

Merton Council

Sustainable Communities

Overview and Scrutiny

Panel



Date: 12 January 2017

Time: 7.15 pm

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

AGENDA

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**This is a public meeting – members of the public are very welcome to attend.
The meeting room will be open to members of the public from 7.00 p.m.**

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Sustainable Communities Overview and Scrutiny Panel Membership

Councillors:

Abigail Jones (Chair)
Daniel Holden (Vice-Chair)
Stan Anderson
Michael Bull
David Chung
Russell Makin
John Sargeant
Imran Uddin

Substitute Members:

Laxmi Attawar
Mike Brunt
Janice Howard
Abdul Latif
Edward Foley

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.

What is Overview and Scrutiny?

Overview and Scrutiny describes the way Merton's scrutiny councillors hold the Council's Executive (the Cabinet) to account to make sure that they take the right decisions for the Borough. Scrutiny panels also carry out reviews of Council services or issues to identify ways the Council can improve or develop new policy to meet the needs of local people. From May 2008, the Overview & Scrutiny Commission and Panels have been restructured and the Panels renamed to reflect the Local Area Agreement strategic themes.

Scrutiny's work falls into four broad areas:

- ⇒ **Call-in:** If three (non-executive) councillors feel that a decision made by the Cabinet is inappropriate they can 'call the decision in' after it has been made to prevent the decision taking immediate effect. They can then interview the Cabinet Member or Council Officers and make recommendations to the decision-maker suggesting improvements.
- ⇒ **Policy Reviews:** The panels carry out detailed, evidence-based assessments of Council services or issues that affect the lives of local people. At the end of the review the panels issue a report setting out their findings and recommendations for improvement and present it to Cabinet and other partner agencies. During the reviews, panels will gather information, evidence and opinions from Council officers, external bodies and organisations and members of the public to help them understand the key issues relating to the review topic.
- ⇒ **One-Off Reviews:** Panels often want to have a quick, one-off review of a topic and will ask Council officers to come and speak to them about a particular service or issue before making recommendations to the Cabinet.
- ⇒ **Scrutiny of Council Documents:** Panels also examine key Council documents, such as the budget, the Business Plan and the Best Value Performance Plan.

Scrutiny panels need the help of local people, partners and community groups to make sure that Merton delivers effective services. If you think there is something that scrutiny should look at, or have views on current reviews being carried out by scrutiny, let us know.

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Agenda Item 3

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.

SUSTAINABLE COMMUNITIES OVERVIEW AND SCRUTINY PANEL

1 NOVEMBER 2016

(7.15 pm - 9.05 pm)

PRESENT: Councillors Abigail Jones (in the Chair), Daniel Holden, Stan Anderson, Michael Bull, David Chung, Russell Makin, John Sargeant and Imran Uddin

Co-opted Members

ALSO PRESENT: Councillor Mark Allison (Deputy Leader and Cabinet Member for Finance), Nick Draper (Cabinet member for Community and Culture), Ross Garrod (Cabinet Member for Street Cleanliness and Parking), Martin Whelton (Cabinet Member for Regeneration, Environment and Housing), John Hill (Head of Public Protection and Development, ENVR), Caroline Holland (Director of Corporate Services), Chris Lee (Director of Environment and Regeneration), Cormac Stokes (Head of Street Scene and Waste), Simon Williams (Director, Community & Housing Department) and Annette Wiles (Scrutiny Officer), Cypren Edmunds (Chair of the High Path Community Association), Jackie Andrews, (Director of Housing South, Circle Housing), Jane Bolton (Head of Housing, Circle Housing), Simon Gagen (Head of Reactive Repairs, Circle Housing), Glen Jackson (Head of Planned Repairs, Circle Housing) and Paul Quinn (Director of Regeneration, Circle Housing)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

There were no apologies for absence.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of pecuniary interest.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

It was agreed that the minutes of item 6 (Pre-decision scrutiny: diesel premium report) will be forwarded for information to the relevant Cabinet Member. Also, the Chair will attend the Cabinet meeting at which this will be discussed to highlight the points that were raised by the members of the Panel.

