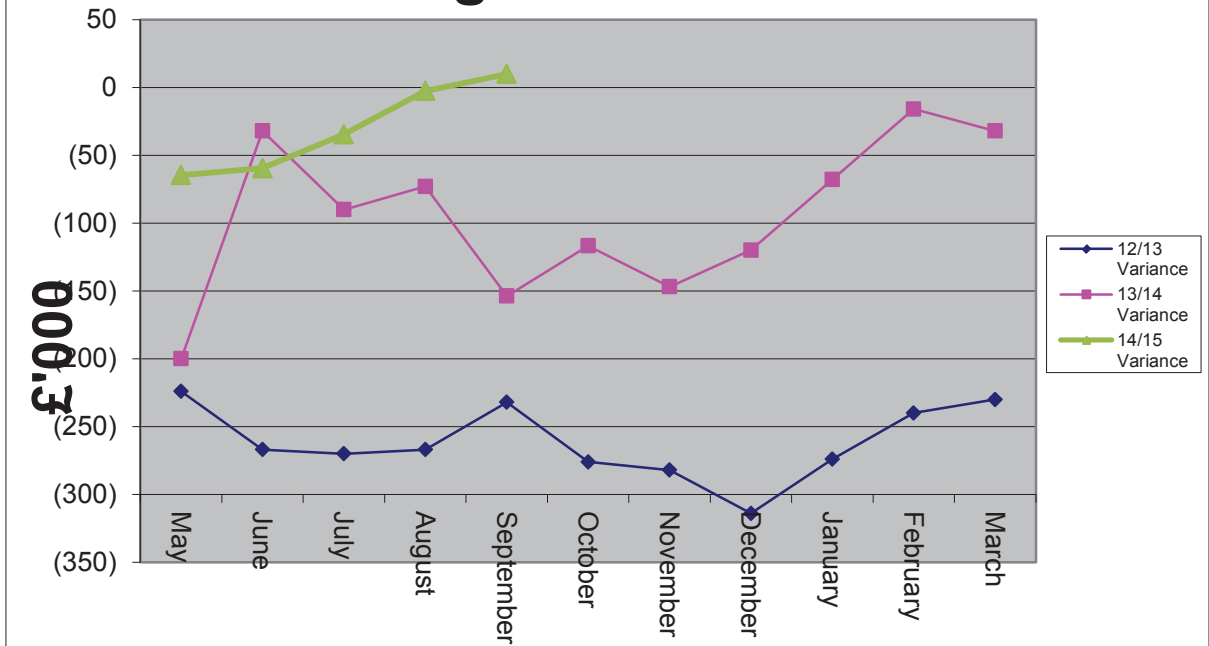
## Adult Social Care



## Libraries & Adult Education



# Housing General Fund



Reserve	Balance at	Net Transfer	Balance at
	31st March	to/from	30th
	2014	Reserve	September
		YTD	2014
	£000	£000	£000
Outstanding Council Programme Board Reserve	11,105	(1,112)	9,993
For use in future years' budgets	8,252		8,252
Revenue Reserve for Capital/Revenuisation	5,360		5,360
Energy renewable reserve	1,441		1,441
Repairs and Renewals Fund	1,424		1,424
Transforming families reserve	784		784
Pension Fund additional contribution	1,078		1,078
Local Land Charges	1,260		1,260
Apprenticeships	949	(261)	688
Community Care Reserve	1,733	(247)	1,486
Local Welfare Support Reserve	315		315
Performance Reward Grant	265	(265)	0
Economic Development Strategy	1,322		1,322
Used or eliminated reserves	0		0
Other	285	0	285
<b>Sub total earmarked reserves</b>	<b>35,574</b>	<b>(1,885)</b>	<b>33,689</b>
Adult social care contributions	670	(375)	295
Culture & Environment contributions	1,204	(53)	1,151
Culture & Environment Grants	747	(48)	699
Childrens & Education Grants	708	(221)	487
Adult social care Grants	0		0
Housing planning development Grants	299		299
Housing GF Grants	106	(0)	106
Public Health Grant Reserve	1,664	0	1,664
<b>Sub total IFRS earmarked reserves</b>	<b>5,398</b>	<b>(697)</b>	<b>4,701</b>
Insurance reserves	1,954	0	1,954
<b>Sub total fixed to contract reserve</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>
DSG Reserve	2,728	(263)	2,465
Schools Reserve	168	(61)	107
Schools PFI Fund	4,071		4,071
<b>Sub total Schools reserves</b>	<b>6,967</b>	<b>(324)</b>	<b>6,643</b>
<b>Grand Total</b>	<b>49,893</b>	<b>(2,906)</b>	<b>46,988</b>

## Appendix 9

### 2014/15 Cash Flow Forecast at 30 September 2014

	Year to Date Actual £'000	Oct - Mar Forecast £'000	Sep-14 Full year Forecast £'000	Jun-14 Full year Forecast £'000	TM Strategy Reported Position £'000
<b>Expenditure</b>					
Bank Charges & Related Expenditure	-503	-539	-1,042	-963	-916
Other Expenditure	-4,480	-2,094	-6,574	-6,050	-4,117
Capital Expenditure & S106 Payment	0	0	0		
CHAS Payroll, Tax and VAT	-641	-302	-943	-936	-408
Business Rates and CTax Refunds	-2,005	-2,389	-4,394	-4,081	-3,956
HMRC Related Payments	-18,607	-19,300	-37,907	-38,737	-39,800
Housing Benefit	-48,512	-44,131	-92,643	-92,642	-94,850
Invoice Payments (Bacs & Cheques)	-189,256	-197,350	-386,606	-379,729	-377,250
Payroll Related Payments (including Schools)	-51,925	-53,535	-105,460	-107,156	-107,720
LGPS Pension Contributions	-18,810	-24,343	-43,153	-41,511	-33,000
RSG	-17,735	-13,292	-31,028	-31,028	-30,490
Pensioners Payments (met by Employer)	-163	-1,790	-1,953	-1,956	-1,956
<b>Total Expenditure</b>	<b>-352,637</b>	<b>-359,066</b>	<b>-711,703</b>	<b>-704,789</b>	<b>-694,464</b>
<b>Income</b>					
Business Rates Receipts	48,037	30,942	78,978	79,323	74,200
Council Tax Receipts	51,528	35,510	87,038	86,613	76,330
DWP - Housing Benefit Subsidy & Admin Grant	42,338	44,804	87,142	93,758	97,086
Grants	121,053	100,338	221,391	214,390	218,514
Other Income	54,290	46,941	101,231	90,225	78,883
Public Health Grant	4,618	4,618	9,236	9,236	9,236
Payroll and Pension Recoupement	45,664	45,810	91,474	90,523	90,132
VAT Reimbursement	13,196	11,651	24,847	25,175	22,800
<b>Total Income</b>	<b>380,724</b>	<b>320,613</b>	<b>701,337</b>	<b>689,244</b>	<b>667,181</b>
<b>Net Income/Expenditure</b>	<b>28,087</b>	<b>-38,453</b>	<b>-10,366</b>	<b>-15,545</b>	<b>-27,283</b>
Interest Received on investments	232	445	677	522	677
Interest Paid on Debt	-3,268	-3,373	-6,641	-6,692	-6,641
B/F Investment Balance from Previous year	80,000	0	80,000	80,000	80,000
B/F Bank Balance from Previous Year	-54	0	-54	-54	-54
<b>Estimated Closing Cash Balance</b>	<b>104,997</b>		<b>63,615</b>	<b>58,231</b>	<b>46,699</b>
Estimated Closing Value of investments	104,020				
Estimated Closing Bank Balance	606				