The minutes were agreed as an accurate record of the meeting.

4 CIRCLE HOUSING MERTON PRIORY: QUESTIONS REGARDING REPAIRS AND REGENERATION (Agenda Item 4)

The following representatives of Circle Housing Merton Priory (CHMP) attended the meeting to answer questions regarding repairs and regeneration:

- Jackie Andrews, Director of Housing (South)
- Jane Bolton, Head of Housing
- Simon Gagen, Head of Reactive Repairs
- Glen Jackson, Head of Planned Repairs
- Paul Quinn, Director of Regeneration

Jackie Andrews provided an introduction saying that CHMP has recently met with Simon Williams, the Director of Community and Housing, and that it has been acknowledged performance is improving, trends are positive but there is more work to do to get the organisation to consistently be where it needs to be.

Cypren Edmunds, Chair of the High Path Community Association, was invited to address the Panel. He expressed his unhappiness with CHMP particularly its approach to repairs and consultations. He highlighted that the housing shortage in London means tenants are tied to the area and that with hindsight he wishes an ability to return to Council ownership had been built into the transfer agreement.

In response to member questions, CHMP clarified:

Regeneration:

- The regeneration of estates in Merton will provide a 12% increase in the number of comfortable and affordable homes available;
- It is guaranteed that all new homes will be at least the same size as those they are replacing with the majority actually being larger (some by up to 30%);
- Over crowding of current homes will be addressed based on need through rehousing. Where this is acute this may mean that more than one replacement home is needed. How this is determined will be addressed in consultation with each family;
- Over occupancy will also be addressed but this isn't a significant issue. Homes will be allocated based on the number of bedrooms needed plus one. Any tenant wishing to downsize should contact housing management at CHMP; and
- All existing tenants and homeowners who wish to take-up the opportunity of a new home will be able to do so. This is as stated in the CHMP offer made on 27 May 2016.

Repairs

- CMHP representatives committed to seek further information subsequent to the meeting on what was released in response to the Savills report into whistleblowing and to make this available to members. CHMP advised that clear lessons had been learned from the investigation; processes, systems and structures had been improved with evidence now forthcoming that this is having the required results. CHMP advised that these changes will support residents to have more confidence in it and is the basis for developing a better service;

- Section 20 of the Landlord and Tenants Act prohibits major repairs being undertaken unilaterally; landlords must specify what works are proposed and the level of cost. Tenants must be consulted on these proposals. CHMP acknowledged that in some cases (for example, the Watermeads Estate) this consultation has not been conducted adequately to address tenants' concerns (and in the case of the Watermeads estate resulted in both the scope of the major works and the associated costs being reduced). CHMP committed to looking at the consultation at Morden House as raised by Councillor Sargeant. He described tenants as feeling the consultation was a *fait accompli* and resistance useless. Councillor Pearce highlighted that his intervention and questioning of the need for major works had resulted in some being cancelled. CHMP acknowledged that some works had been changed with a resulting decrease in costs but that in some cases, these works are the best option to ensure an extended life for property;
- Frustrations caused by high staff turnover on major repairs were acknowledged, (Councillors reported this makes addressing tenants' concerns difficult and lengthy). CHMP advised that the recent restructure had ensured stability and would improve cross-team working meaning the formal processes involved and the personal contact needed would be addressed;
- CHMP's contract with Keepmoat will continue post the merger. Once the merger is completed this will be in the fourth year of a five year contract (that will end in February 2018) and will be reviewed by the newly merged organisation as it's thought new forms of contract will be needed. Residents will be consulted;
- The 13% decline since April 2016 in the number of repairs appointments made and kept was explained by CHMP as a resulting from anomalies in the recording system. For example, if CHMP is early for an appointment, this is recorded as late;
- Every appointment is limited to a two hour slot. If a repair takes longer than two hours, this is captured in the system by the setting of subsequent appointments;
- It was agreed that Simon Gagen, the Head of Reactive Repairs would contact Councillor Makin after the meeting for a visit to Phipps Bridge and Cherry Tree estates; and
- Glen Jackson, Head of Planned Repairs, committed to look into installing anti-slip on the concrete steps at Hatfield Mead and to update the Panel.

Governance and merger

- CHMP confirmed there will be one community Panel for the Merton area. It won't be part of the governance structure but will be linked to the landlord board;
- It was agreed that CHMP will review the use of LEAF funding to date in 16/17 to ensure this has been correctly allocated. Councillors expressed concern that Ravensbury Estate has not received its full allocation and that this has instead been spent on other estates;
- CHMP informed the Panel that following its merger with Affinity Sutton, the new Group will be called *Clarion*. A separate commercial company called *Latimer* is also being formed which will focus on development, social value and asset management; and

- CHMP highlighted its belief that the forthcoming merger with Affinity Sutton will provide benefit for both organisations; CHMP is better at income collection and dealing with void properties, whereas Affinity Sutton can provide greater expertise in customer relationship management. The merger will allow the number of new homes built to be trebled and for patch sizes to be reduced and a better service provided by making this more local.

5 ELECTED MEMBER PORTFOLIO PRIORITIES: CABINET MEMBERS FOR COMMUNITY AND CULTURE AND CLEANLINESS AND PARKING (Agenda Item 5)

Councillor Nick Draper, Cabinet Member for Community and Culture, highlighted his top ten portfolio priorities:

- Developing a friends strategy for Merton's greenspaces;
- Building of the new Morden Leisure Centre;
- Getting residents to think differently about their rubbish, especially when using Merton's amenities (ie: parks and paddling pools) so that they take this home with them;
- The solvency and survival of Merton's libraries;
- Ensuring that the new arrangements for Merton's provision of Adult Education provide life chances for all;
- Making cemeteries more profitable;
- The creation of big events that provide additional income for Merton;
- Ensuring the long term solvency of Merton's Adult Education against a background of budget reductions from central government;
- Expanding the regulatory shared service to include Wandsworth; and
- Delivering a cost neutral tourism and heritage strategy for the borough.

Additionally, Councillor Draper highlighted a number of other focuses: the development of a long term volunteer strategy for Merton's libraries, ensuring that Merton's sporting strategies are sufficiently flexible to support all, staff morale, equalisation of the regulatory shared service, promoting Merton's new arts space, ensuring the budget is maintained by having a firm grasp on what we are paying and supporting the Merton Partnership.

Councillor Ross Garrod, Cabinet Member for Cleanliness and Parking, highlighted his portfolio priorities:

- The implementation of the Viola/Phase C contract (the South London Waste Partnership contract for waste collection and related environment services). Currently, spending time with community groups such as the Friends of St Heliers, Merton Age UK and Merton CIL. Focus is now on a smooth transition with the Cabinet Member keeping a watchful eye with a willingness to enforce the terms of the contract where needed;
- Raising awareness of enforcement and the potential of receiving a £400 fine in order to encourage residents to not drop litter. Has recently been out on trips with waste teams to look at fly tipping;

- Keeping traffic flowing and specifically addressing unsafe parking outside schools; and
- Continuing to look innovatively at Merton's budget and funding cuts.

In response to member questions, the following responses were received from Cabinet Members:

- It cannot be guaranteed that events will not make a loss. The park event in the summer had been working towards a breakeven but this couldn't be guaranteed and so it was agreed to cancel. Events are now being planned a lot further in advance and being developed in partnership. It was agreed it is possible for Merton to hire out its facilities to an event organiser with the necessary expertise. This will allow the council to realise the financial benefits of holding events whilst diminishing the risk of losses;
- Whilst fines for littering are featured on the council's website, work is now on-going to get these featured in local media to help raised awareness amongst residents; and
- Enforcement officers are focused on town centres. Positioning these outside the magistrate's court in Alexander Road will be explored.