Customer & Client Receipts - £000's									
2014/15									
Department	Division/Service	Total Budget	Year to Date Actual (P6)	Year to Date Budget (P6)	Year to Date Over (under) Spend	Latest Forecast	Forecast Variance	Internal Receipts Forecast	External Receipts Forecast
Childrens Schools & Families	Schools Buy Back	-2,836	-398	-1,283	885	-2,986	-149		-2,986
	Early Years & Childrens Centres	-1,255	-622	-619	-3	-1,238	17		-1,238
	Other	-168	-128	-84	-44	-223	-55		-223
	<b>CSF Total</b>	<b>-4,259</b>	<b>-1,149</b>	<b>-1,986</b>	<b>837</b>	<b>-4,447</b>	<b>-187</b>	<b>0</b>	<b>-4,447</b>
Corporate Services	Business Improvement	-84	-17	-3	-14	-114	-30	-79	-35
	Corporate Governance	-530	-972	-265	-707	-443	87	0	-442
	Customer Services	-2,184	-939	-1,092	153	-1,901	283	-130	-1,771
	CS Resources	-753	-357	-377	19	-921	-167	-1	-920
	Human Resources	-569	-199	-208	9	-559	10	-145	-414
	Infrastructure & Transactions	-2,315	-967	-759	-208	-2,632	-316	-1,644	-988
	<b>CS Total</b>	<b>-6,435</b>	<b>-3,451</b>	<b>-2,703</b>	<b>-747</b>	<b>-6,568</b>	<b>-133</b>	<b>-1,999</b>	<b>-4,570</b>
Environment & Regeneration	Street Scene & Waste	-11,326	-5,300	-5,663	363	-11,465	-139	-8,580	-2,885
	Public Protection	-12,572	-5,811	-6,264	453	-12,513	59	-95	-12,418
	Sustainable Communities	-9,903	-6,067	-5,098	-969	-9,716	187	-560	-9,156
	Safer Merton	-6	-58	-3	-55	-6	0	0	-6
	<b>E&amp;R Total</b>	<b>-33,807</b>	<b>-17,236</b>	<b>-17,028</b>	<b>-208</b>	<b>-33,700</b>	<b>107</b>	<b>-9,235</b>	<b>-24,465</b>
Community & Housing	Adult Social Care - Client Contribution								
	& Other Cont	-10,125	-4,047	-4,247	200	-10,995	-870	-70	-10,924
	MAE & Libraries Housing	-1,130	-428	-640	212	-955	175	-127	-827
	<b>C&amp;H Total</b>	<b>-11,402</b>	<b>-4,510</b>	<b>-4,961</b>	<b>451</b>	<b>-12,098</b>	<b>-696</b>	<b>-197</b>	<b>-11,898</b>
<b>Grand Total</b>		<b>-55,903</b>	<b>-26,345</b>	<b>-26,678</b>	<b>333</b>	<b>-56,814</b>	<b>-911</b>	<b>-11,431</b>	<b>-45,379</b>

## Appendix 11

### Subject: Miscellaneous Debt Update September 2014

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

1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 September, is shown in column F of Table 1 below.

**Table 1** – Debtors aged balance – September 2014 – 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	Sept 14 arrears f	Jun 14 Arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	293,982	125,465	286,197	133,643	839,287	884,512	↓
Corporate Services	230,106	69,844	130,134	198,453	628,537	858,227	↓
Housing Benefits	648,308	305,610	691,019	1,212,454	2,857,391	2,685,560	↑
Children, Schools & Families	136,933	247,019	21,489	2,342	407,783	367,884	↑
Community & Housing	1,316,132	919,124	1,060,216	1,565,984	4,861,456	4,589,395	↑
Chief Executive's	0	0	500	0	500	500	
CHAS 2013	124,958	25,624	3,096	0	153,678	113,826	↑
<b>Total</b>	<b>2,750,419</b>	<b>1,692,686</b>	<b>2,192,651</b>	<b>3,112,876</b>	<b>9,748,632</b>	<b>9,499,904</b>	↑
<b>Sep-13</b>	<b>2,231,521</b>	<b>1,904,382</b>	<b>2,212,453</b>	<b>2,233,060</b>	<b>8,581,416</b>		
<b>Variance Sept 13 to Sept 14</b>	<b>518,898</b>	<b>-211,696</b>	<b>-19,802</b>	<b>879,816</b>	<b>1,167,216</b>		↑

1.2 Since the position was last reported in June 2014, the net level of arrears, i.e. invoices over 39 days old, has increased by £276,592.

1.3 The net level of level of arrears has increased by £1,167,216 when compared to the position at the end of September 2013.



- 1.4 The above table shows the separate debt owed to CHAS 2013 Ltd.
- 1.5 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 September 2010 to September 2014 – not including debt that is less than 39 days old**

Department	Sept 2010	Sept 2011	Sept 2012	Sept 2013	Sept 2014
	£	£	£	£	£
Env & Regeneration	291,101	463,650	680,980	793,107	839,287
Corporate Services	159,622	257,398	375,091	368,730	628,537
Housing Benefits	1,941,024	2,563,016	3,086,410	2,950,651	2,857,391
Children, Schools & Families	409,541	153,253	271,244	121,140	407,783
Community & Housing	2,706,504	2,656,934	3,514,938	4,213,449	4,861,456
Chief Executive's	10,026	2,280	180	500	500
CHAS 2013	0	0	0	0	181,542
<b>Total</b>	<b>5,517,818</b>	<b>6,096,531</b>	<b>7,928,843</b>	<b>8,447,577</b>	<b>9,776,496</b>

- 1.6 The figures in table 2 (above) show that the major area of increase in debt over the four year period is housing benefit overpayments and Community and Housing. It should be noted that the amount of housing benefit paid out has increased over this period. In 2008/09 £61.3 million was paid out and just over £100 million was paid in 2013/14. The level of Community and Housing debt over 39 days has increased by over £2.1 million in the four year period.

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

## **2 THE PROCESS FOR COLLECTION OF MISCELLANEOUS DEBT**

- 2.1 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.

### **3 DEBT OVER ONE YEAR OLD**

3.1 Debt over 1 year old has increased by £1,806,695 since the end of April 2012.

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

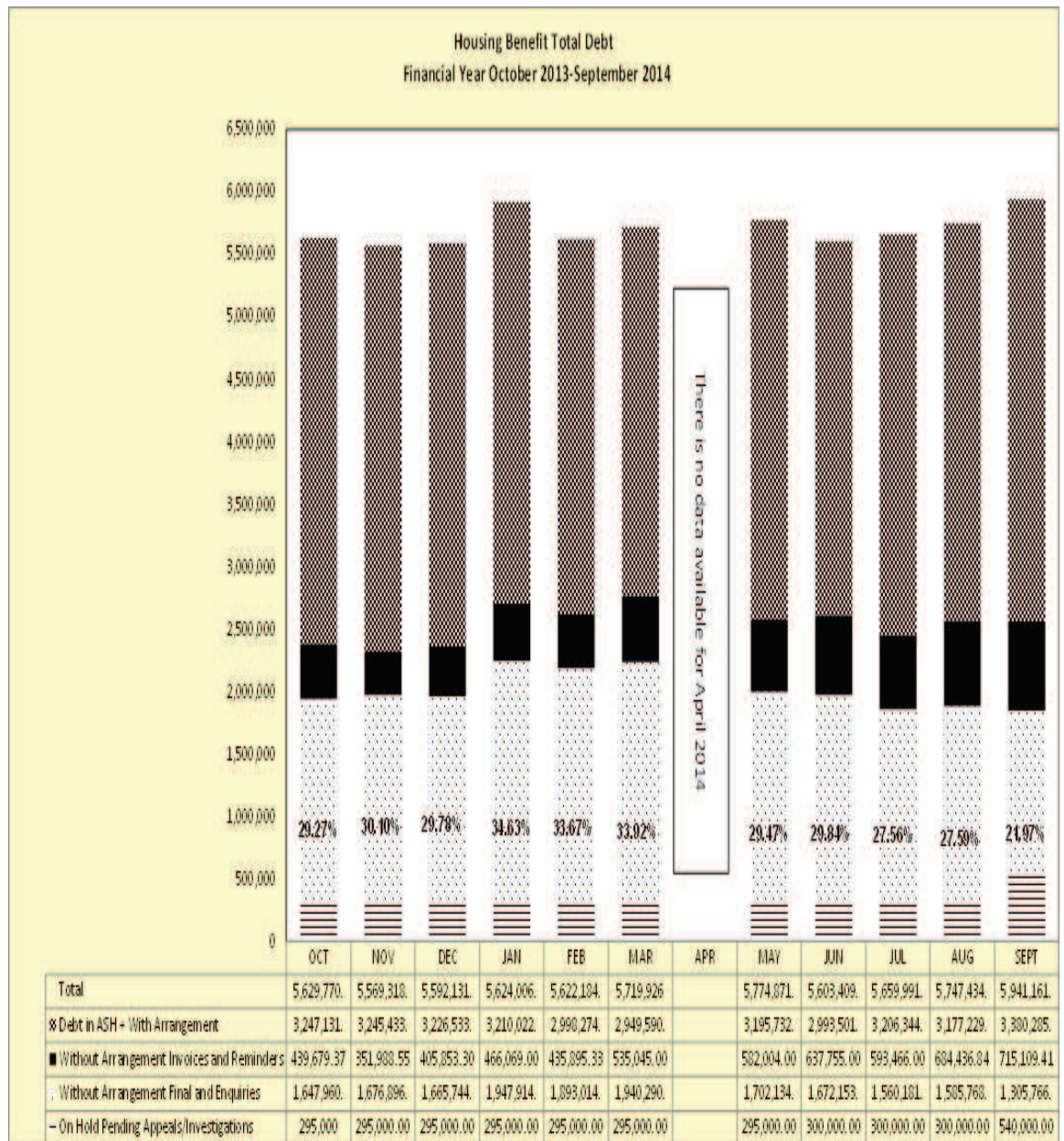
Department	April 2012	Sept 2014	Variance	% Variance
Env & Regeneration	£65,104	£419,841	£354,737	<b>84.49</b>
Corporate Services	£45,461	£328,588	£283,127	<b>86.16</b>
Housing Benefits	£1,695,646	£1,909,533	£213,887	<b>11.20</b>
Childrens, Schools & Families	£54,992	£23,831	-£31,161	<b>-130.76</b>
Community & Housing	£1,421,831	£2,626,200	£1,204,369	<b>45.86</b>
Chief Executives	£0	£500	£500	<b>0.00</b>
CHAS 2013	£0	£3,096	£3,096	
<b>Total</b>	<b>£3,283,034</b>	<b>£5,311,589</b>	<b>£2,028,555</b>	<b>38.19</b>