6 BUDGET AND BUSINESS PLAN (ROUND 1) (Agenda Item 6)

It was highlighted that whilst future savings will be required, there weren't any currently for this Panel to review and that at the moment, there is not a gap in the budget until 2019/20. Proposals will go to the Cabinet meeting in December and subsequently be reviewed by the Panel.

In response to member questions, it was clarified:

- The £27,000 net shortfall in savings to be added to the Community and Housing Savings Target is unlikely to come from housing and it's probably too early in the new arrangements for this to be provided by Adult Education. Cost savings are being considered from libraries.

7 PRE-DECISION SCRUTINY: PLANNING SHARED SERVICE (Agenda Item 7)

Chris Lee, Director for Environment and Regeneration, explained that a detailed feasibility study into a planning shared service had been conducted. This found that there is no business case or appetite for such a service at this time. Rather it is being recommended that smaller steps be taken starting with smart sharing and consideration of further integration around building control.

It was confirmed that the anticipated planning bill was one of the considerations feeding into the feasibility study. James McGinlay, Head of Sustainable Communities, highlighted that a white paper is anticipated in December 2016 which currently isn't thought likely to be as far reaching as was original suggested.

8 PERFORMANCE MONITORING (Agenda Item 8)

Chris Lee highlighted three items on the performance report for the Environment and Regeneration Department:

- Parking services: currently below target as there has been some initial teething problems with the Automatic Number Plate Recognition system. Performance of the system is now improving and will be subject to focused scrutiny at the January 2017 meeting;
- Reported fly tipping has reduced. This doesn't reflect that fly tipping itself is lessening but that waste services is getting better at picking this up before it is reported; and
- It has been previously reported that the performance indicators for planning were not accurate. This has been addressed; they are now accurate and ahead of targets.

9 COMMERCIALISATION TASK GROUP: DRAFT FINAL REPORT (Agenda Item 9)

The report and recommendations of the Commercialisation Task Group were accepted including that progress with setting up an energy supply company should be accelerated. Additionally, it was agreed that the Sustainable Communities Overview and Scrutiny Panel should consider annually how the council is realising commercial opportunities.

Members of the task group expressed their thanks to Stella Akintan, the scrutiny officer who supported its work. Additionally, the Panel thanked the task group for its work and report.

RESOLVED: to accept the report and recommendations of the Commercialisation Task Group

10 WORK PROGRAMME (Agenda Item 10)

The following items were noted with regard to the Panel's work programme:

- A meeting of the Public Transport Liaison Committee is being organised by the Sustainable Communities team for February 2017. A date will be confirmed shortly;
- Following a request from Councillor Holden, a briefing paper will be provided to the Panel on car clubs operating in the borough at the February 2017 meeting;
- The Wimbledon master plan will come to the Panel for its consideration towards the end of the financial year and before it progresses to Cabinet;
- Members were encouraged to take advantage of the forthcoming scrutiny training opportunities; and
- The proposed boundary changes are being considered by the Standards and General Purposes Committee.

SUSTAINABLE COMMUNITIES OVERVIEW AND SCRUTINY PANEL

27 OCTOBER 2016

(7.15 pm - 9.00 pm)

PRESENT: Councillors Abigail Jones (in the Chair), Stan Anderson, Michael Bull, David Chung, Janice Howard, Russell Makin, John Sargeant and Imran Uddin

ALSO PRESENT: Councillors Daniel Holden, Hamish Badenoch, David Williams and Martin Whelton (Cabinet Member for Regeneration, Environment and Housing)

Mitra Dubet (Future Merton Commissioning Manager), Paul McGarry (FutureMerton Manager), James McGinlay (Head of Sustainable Communities) and Julia Regan (Head of Democracy Services)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies were received from Councillor Holden (who was substituted by Councillor Janice Howard) due to his involvement in presenting the call-in request.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of pecuniary interest.

3 CALL-IN REPORT: BELVEDERE ROAD AND BELVEDERE GROVE EXPERIMENTAL WIDTH RESTRICTION REVIEW (Agenda Item 3)

The Chair invited Councillors Daniel Holden and Hamish Badenoch to explain why they had requested a call-in on this matter.

Councillor Daniel Holden said that traffic had been a longstanding issue for local residents and ward councillors in Wimbledon Village and Hillside and that traffic calming measures in nearby roads had resulted in traffic diverting to Belvedere Drive and Belvedere Grove. He said that ward councillors had received lots of complaints about traffic volume, speed and noise. He urged the Cabinet Member to continue to look for an equitable solution to these problems, particularly given the amount of time and money that had already been devoted to this.

Councillor Hamish Badenoch added that the issue had been highly contentious and that local residents' associations held differing views. He confirmed that the call-in request was not to ask for the experimental restrictions to remain but for the Cabinet Member to spend more time in consideration of alternatives such as a twenty mile per hour zone or "build outs" to deter traffic.

In response to questions from Panel members, Councillor Badenoch said that it was not his place to identify a preferred scheme but for officers to work on alternatives and to consider the impact of displacement from other traffic calming measures. He said that they did not support road closures. Councillor Holden added that the objective was to encourage through traffic to use main roads rather than residential streets.

The Chair invited representatives of residents' associations and a local resident to address the meeting:

Hilary Lewis-Ruttley, Murray Road North Residents' Association

Hilary Lewis-Ruttley said that the view of the Murray Road North Residents' Association was that the experimental restrictions had not been successful and should not be repeated. She said that they have similar experiences in the Ridgway and therefore have sympathy for residents in the Belvederes but also believe that people living near the High Street should expect and accept a higher volume of traffic.

The Murray Road North Residents' Association would like Belvedere Road and Belvedere Grove to be kept open because closure would make matters worse for other roads. Hilary Lewis-Ruttley urged the council to adopt a community contextual approach in discussion with businesses in Wimbledon Village to avoid restricting access to local businesses. She asked the council to consider measures such as a 20 MPH limit for the local area or for the whole borough, signage and other visible deterrence of the type seen in other village areas.

Susan Cusack, Belvedere Estate Residents' Association

Susan Cusack said that the Belvedere Estate Residents' Association agreed with the Cabinet Member's decision to end the experimental measures and to not undertake further volume surveys or traffic assessments for two years unless related to personal injury accidents and trends; and with his intention to look at the introduction of a 20 MPH zone. She said that they agree that there should be a holistic approach to traffic management and consideration of parking for customers to support local businesses.

Michael Weston, New Belvedere Estate Residents' Association

Michael Weston said that the New Belvedere Estate Residents Association considered that the main traffic problem in the Belvederes is volume rather than speed and that this has been exacerbated by traffic calming measures. He said that in their experience, and contrary to the accident report data, accidents are common in the area though not necessarily reported to the council.

The New Belvedere Estate Residents Association has carried out its own volume survey. This showed a marginal decline in volume overall but a significant reduction in heavy good vehicles which was most welcome. They wish to work with the council to discharge its duty to local residents by finding an effective solution.

In response to questions from Panel members Michael Weston said that they would like the Belvederes to remain as through roads but not to be used by through traffic. They would welcome effectively policed measures such as banned turns.

Fiona Cooper, Ridgway Place Residents' Association

Fiona Cooper said that the majority of Ridgway Place Residents' Association members were against width restriction in their area when consulted in 2014. Their main concern is the volume of traffic, especially heavy goods vehicles, which are numerous on the Ridgway despite restrictions being in place.

Fiona Cooper added that residents across the area all face the same situation and she encouraged the use of public transport to ameliorate this.