3.2 The majority of debt over 1 year old is for Community and Housing debts and Housing Benefit overpayments.

3.3 The debt for Community and Housing over a year old has increased by £1,204,369 since April 2012. There is an upward trend in outstanding debt.

- 3.4 The total debt figure for Community and Housing, including debt that is less than 39 days old, is £5.7 million, an increase of £0.4 million since last reported in June 2014. Of this debt £0.9 million is under 39 days and therefore no formal recovery action has taken place other than issuing an invoice and reminder. Of the remaining £4.8 million debt which is older than 39 days £1.6 million is secured debt either with repayment arrangements or legal action including Charging Orders. We are actively working on securing the remaining £3.2 million debt by similar means.
- 3.5 Proactive recovery action and monitoring of the largest debts is undertaken. This includes identifying cases where we will consider legal action to secure the debt. We have recently received payment on one case of £29,000 where we had secured the debt against a Charging Order. One large debt of £98,500 is due to be redeemed following the public auction to sell the property at the end of October 2014.
- 3.6 The total amount of housing benefit debt has increased to £5.94 million, an increase of £0.3 million since last reported in June 2014. Although the debt has increased there has been an increase in the amount of debt either being recovered from on-going benefit or on arrangements. £1.8 million is being recovered from on going benefit by reducing current housing benefit payments, this equates to approximately £95,000 per month being reduced from payments to offset these overpayments. Just under £3.4 million is on a payment arrangement or recovery from on going benefit.
- 3.7 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 2013/14 £3.1 million of overpayments were identified and over £1.95 million either recovered or off set against housing benefit. This compares to £3.4 million overpayments identified and £1.85 million recovered or off set against housing benefit in 2012/13.
- 3.8 The Department of Work and Pensions have recently commenced a "Real Time" Information initiative which is aimed at identifying overpayments of housing benefit. They will compare housing benefit claim data and HMRC data and estimate that they will highlight 900 cases for Merton where there are overpayments of housing benefit, some of these could go back a couple of years. The Council are required to check these claims, amend benefit and recover the overpayments. The first monthly set of data (240 cases) was received in early October 14. The December report will give an update on this initiative.
- 3.9 The graph below shows breakdown of all housing benefit overpayments by recovery action.

**Graph 1 – Total Housing Benefit Debt by recovery action from September 2013 – (please note due to a resourcing issue we were unable to extract the April 2014 data)**



3.10 Since the report at the end of June 2014 we have continued to review and target all housing benefit debt. We have tried to improve the procedures at the beginning of the process when a debt is first identified by ensuring that invoices are raised as soon as possible to give the best chance of recovery, we are targeting debtors who are now in work and we will be applying to recover the overpayments from their employers and we are looking at the oldest debts to consider if

they are still collectable. However, it should be noted that a lot of the housing benefit debt is very difficult to recover as the Council's powers of recovery are very limited unless the debtor works or owns their own property.

#### **4. PROVISION FOR BAD AND DOUBTFUL DEBTS**

- 4.1 Provision has been made available for writing off bad and doubtful debts held with the ASH and Housing benefits systems. These provisions are £2.669m for ASH miscellaneous debt and £3.981m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £6.650m. Clearly, every attempt is made to collect debts before write-off is considered. The current level of provision is analysed in the table below.
- 4.2 The Council adheres to the requirements of the SORP when calculating its provisions. Merton's methodology is to provide on the basis of expected non collection using the collection rates for individual departmental debt, and the age of the debt.

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

<b>Department</b>	<b>Total provision £000's</b>
Env & Regeneration	<b>335</b>
Corporate Services	<b>498</b>
Housing Benefits	<b>3,981</b>
Children, Schools & Families	<b>54</b>
Community & Housing	<b>1,782</b>
Chief Executive's	<b>0</b>
<b>Total</b>	<b>6,650</b>

#### **5. EXECUTIVE SUMMARY / CONCLUSION**

5.1.1 Merton's total level of miscellaneous debt arrears i.e. invoices over 39 days old, as at 30 September 2014 is £9,748,632. The net level of arrears, when the matter was last reported in June 2014 was £9,499,912.

## 6. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 September 2014 is detailed in table 6 below.

**Table 6 – Total debt outstanding as at 30 September 2014 and compared with previous periods over the past 16 months**

	Jun-13	Oct-13	Dec-13	Mar-14	Jun-14	Sep-14
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	11,565,929	11,960,990	12,415,856	11,967,049	13,448,226	14,437,902
HB debt in Benefit system Note 2	2,282,190	2,532,921	2,469,412	2,507,443	2,681,440	2,818,432
Housing Rent Note 3	108,058	103,451	103,371	102,056	102,001	101,388
Parking Services	2,208,764	2,553,803	2,545,573	2,545,575	2,497,703	2,388,584
Council Tax Note 4	5,056,682	4,263,977	3,906,022	3,540,430	5,011,408	4,444,360
Business Rates Note 5	3,032,636	2,404,348	1,998,789	1,843,931	3,397,378	2,635,958
<b>Total</b>	<b>24,254,259</b>	<b>23,819,490</b>	<b>23,439,023</b>	<b>22,506,484</b>	<b>27,138,156</b>	<b>26,826,624</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

6.1 The overall debt outstanding has increased by over £3.0 million compared to the end of October 2013.



- 6.2 The areas where there has been an increase since October 2013 are sundry debt (£2.5 million), housing benefit debt within the benefit system (£0.3 million), council tax (£0.2 million) and business rates (£0.2 million). Action being taken against sundry debt and housing benefit debt has been detailed earlier in this report. It should be noted these comparisons are not quite like for like as in 2013 we were using data as at the end of October compared to the end of September 2014.
- 6.3 Detailed breakdowns of the Council Car Parking figures are shown in the Table 7 below:

**Table 7 – Car Parking Aged Debtors – June 2014**

Age of Debt	Outstanding £	Number of PCNs
0-3 months	826,235	7,491
3-6 months	339,924	2,206
6-9 months	264,388	1,667
9-12 months	235,123	1,449
12-15 months	248,315	1,527
Older than 15 months	474,599	3,384
<b>Total September 2014</b>	<b>2,388,584</b>	<b>17,724</b>
<b>Total March 2014</b>	<b>2,497,703</b>	<b>17,866</b>
<b>Increase</b>	<b>(109,119)</b>	<b>(142)</b>

**APPENDIX AUTHOR** - David Keppler (020 8545 3727/[david.keppler@merton.gov.uk](mailto:david.keppler@merton.gov.uk))

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## **Committee: Cabinet**

**Date: 10<sup>th</sup> November 2014**

**Wards:** St. Helier, Cannon Hill

**Subject:** Morden Leisure Centre

**Lead officer:** Chris Lee, Director, Environment & Regeneration Department

**Lead member:** Councillor Nick Draper  
Cabinet Member for Community & Culture

**Contact Officer:** Christine Parsloe, Leisure & Culture Development Manager

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### **Recommendations:**

Cabinet agree to

- A. The Project Scope for the new Morden Leisure Centre.
  - B. Develop a new Morden Leisure Centre using the priorities for the facility mix as determined by the 2014 public consultation, in so far as the budgets set aside will allow.
  - C. Site MLC 3 as being the preferred location for the new facility with site MLC 1 being the reserve site should MLC 3 for any reason not be possible.
  - D. Re-profile the capital expenditure into future years in accordance with the detailed figures in paragraph 6.2.
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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 This report seeks to gain approval to accept the recommendations of the 2014 Public Consultation and agree to the site within Morden Park for the new Morden Leisure Centre as well as agreeing to the Project Scope for the new Morden Leisure Centre. It also seeks to gain approval to re-profile the capital expenditure.