Suzanne Warre-Dymond, Community of Woodside Area Residents' Association

Suzanne Warre-Dymond said that it was the view of the Community of Woodside Area Residents' Association that the temporary width restrictions should be discontinued because they had delivered minimal benefit and been costly to maintain. They believe that other areas are worse affected and that a disproportionate amount of resources has been spent in the Village area in response to vocal residents. Suzanne Warre-Dymond said that as Woodside should have speed restrictions because it is the longest straightest residential road in the ward and therefore suffers from speeding traffic.

In response to questions, Suzanne Warre-Dymond noted that crossrail2 will have a large impact and that she like the idea of signage for residential areas such as those used in parts of Kingston.

Steven Turnbull, resident in Belvedere Drive

Steven Turnbull said that ward councillors were best placed to balance the competing demand of local residents and that he was disappointed that the decision to remove the temporary width restriction has undone the good work to find a compromise. His view was that vandalism and damage was not a sufficient justification for removal. He said that for the most part the restrictions had been complied with and had been effective in preventing heavy goods vehicles (HGVs) using those roads. He said that there is support for the roads to remain open but not for use by HGVs or through traffic, that measures elsewhere had had a negative impact and that he would like traffic to return to the main roads.

The Chair invited Councillor Martin Whelton, Cabinet Member for Regeneration, Environment and Housing to respond to points made by the call-in signatories and witnesses.

Councillor Whelton said that the decision had been a difficult one due to the long history, many conflicting viewpoints amongst local residents and the lack of an easy solution. He thought that any subsequent proposal would be likely to meet with dissent from some of the resident groups in the area. He expressed sympathy for affected residents but said that he had to consider the needs of the whole borough and work within a tight budget.

Councillor Whelton said that he had made the decision based on evidence that the temporary measures had not worked and in response to representations from residents who had been adversely affected by them. He added that he was open to suggestions for a solution, that junction entry points (i.e. speed humps on entry to street) could be reviewed and that he supported the aspiration to have a 20MPH zone borough-wide.

Council officers, James McGinlay (Head of Sustainable Communities), Paul McGarry (Head of Future Merton) and Mitra Dubet (Future Merton Commissioning Manager) made additional points in response to questions:

- At present measures to reduce speed are concentrated on areas outside schools. If funding did become available then a 20MPH zone would be likely to be rolled out incrementally across the borough, prioritised according to speed and accident data.
- Home zones and shared space zones have been trialled in the borough. These work best in small spaces, cul-de-sacs and town centres with high volume of pedestrians and therefore probably not suited to the Belvederes.
- Width restrictions have to be removable to allow emergency vehicles through
- HGVs are permitted access within an area that is subject to a lorry ban thereby making enforcement very difficult. Enforcing a lorry ban is resource intensive – have to stop vehicles to check destination and / or have cameras to identify destination. Currently the Council does not have the powers to enforce a lorry ban. The traffic survey showed a fairly low level of HGV vehicles in the area..
- The pre survey was carried out in week commencing 19 September and post survey in week beginning 9 January. The choice of dates represents normal practice and enabled time to consider results prior to making a decision about the scheme.
- Speed humps on entry to the Belvederes would slow traffic down but wouldn't prevent through traffic or HGVs from using the route – as speed is not an issue in the Belvederes this would not be an appropriate solution
- Cost of traffic volume surveys range from £250-300 when tubes on road are used to £1500 per camera if radar cameras are used. Total cost including analysis of data would be in region of £3500 for one site.

Panel members discussed the points raised by the call-in signatories, witnesses, officers and Cabinet Member.

The Panel noted the differences of opinion amongst local residents associations. The Panel agreed that this is a difficult and complex matter and that the main problem appears to be use of residential roads by heavy goods vehicles and other through

traffic rather than excessive speed. Panel members also agreed that traffic management issues should be dealt with holistically across the whole area rather than focussing on Belvedere Grove and Belvedere Drive. They noted that the Cabinet Member had acknowledged the need for a wider solution.

Panel members had differing views on whether the council should continue to pursue traffic calming measures on Belvedere Grove and Belvedere Drive within the next twenty four months. They also had differing views on whether the introduction of 20 MPH zones would result in slower moving traffic.

It was moved and seconded that the Panel should decide not to refer the matter back to the Cabinet Member for Regeneration, Environment and Housing. Five members voted in favour and 2 members voted against. The Panel therefore RESOLVED to not refer back to the Cabinet Member, in which case the Cabinet Member's decisions shall take effect immediately.

Panel members discussed whether to make a reference to the Cabinet Member asking him to consider what steps could be taken such as signage on key roads and improved junction treatment to create a visual impact to encourage drivers to drive more slowly and carefully. Also discussed whether to ask him to continue to monitor traffic volume over the next 24 months.

James McGinlay said that the decision to review in 24 months formed part of a borough wide programme of activities that were constantly reviewed and informed primarily by accident data.

It was moved and seconded that the Panel should make a reference to ask the Cabinet Member for Regeneration, Environment and Housing to consider the implementation of physical changes such as signage similar to the type already in place in other parts of the borough and improved junction treatment over an appropriate timescale so that the impact can be assessed when the next traffic volume survey is carried out in 24 months.

Six members voted in favour and 1 member voted against. The Panel therefore RESOLVED to make a reference to the Cabinet Member for Regeneration, Environment and Housing that would include the wording of the resolution plus a description of the Panel's discussion.

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Committee: Healthier Communities & Older People Overview and Scrutiny Panel

10 January 2017

Children and Young People Overview and Scrutiny Panel

11 January 2017

Sustainable Communities Overview and Scrutiny Panel

12 January 2017

Overview and Scrutiny Commission

26 January 2017

Wards: ALL

Subject: Business Plan Update 2017-2021 (Members are requested to bring the Business Plan Consultation Pack with them to these meetings)

Lead officer: Caroline Holland

Lead member: Councillor Mark Allison

Contact officer: Paul Dale

Recommendations:

1. That the Panel considers the proposed amendments to savings previously agreed set out in the Business Plan Consultation Pack;
 2. That the Overview and Scrutiny Commission also consider the Draft Business Plan 2017-21 report received by Cabinet at its meeting on 16 January 2017;
 3. That the Panel considers the draft capital programme 2017-21 and indicative programme for 2022-26 set out in Appendix 5 of the attached report on the Business Plan;
 4. That the Panel considers the draft savings/income proposals and associated equalities analyses set out in the Business Plan Consultation Pack;
 5. That the Panel considers the draft service plans set out in the Business Plan Consultation Pack ;
 6. That the Panel considers the contents of the consultation pack circulated;
 7. That the Panel considers the proposed growth set out in the business Plan Consultation Pack and considers the options for closing the revised gap in the MTFS set out in the report to Cabinet on 12 December 2016;
 8. That the Overview and Scrutiny Commission considers the comments of the Panels on the Business Plan 2017-2021 and details provided in the consultation pack and provides a response to Cabinet when it meets on the 13 February 2017.
-

1. Purpose of report and executive summary

- 1.1 This report requests Scrutiny Panels to consider the latest information in respect of the Business Plan and Budget 2017/18, including proposed amendments to savings previously agreed by Council, the draft capital programme 2017-21, the draft savings/income proposals and associated equalities analyses for 2017-21, the draft service plans, the proposed growth 2017-21 and the options for closing the revised gap in the MTFS, and feedback comments to the Overview and Scrutiny Commission.
- 1.2 The Overview and Scrutiny Commission will consider the comments of the Panels and provide a response on the Business Plan 2017-21 to Cabinet when it meets on the 13 February 2017.

2. Details - Revenue

- 2.1 The Cabinet of 12 December 2016 received a report on the business plan for 2017-21.