## **2 DETAILS**

- 2.1 In the winter of 2013, the Council announced its intention to press ahead with a new Morden Leisure Centre to replace the existing Morden Park Pools and set aside £11m within the council's capital programme.
- 2.2 Following desk top research and having sought advice from Sport England, the Sport England's Low Cost Leisure Centres design was chosen as the basis for a public consultation. PPS, an independent public consultation company, were appointed and they consulted on the use of this design as well as determining the public's preferences for additional facilities in priority order, so that a new facility can be procured within the budget available. The findings of this public consultation are detailed in paragraph 4 of this report.
- 2.3 For a number of years the council have been aware that a replacement for Morden Park Pools would be required as the existing building was beyond economic repair, hence the location for a new facility has been considered and the detail of the four shortlisted sites is contained within paragraph 3 of this report.

- 2.4 Internal cross-council project advisors have been brought together to support the delivery of this new facility as well as a project management team which includes the operators Greenwich Leisure Limited (GLL) and this management team will be added to over the coming months as the councils external experts are appointed.
- 2.5 The council has already appointed its operator for the new facility, which is GLL. They were awarded the tender for the Leisure Management Contract for the boroughs three leisure centres in 2010 and that contract included the potential for the demise of Morden Park Pools and the move to a new Morden Leisure Centre.
- 2.6 Based on the findings from the public consultation and the work completed to date a Project Scope (Appendix 1- Project Scope) has been initiated to capture all of the detail for the development and delivery of this new facility. This document, which currently sets out the key objectives, initial scope and early findings from surveys currently being undertaken, will be added to over the coming months in readiness for procurement of the construction company. It will be used to inform our specialists and advisors and for them in turn to add to it to advise the contractors, thus ensuring we deliver within the scope of the project and within the funding available.

### **3 ALTERNATIVE OPTIONS**

- 3.1 Four sites within Morden Park were identified for consideration for the new Morden Leisure Centre (Appendix 2 – Sites Map):
- MLC1 – the site of the existing Morden Park Pools
  - MLC2 – Morden Park Car Park
  - MLC3 – on the London Road frontage, on the right hand side of the access road
  - MLC4 – on the London Road frontage, opposite the Morden South Station and near to the railway line
- 3.2 Each of these locations was then considered against the following criteria so as to help determine the most appropriate site:
- Location
  - Planning
  - Ecology.
  - Archaeology
  - Timeliness
  - Continuity of Service
  - Costs
  - Land ownership
  - Risks
  - Ancillary
  - Regeneration opportunities
  - Utilities

- Impact on other council services

- 3.3 Location MLC3 has the benefits of being the one with the least impact on the archaeological priority zone and is the only site not adjacent to a site of importance for nature conservation although it is accepted that a development here will have an impact on a number of mature trees and the resulting demolition of the existing Morden Park Pool may have ecological issues.
- 3.4 MLC3 is a clear site and by building on a new location it ensures that the existing pool can remain open during construction so that there is no loss of service to the users. The existing car park would remain and serve the new facility therefore only requiring car parking close to the facility for disabled users and service access.
- 3.5 This prominent MLC3 location, on the London Road, would assist in realising the council's Core Planning Strategy objectives of improving links between the town centre and the park.
- 3.6 It is prudent to ensure the council does allocate a reserve site for this development to ensure that should unforeseen issues arise during the project development and planning stages, that an alternative is available to the project team. The MLC1 existing pools site has been determined for this as it is already the site of an existing leisure facility, has the second best set of pros and cons within the Sites Review analysis detailed in Appendix 3, but it would mean that should the project team need to move to this reserve site then there would be a loss of the leisure facility and its benefits to the users for at least 18 months whilst demolition and construction occurs and an opening date which would be much later than that for site MLC3.

#### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1 Public consultation on the base Sport England Low Cost Leisure Centre facility model and prioritising the additional elements the public wished to see included took place in the spring of 2014, and the report was published in August 2014. The full report is available on [www.leisureformorden.com](http://www.leisureformorden.com)
- 4.2 The main findings were:
- 4.2.1 "The Council's basic approach of using the Sport England model as the basis for the new leisure centre was endorsed by the majority of respondents (53 percent).  
..."<sup>1</sup>
- 4.2.2 "A clear preference was shown for what additional facilities the public would like to see at the new sports centre. Top of the list is a café. ..."<sup>1</sup>
- 4.2.3 "A significant response was received from users of the diving facilities at the existing leisure centre. They want the new Leisure Centre to continue to offer diving facilities either by incorporating a movable floor in the secondary pool and/or by incorporating a movable floor in the main pool. ..."<sup>1</sup>
- 4.2.4 "...the future configuration of the swimming pool is a tricky issue to resolve and whatever the Council does, some users will be upset. Our recommendation would be to a) keep the 25m pool but b) add in an additional two lanes so the footprint of water is nearer to what it is now and so the pool can continue to be operated in a flexible manner and c) to investigate some fun uses of the training pool (even if it is just the provision of large floating toys) for when it is not being used for diving."<sup>1</sup>

- 4.2.5 "...lack of a clear direction on what non water-based facilities are wanted... model developed by Sport England was satisfactory ... recommendation is to take the evidence from the consultation on face value and to approach additional facilities in the order in which they were wanted. So, if sufficient funds are available, to provide a climbing wall, then to provide a sauna, then look to a crèche and so on."<sup>1</sup>
- 4.3 The report also recommends:
- Liaison with the diving club to be undertaken during the process of planning the new facilities.
  - Further consultation ethnic minority people, who were not well represented in the previous consultation.
  - The council continues to communicate with the people who were involved in the consultation and left their contact details as the decision making process progresses.
- 4.4 The public will also be able to get updates on the progress of this project via the council's website, from local press and officers will attend Morden Community Forum as appropriate.
- 4.5 Officers have also met with Morden Park Playing Fields Trust (MPPFT) representatives to discuss their emerging proposals, whereby they wish to develop full-size floodlit artificial grass pitches and a pavilion in the playing fields area of the park in order to re-establish and re-open the sports pitches on the area previously operated, many years ago, by the London Playing Fields Association.
- 4.6 The council will continue to work with MPPFT and will develop a Memorandum of Understanding with them so that both projects can complement each other where possible and shared facilities can be explored.

## 5 TIMETABLE

- 5.1 Table 1 provides an indicative timeline for a new Morden Leisure Centre on site MLC3.

**Table 1 - Indicative Timetable – MLC3 Site**

By When	What
10 Nov 2014	Report to Cabinet
Dec 2014	Appoint Project Manager
Jan 2015	Procure Specialists
Spring 2015	Develop design and Procure Construction Company
Spring 2015	Application to Demolish existing Morden Park Pools
Autumn 2015	Agree design and submit planning application
Spring 2016	Begin Construction
Autumn 2017	Completion
Spring 2018	Demolish Morden Park Pools

- 5.2 Table 2 provides an indicative timeline for a new Morden Leisure Centre on site MLC1.

**Table 2 - Indicative Timetable – MLC1 Site**

<b>By When</b>	<b>What</b>
10 Nov 2014	Report to Cabinet
Dec 2014	Appoint Project Manager
Jan 2015	Procure Specialists
Spring 2015	Develop design and Procure Construction Company
Spring 2015	Application to Demolish existing Morden Park Pools
Autumn 2015	Agree design and submit planning application
Spring 2016	Demolish existing Morden Park Pool
Autumn 2016	Begin Construction
Summer 2018	Completion

## **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1 The council has set aside £11m within their capital programme for the purposes of delivering a new Morden Leisure Centre. This figure is to include the construction of the new facility and the demolition of the existing Morden Park Pools, as well as all fees, surveys, associated costs, etc.
- 6.2 The current capital programme identifies spend of £1m in this financial year with £10m in 15/16. The council will need to adjust these figures to take account of the indicative programme, which anticipates the majority of the expenditure in the financial year 16/17. The profiled expenditure will be only known once the procurement has been completed, but at this point it is recommended that £100k remains in the 14/15 capital programme, with £900k in 15/16; £9m in 16/17 and £1m in 17/18.
- 6.3 All of the sites identified as potential locations for the new Morden Leisure Centre are on land owned by the council, but all lie within a conservation area each with their own different pros and cons as identified in Appendix 2 - Sites Review attached. A full planning application will need to be submitted.
- 6.4 The new Morden Leisure Centre is intended to increase usage with a resulting increase in traffic movement to and from the site. The operation of the access road / A24 Junction will need to be reviewed to accommodate the added traffic movements. This will be addressed by a Traffic Impact Assessment as part of the Planning Application.
- 6.5 To deliver this facility the council will need to draw on resources and expertise across the organisation and to that end an officer project advisory group has been

established. This group will meet bi-monthly and at other times as and when necessary to keep the project moving.

- 6.6 A project team including Greenwich Leisure Limited (GLL) and lead officers for the council will lead & drive the project forward.
- 6.7 Procurement of the construction of the new facility will be via OJEU.
- 6.8 The new Morden Leisure Centre will be operated by GLL, as this is part of their existing contract with the council, which was previously procured through an OJEU process that concluded in December 2010, with the award of a 15 year Leisure Management Agreement (LMA).

## **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1 The provision of leisure facilities is a discretionary matter for the authority.
- 7.2 The current Leisure Management Agreement (LMA) with Greenwich Leisure Limited (GLL) provides for the termination of those clauses in the existing LMA covering Morden Park Pool and to amend the LMA with GLL to include the new facilities. Schedule 3 of the LMA provides a list of agreed principles which both parties are subject to in determining what terms will apply in relation to the terms that will apply to the new Morden Leisure Centre.
- 7.3 Furthermore, a new lease will need to be entered into with GLL with regards to the new leisure centre.
- 7.4 If MLC1 is chosen, if there is encroachment onto land owned by the college then the Council will have to decide how they will acquire this land whether it be by purchasing the land (including consideration of a Compulsory Purchase Order) or a long lease.
- 7.5 Title searches at the Land Registry are currently being conducted of the proposed sites to identify restrictions, rights of way or any other factors that may have a bearing on the proposed sites.

## **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1 It is important to ensure that the range of swimming pools operating in the borough and the surrounding boroughs have equalities, accessibility and pricing policies to meet the complete range of Merton resident's needs.
- 8.2 The design of the new Morden Leisure Centre will be in accordance with Sport England's Best Practice Guidance and will be disabled accessible, whilst the contractual obligations for the operation is already in place and there is no intention to alter the operational arrangements rather just to improve the range of sports facilities and offer available.

## **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1 The Sport & Recreation Alliance in its 'Game for Life' report, September 2012, evidences how participation in sport & recreation is good for you, be that by improving health, educational attainment and/or community cohesion.
- 9.2 Research shows that participation in "...sport and recreation programmes can prevent boredom, teach important life skills, divert young people from crime and foster social inclusion."<sup>2</sup>

9.3 The importance of sport and recreation within a local community with regards to the crime and disorder implications is evidenced by:

- Physical activity can create a diversion from undertaking criminal behaviour, with "...7 out of 10 teenagers believing that anti-social behaviour occurs because young people are bored and 6 out of 10 say that there isn't enough for young people to do in their area."<sup>3</sup>
- "A lack of self-regulation has been linked to substance abuse and criminal behaviour amongst other negative behaviours (Baumeister et al., 1994 cited in Oaten and Cheng, 2006) and potentially it can play a role in someone's adherence to an exercise programme or participation in sport."<sup>2</sup>
- "Diverting 1 in 10 away from crime would save over £113m per annum."<sup>2</sup>
- "Around 80% of people believe that participating in sport teaches respect for others and increases people's involvement in community activities. 76% of people believe that participating in sporting activities reduces anti-social behaviour / crime among young people."<sup>4</sup>
- "There is a significant link between participation in cultural activity and people being satisfied with an area in which they live. In inner cities those who participated in culture were 10% more likely to be satisfied with where they live, compared to those who did not participate."<sup>5</sup>

9.4 A new Morden Leisure Centre will not on its own be the panacea to resolving local crime and disorder issues, however the sports and recreation facilities along with the operation of them will create a whole host of opportunities for local people that will reduce their likelihood to become bored, offer programmes and activities that encourage social and community cohesion and offer experiences that will in turn benefit the individuals, self-esteem, sense of well-being and increase their capacity for educational attainment.

## **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

### **10.1 Risk Management**

10.1.1 There is a high business risk that the existing Morden Park Pools (MPP) could fail, resulting in closure of service provision. In managing the business risks, officers and the leisure contractors are continuing to progress planned works thus ensuring that the services can be retained and the facilities operated during the development and construction of the new Morden Leisure Centre.

### **10.2 Health and Safety**

10.2.1 Should MPP fail and become a health & safety risk it will be closed with immediate effect.

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

- Appendix 1 – Project Scope
- Appendix 2 – Sites Map
- Appendix 3 – Sites Review



**12. BACKGROUND PAPERS – the following documents have been relied on in drawing up this report but do not form part of the report**

- Morden Leisure Centre – Public Consultation Report, July 2104

**13. REFERENCES**

1. Morden Leisure Centre Consultation, PPS, July 2014
2. Game for Life, Sport & Recreation Alliance, Sept 2012
3. Nestle Family Monitor, 2002, & 4Children, 2007, cited in Audit Commission, 2009
4. MORI Research, 2004
5. Taking Part Survey, Internal Data Analysis, DCMS, 2002

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**Useful links**

Merton Council's Web site: <http://www.merton.gov.uk>

Readers should note the terms of the legal information (disclaimer) regarding information on Merton Council's and third party linked websites.

<http://www.merton.gov.uk/legal.htm>

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## Appendix 1



### London Borough of Merton

#### PROJECT SCOPE

<b>Project Title:</b> Morden Leisure Centre	<b>Total Project Budget:</b> <b>£11,000,000</b>  To include all fees, surveys, associated costs, fit out, furniture, equipment, ICT hardware, etc. Also to include the demolition of the existing Morden Park Pools
<b>Document Issued by:</b> Christine Parsloe	<b>Date Issued:</b> October 2014
<b>Client:</b> <b>LONDON BOROUGH OF MERTON</b>	<b>Key stakeholders:</b> London Borough of Merton Greenwich Leisure Limited
<b>Client Contact Officer:</b> Christine Parsloe	<b>Project Manager:</b> To be appointed

**Background:**

The council wishes to replace the existing Morden Park Pools (MPP) with a new modern family friendly leisure centre – Morden Leisure Centre (MLC).

The council has set aside a capital programme sum of £11m to achieve this new facility and the demise of the existing facility.

The council has previously let a contract for its three leisure centres to Greenwich Leisure Limited (GLL) in December 2010 for a term of 15 yrs (with an option to extend further for up to 2 years). This procurement and contractual agreement included the replacement of MPP with a new leisure centre and therefore the operators for the new facility are already in place and will be a delivery partner in taking this project forward.

**Project Objectives:**

To build a leisure centre that:

- Provides a wide range of sports and leisure facilities for the whole community, whatever their age and physical ability
- Ensures all project stakeholders have had the opportunity to input into the business case
- Best fits with the needs of the various stakeholders including, the public, local residents, education establishments, sports clubs, London Borough of Merton, Greenwich Leisure Limited, Sport England and other national governing bodies of sport
- Promotes best practice
- Is value for money and within budget
- Delivers economic sustainability for the leisure centres portfolio in Merton
- Encourages partnerships which deliver increases in participation, enable promotion of broader social and health outcomes and achieve financially sustainable leisure provision
- Provides a high quality venue that encourages people no matter what their ability, to take more exercise
- Considers all legislative implications
- Takes into account equality and ensures it is considered from the outset
- Considers local strategic outcomes covering:
  - Health and wellbeing
  - Social inclusion
  - Local economic benefits
  - Children and young people
  - Participation
  - Older people

To demolish the existing Morden Park Pools and reinstate the area in accordance with the natural surrounds.(N.B. Unless this site is the preferred location for the new Morden

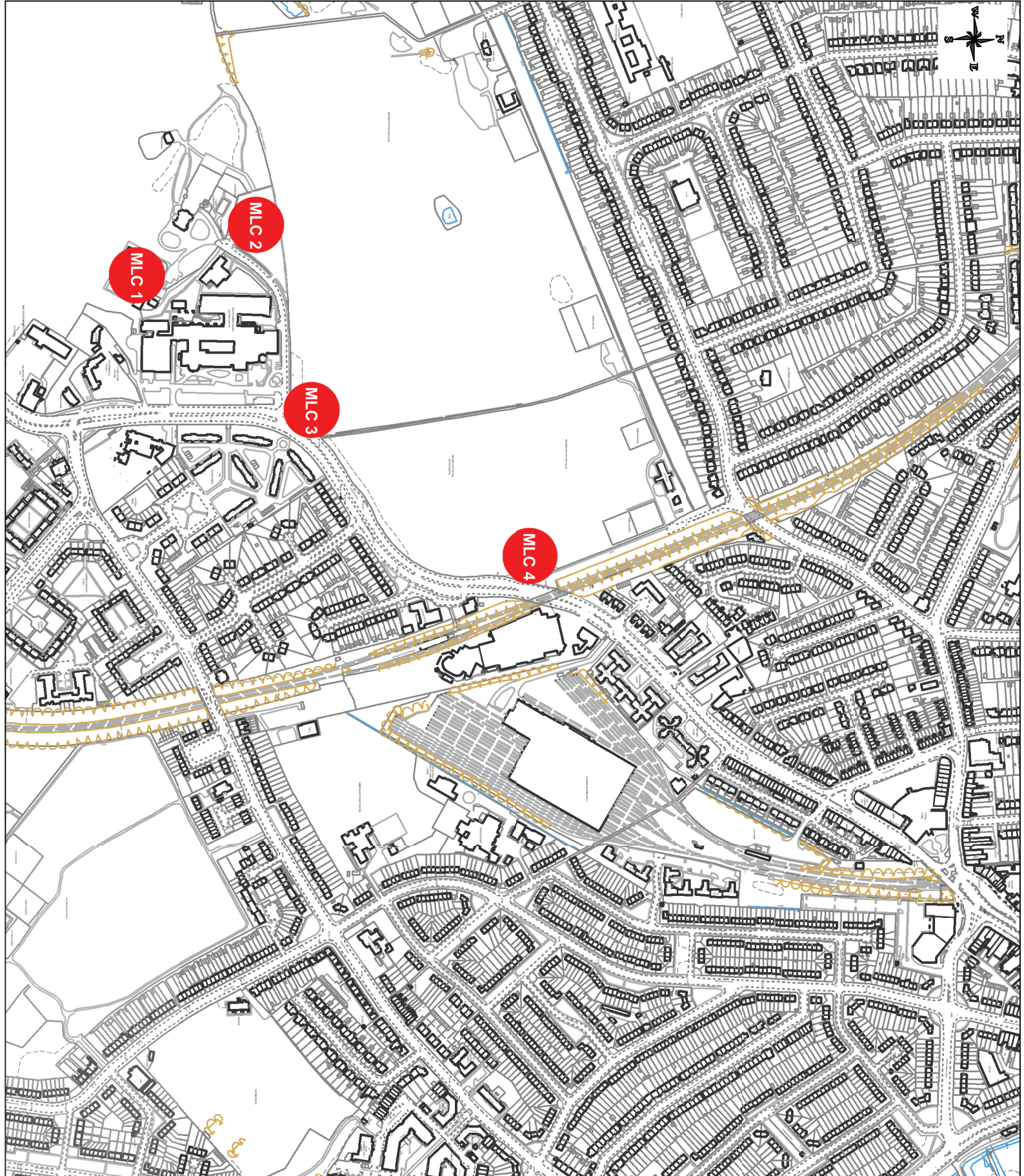
**Consultation:**

The council commissioned PPS, a consultation company, to carry out a public consultation in 2014 to determine the priorities for the facility mix for the new MLC. This consultation also advised the public that the intention would be to include in the new MLC those facilities chosen that the council could afford within the budgets available.

The findings of that public consultation were:-

1. Sport England Affordable Leisure Centres was a good base for the new centre.
2. The size of the centre should be based on Sport England's model 4, which includes, as a minimum:
  - 6 lane x 25m swimming pool
  - Secondary / teaching pool
  - 4 badminton court sports hall
  - 100 station health & fitness facility
  - 2 studios
  - Wet & dry changing facilities
3. The additional facilities for inclusion, as far as the budgets will allow, are prioritised as:
  - Café
  - Moveable floor in the secondary / main pool for diving
  - Extra lanes for the 25m pool to provide more water space
  - Fun uses for the secondary pool (e.g. floating toys)
  - Climbing Wall
  - Sauna
  - Crèche
  - Etc.
4. Consult further the local diving clubs regarding the diving provision
5. Consult further with the ethnic minority community and local sports clubs for sports hall use, as both were under-represented in the public consultation.
6. Consult further with Morden Park Playing Fields Trust (MPPFT) regarding their emerging proposals to re-establish and re-open the sports pitches in the park area. Consider how the two projects might complement each other and for any shared facility opportunities.

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London Borough of Merton  
Environment and Regeneration

**Morden Leisure Centre  
Appendix 2 – Sites Map**

October 2014

Scale 1 : 6,000

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**Committee: Cabinet**

**Date: 10<sup>th</sup> November 2014**

Wards: ALL

**Subject: South London Waste Partnership – Procurement of Waste Collection and Related Environment Services**

Lead officer: Chris Lee, Director of Environment and Regeneration

Lead member: Councillor Judy Saunders, Cabinet Member for Street cleanliness and Parking and Councillor Andrew Judge, Cabinet Member for Environmental Sustainability and Regeneration

Contact officer: Cormac Stokes, Head of Street Scene and Waste

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**Recommendations:**

**Cabinet is recommended to:**

A. Agree the proposal to jointly procure through London Borough of Croydon these services set out in Section 1.1 below, as part of the South London Waste Partnership, using the competitive dialogue procurement route.

B. Agree to delegate authority to the Chair of Management Group in consultation with the Management Group, Strategic Steering Group, the SLWP Legal Lead and members of the Joint Waste Committee to deselect bidders and agree the specification at each stage up to and including the invitation to submit final tender.

C. Receive a report in spring 2016 recommending Preferred Bidder and subject to approval, recommend that the London Borough of Croydon as lead procuring authority award the contract.

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**1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

1.1. This report provides a summary of the outcome of the South London Waste Partnership exploration into the potential for entering into a joint procurement exercise for the delivery of a range of environmental services. It is proposed to procure an integrated contract for waste collection, street cleaning, winter maintenance, commercial waste and vehicle maintenance as the main group of services (LOT1), with a separate lot for Sutton and Merton only for grounds maintenance (including parks, arboriculture and grass verges) (LOT2). The report also outlines the proposed timescales and recommended approach to procuring these services.

**2 DETAILS / BACKGROUND**

2.1. As a result of the economic downturn the current government has initiated policies aimed at reducing the public sector deficit, principally through reductions in public expenditure. As a result Councils have had significant reductions in their funding from government grants. At the same time the councils are facing increasing demand for services due to demographic



pressures and the consequences of other national government policies such as welfare reform.

- 2.2. The London Borough of Merton is no different from other Councils. The Council has faced a significant reduction to its Government funding since 2010 and to address this, the Council has consistently identified savings through its Medium Term Financial Strategy.
- 2.3. Despite this, further funding and grant reductions are expected from national government over the medium term with a funding gap of £32m projected by 2018/19. To address this funding gap, the Council initiated a service transformation programme to drive through the transformation of council services and deliver savings.
- 2.4. The South London Waste Partnership was formed in 2003 and has a proven record of providing improved and more cost-effective waste management services through the procurement of complex waste disposal treatment, recycling and Household Reuse and Recycling Centre contracts. The success of the Partnership was recognised in 2013 when it received the International Public Private Sector Partnerships award for its Residual Waste Disposal Project, where an innovative contracting structure saved over £200m against existing budgets and was praised for its 'optimum risk transfer'.
- 2.5. The South London Waste Partnership has two key objectives:
  - (i) To manage waste in a way that is more sustainable and causes less damage to the environment.
  - (ii) To manage waste in a way that is more cost-effective, for the benefit of council tax payers.
- 2.6. As part of the drive for even greater efficiency, SLWP Officers have been exploring the opportunities for future delivery of a range of high quality environmental services. An options analysis has been undertaken to assess the merits of procuring services in partnership, as opposed to each borough procuring alone, or retaining existing arrangements. It is important to note that procuring in partnership does not necessarily require that all partners need or receive the same service.
- 2.7. The four SLWP boroughs have made an assessment of delivery and procurement options and modelling savings based on joint procurement by all boroughs. The modelling suggests service savings in the region of 10% could be achieved on waste collection alone, excluding potential increased revenue from recycle materials. The Partnership's advisers, who have experience of negotiating similar integrated collection contracts around the country, suggest that further savings could be achieved on other services when included in an integrated contract.
- 2.8. Approach Taken
- 2.8.1 Each of the partner boroughs have different collection regimes and frequencies, including weekly and fortnightly collection of residual waste and recycling material, chargeable and non chargeable green garden waste and various types of containers. A breakdown of these services can be found at Appendix 1



- 2.8.2 The Partnerships Strategic Steering Group (which is chaired by a Chief Executive from the boroughs) reviewed an outline business case in December 2013. The business case assessed the merits of a number of delivery options for waste collection and other environmental services. It concluded that a joint procurement approach was the preferred option. To supplement this, a detailed procurement strategy needed developing.
- 2.8.3 The procurement strategy development included further officer and advisor workshops, research gathering and a second Soft Market Testing Exercise. This work concluded that the competitive dialogue method of procurement be used and the scope of the procurement defined as follows:
- (i) LOT 1 - Waste collection and recycling, commercial waste, street cleaning, winter maintenance and vehicle maintenance.
  - (ii) LOT 2 - Parks, ground maintenance, for Sutton & Merton only.
- 2.9. Findings - Research (Local Partnerships and Eunomia)
- 2.9.1 In 2013 the Partnership commissioned 'Local Partnerships' (an organisation jointly owned by HM Treasury and the LGA that provide commercial expertise on matters of infrastructure, legal and contractual complexity) to analyse existing borough collection regimes, with a view to identifying areas where efficiencies could be achieved. This analysis was reviewed by the Partnership's technical consultants Eunomia and formed the basis of the business case. This research concluded that on waste collection services alone there is the potential for substantial savings.
- 2.9.2 Eunomia modelled 12 different collection regimes, using standardised assumptions for staff, vehicles, materials revenue and economies of scale for management and depots. These 12 scenarios suggested that there was a varying amount of savings to be achieved depending on which collection model was adopted and the degree of harmonisation of services across the partnership.
- 2.9.3 The modelling work outlined above does not take account of the additional savings that may be achieved through a strong negotiating strategy and bidder's appetite. The Partnership intends to test the assumptions of the modelling work during the competitive dialogue process, using the information as a basis to drive down costs during commercial discussions with bidders.
- 2.10. Competitive Dialogue
- 2.10.1 The chosen procurement route for the project is Competitive Dialogue. This process involves pre-qualifying bidders and then de-selecting bidders through iterative stages, which are shown in the flow diagram at Appendix 2. The key determinants of the decision to use Competitive Dialogue are:
- The complexity of the requirement and the need to explore various options and service developments with bidders;
  - The costs of the services which is estimated to be in the region of [£50m] per annum, and the requirement for skilled negotiation to take place with bidders, particularly given the scale of spend and that making significant savings is a core requirement of the project.

- At the Soft Market Testing events prospective bidders confirmed they favoured this approach.
- 2.10.2 The timetable for the competitive dialogue process for these services can be found at Section 5. It is anticipated that contract award will be in September 2016 with contract commencement in April 2017.
- 2.11. Soft Market Testing (SMT) Findings
- 2.11.1 The Partnership undertook two SMT events the first in July 2013 and a further one in August 2014 based on the Lot structure at 2.3 above
- 2.11.2 Through SMT Discussions potential bidders told us a long term opportunity for a broad scope of services would be attractive to the market. Views from the market were in favour of the proposed contract length of between 21 and 25 years given this would provide scope for innovation and the capital investment required to deliver savings. The scope and duration of contract was attractive with the indication that a contract of this size would enable bidders to spread their risks, reducing profit margins and provide time to integrate any introduction of harmonised services.
- 2.11.3 The market view was in favour of revenue sharing on materials and for openness and transparency with regard to the pricing mechanisms for the value of materials. This would allow for the alignment of Council and contractor interests in achieving best prices for materials.
- 2.11.4 The market suggested that a sub-regional approach to waste collection and associated services in London would be extremely attractive. It also indicated the market would give a higher priority to the sub regional approach than that for individual boroughs, particularly ones which are still delivered in-house.
- 2.12. Economies of scale
- 2.12.1 As evidenced in previous procurements for waste disposal contracts a key advantage of working in partnership is the potential for economies of scale. Opportunities exist in the following areas:
- Consolidation of recycle tonnages across the partnership resulting in more competitive prices
  - Routing and vehicle efficiencies, including fuel savings;
  - Depot efficiencies
  - Staffing and management efficiencies;
  - Reduced procurement costs;
  - The integration of services both within boroughs and across the partnership
  - Enhanced resilience across the partner boroughs
- 2.12.2 The potential benefits of a joint procurement and the economies of scale were explored with the attendees of the soft market testing day and they agreed that these could be achieved only through a partnership approach to procuring these services give the opportunities in 2.22.

## 2.13. Savings potential

- 2.13.1 One of the Partnerships objectives is to manage waste in a way that is more cost effective for the benefit of council tax payers. As a minimum, the Partnership expects to deliver annual revenue savings of at least 10% or c£5m across the four boroughs, based on 2013/14 budgets. This represents a net present budget saving of £116m over a 25 year contract period with a payback of procurement costs in the first 4 months. Merton's share of this saving would be in the region £909k per annum.
- 2.13.2 The overall savings figure and the precise breakdown of savings across the four boroughs will be agreed by all partners and the successful contractor, as a result of detailed discussions during the Competitive Dialogue process.

## 3 **ALTERNATIVE OPTIONS**

- 3.1. Each of the boroughs have different options for the future provision the services included in LOT 1, these are set out below in the table below.

	Sutton	Croydon	Merton	Kingston
Option 1	Procure alone	Re-procure alone	Procure alone	Re-procure alone
Option 2	Do nothing – services remain in-house	Explore shared service/joint procurement outside SLWP	Do nothing – services remain in-house	Extend existing contracts
<i>Option 3</i>	<i>SLWP Procurement</i>	<i>SLWP Procurement</i>	<i>SLWP Procurement</i>	<i>SLWP Procurement</i>

- 3.2. As only Merton and Sutton are interested in pursuing LOT 2 the three options illustrated in the table above remain relevant for those two authorities. Croydon and Kingston have indicated that they will remain with their existing contractors. However the OJEU Notice will provide sufficient scope for the other partner boroughs to joint the contract at a later stage should they wish to do so.
- 3.3. Although each of the partners has a number of potential routes in which they can provide these services in the future it was concluded that a joint procurement of a single, integrated contract using competitive dialogue is the preferred option for the partnership. This is for the following reasons
- Joint procurement would allow for aggregation of valuable materials, producing a high volume tonnage into recycle markets.
  - Procurement efficiencies derived from procuring a range of services across four boroughs

- SLWP commissioned commercial expertise, derived from significant previous commercial negotiation with the providers within these markets
  - A single contract across a range of services allows the partnership to benefit from the economies of scale
  - Contractors are able to achieve savings across staff, depot, vehicles, routing and new software.
  - The attendees at the soft market testing event indicated that a sub-regional approach to waste collection and associated services in London would be extremely attractive and they would make this their top priority.
- 3.4. While efficiencies may be achievable by individual authority procurements a number of these might would not be realisable if an individual authority procured alone. This was confirmed by the market that a higher priority to the sub regional approach is given than that for individual boroughs, particularly ones which are still delivered in-house.

## **4 CONSULTATION UNDERTAKEN OR PROPOSED**

### **4.1. Residents**

4.1.1 The nature of consultation will depend on individual borough's approach to public consultation and its current service arrangements. Public consultation will be designed in such as way as to inform the dialogue process and the service specific solution. Merton's approach will be to engage with residents through various means including existing channels, My Merton, Community Forums, social media and special events as necessary.

### **4.2. Members**

4.2.1 Members of the JWC will be consulted continually and at the natural points in the procurement process, when proposals and potentially prices will be available. It is proposed for an initial workshop in December 2014 at which the specification principals and evaluation framework will be presented. These are key documents which will be prepared prior to going out to procurement, and the views of members on this committee will be key in shaping future service outcomes, and the method by which bids on each Lot will be evaluated as the procurement is progressed.

4.2.2 Further member consultation will be programmed in to the project timetable at key points shown in 5.0 below. This will allow the opportunity to track the progress of negotiations and shape services through the course of the dialogue process, and to agree the approach to public and staff consultation as applicable to each borough. This is intended to provide engagement through what will be a lengthy process.

### **4.3. Scrutiny**

4.3.1 It is recognised that there is a role for the Sustainable Communities Overview and Scrutiny Panel with respect to providing an independent view of the process and potential outcomes as they are shaped through the dialogue process.

4.3.2 Subject to the approval of the Sustainable Communities Overview and Scrutiny Panel, it is anticipated that the Panel will be consulted at regular intervals throughout the process, particularly at key decision points as outlined in the timetable in Section 5 below. In order to ensure that the timetable is adhered to it may be necessary to consult with the Chair of the Panel to arrange any special meeting that may be required.

4.4. Staff

4.4.1 It is vital that staff have the opportunity to assist in the shaping of future service provision in these areas given the impact of the proposal. It is therefore planned to carry out a series of consultation exercises with staff across the affected services. These will supplement the staff briefings already held. It is proposed that these consultation exercises will run in tandem with the sessions for members.

4.4.2 Monthly updates on the progress of the procurement process will be provided at the Departmental Consultative Committee to ensure the unions are engaged throughout the process.

4.4.3 Officers are currently working with both the HR and Communications teams to develop both the ongoing informal engagement processes and the formal consultation processes that will be required leading up to any potential transfer of staff under TUPE regulations.

**5 TIMETABLE**

The table below illustrates the proposed activity for the stakeholder engagement

<b>Activity</b>	<b>Date</b>
Borough Decisions on Procurement Strategy	January 2015
OJEU Notice Issued	January 2015
Outline Solutions Dialogue Stage	March – May 2015
Outline Proposals shared with Members of the SLWP Joint Waste Committee	May 2015
Detailed Solutions Dialogue Stage	June – October 2015
Detailed Proposals shared with Members of the SLWP Joint Waste Committee	October 2015
Final Tender Dialogue Stage	November 2015 – February 2016
Final Tender Proposals shared with Members of the SLWP Joint Waste Committee	March 2016

Executive Decisions on Preferred Bidder	May 2016
Contract Award	September 2016
Contract Commencement	April 2017

## 6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The cost of the proposed procurement exercise is estimated to be £1,635,360 over a 3 year period, with each borough contributing £408,840.

Resource Type	2014/15	2015/16	2016/17	Total cost
Internal resources	£65,100	£70,500	£15,750	£151,350
External advisors	£467,650	£605,500	£138,300	£1,211,450
Contingency	£106,550	£135,200	£30,810	£272,560
Overall Total	£639,300	£811,200	£184,860	£1,635,360
<b>Cost Per Borough</b>	<b>£159,825</b>	<b>£202,800</b>	<b>£46,215</b>	<b>£408,840</b>

- 6.2. The SLWP, through the London Borough of Merton, has applied for funding support through the Government's Transformation Challenge Award programme. If this application is unsuccessful, or does not provide sufficient funding for the project, the council is committed to contribute its share to the procurement process through funding already set aside for transformation projects of this kind held in the Council's reserves and to be agreed by the Merton 2015 Board.
- 6.3. There will be potential opportunities for the rationalisation of the 4 boroughs depot and transfer stations leading to both direct and indirect savings. Currently each of the boroughs depots are located geographically to suit the individual borough, giving scope for optimisation. This will be achievable as the bidders would be able to view the 4 authorities as one I area as opposed to 4 separate collection areas.

## 7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The partner boroughs are currently bound together by an Inter Authority Agreement (IAA) for its existing activities relating to the delegated functions of the Joint Waste Committee, notably waste disposal functions. A further legal agreement will be put in place prior to commencement of the procurement exercise to incorporate these services. The Phase C IAA is currently being developed by the South London Legal Partnership on behalf of Merton council which is the lead authority with respect to governance matters.
- 7.2. Once approval to progress is finalised by each partner borough this agreement will be put in place alongside the existing IAA, binding the

partners to the procurement exercise based on the principles set out in the current IAA.

## **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1. A preliminary integrated impact assessment has been completed for these universal services.

## **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. None specific to this report

## **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1. In order for the boroughs to realise the potential benefits associated with this joint procurement a firm commitment is required from each partner in order for the partnership to progress to OJEU stage. Each of the partners is seeking that approval to commence procurement through their appropriate decision making processes. It is anticipated that this approval will be finalised in January 2015.
- 10.2. A risk register for the procurement exercise will be established and monitored by Management Group Officers on a monthly basis and reported to the Strategic Steering Group. This risk register will initially capture the risks in 6 categories, strategic, commercial, financial, legal, technical and engagement activities.

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

Appendix 1 –Existing services provided by partner boroughs

Appendix 2 – Competitive Dialogue Flowchart

## **12 BACKGROUND PAPERS**

- 12.1. Held by Cormac Stokes, Head of Street Scene and Waste

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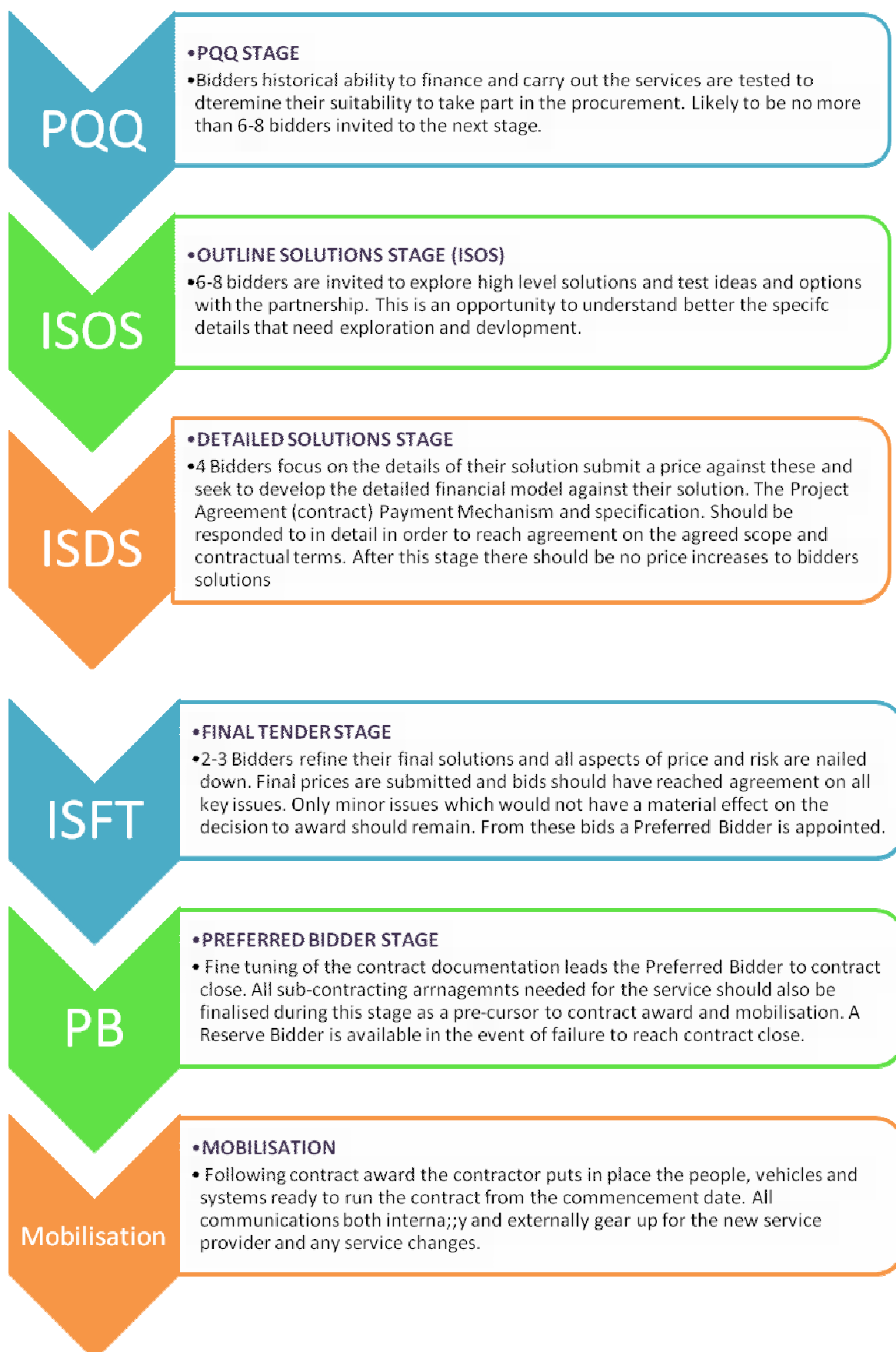
## Appendix 1

### Existing Service Arrangements by Borough

Borough	Waste Collection	Recylate Material Sales	Commercial Waste	Street Cleaning	Winter Maintenance	Parks and Landscaping	Fleet Maintenance
Croydon	Outsourced Veolia to March 2018	Veolia to March 2018	Veolia	Veolia Integrated	Veolia Integrated	Quadron contract expires 2019	Veolia
Merton	In House	Co-mingled, sold via Viridor	In House	In House	In House	In House	In House
Kingston	Outsourced Veolia to 2022 (Break point at 2015)	Source segregated, sold via Viridor	None	Veolia	Veolia (RBK retain control of gritting)	Quadron contract expires February 2016	Included within each contract for waste and green spaces
Sutton	In House	Co-mingled, sold via Viridor	In House	In House	In House	Parks In House Verges and trees outsourced	In House

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## Competitive Dialogue Process



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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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