- 2.2 At the meeting Cabinet

RESOLVED:

That Cabinet

1. agrees the draft savings/income proposals (Appendix 2) and associated draft equalities analyses (Appendix 7) put forward by officers and refers them to the Overview and Scrutiny panels and Commission in January 2017 for consideration and comment.
 2. agrees the latest amendments to the draft Capital Programme 2017-2021 which was considered by Cabinet on 12 October 2016 and by scrutiny in November 2016. (Appendix 5)
 3. considers the proposed amendments to savings previously agreed. (Appendix 3)
 4. agrees the growth as outlined in paragraph 2.3.8 and Appendix 9 and consider the options for closing the revised gap in the MTFS as set out in Section 7 and refers them to the Overview and Scrutiny panels and Commission with more details in January 2017 for consideration and comment.
 5. agrees the Council Tax Base for 2017/18 set out in paragraph 2.5 and Appendix 1.
 6. consider the draft service plans. (Appendix 6)
-

3. **Alternative Options**

- 3.1 It is a requirement that the Council sets a balanced budget. The Cabinet report on 12 December 2016 sets out the progress made towards setting a balanced budget and options on how the budget gap could be closed. This identified the current budget position that needs to be addressed between now and the next report to Cabinet on 16 January 2017 and 13 February 2017, prior to Council on 1 March 2017, agreeing the Budget and Council Tax for 2017/18 and the Business Plan 2017-21, including the MTFs and Capital Programme 2017-21.

4. **Capital Programme 2017-21**

- 4.1 Details of the draft Capital Programme 2017-21 were agreed by Cabinet on 12 December 2016 in the attached report for consideration by Overview and Scrutiny panels and Commission.

5. **Consultation undertaken or proposed**

- 5.1 Further work will be undertaken as the process develops.
- 5.2 There is a meeting on 7 February 2017 with businesses as part of the statutory consultation with NNDR ratepayers. Any feedback from this meeting will be incorporated into the February Cabinet report.
- 5.3 As previously indicated, a savings proposals consultation pack was prepared and distributed to all councillors at the end of December 2016 with a request that it be brought to all Scrutiny and Cabinet meetings from 10 January 2017 onwards and to Budget Council. This should maintain the improvement for both councillors and officers introduced last year which made the Business Planning process more manageable for councillors and ensures that only one version of those documents is available so referring to page numbers at meetings will be easier. It will also considerably reduce printing costs and reduce the amount of printing that needs to take place immediately prior to Budget Council.
- 5.4 The consultation pack includes:
- Savings proposals
 - Growth proposals
 - Equality impact assessments for proposals where appropriate
 - Service plans (these will also be printed in A3 to lay round at scrutiny meetings)
 - Budget summaries for each department
 - Council Tax and Council spending consultation results

6. Timetable

- 6.1 The timetable for the Business Plan 2017-21 including the revenue budget 2017/18, the MTFS 2017-21 and the Capital Programme for 2017-21 was agreed by Cabinet on 19 September 2016.

7. Financial, resource and property implications

- 7.1 These are set out in the Cabinet report for 12 December 2016. (Appendix 1)

8. Legal and statutory implications

- 8.1 All relevant implications have been addressed in the Cabinet reports. Further work will be carried out as the budget and planning proceeds and will be included in the budget reports to Cabinet on the 16 January 2017, and 13 February 2017.
- 8.2 Detailed legal advice will be provided throughout the budget setting process further to any proposals identified and prior to any final decisions.

9. Human Rights, Equalities and Community Cohesion Implications

- 9.1 All relevant implications will be addressed in Cabinet reports on the business planning process.
- 9.2 A draft equalities assessment has been carried out with respect to the proposed budget savings and is included in the Business Plan Consultation Pack circulated to all Members.

10. Crime and Disorder implications

- 10.1 All relevant implications will be addressed in Cabinet reports on the business planning process.

11. Risk Management and Health and Safety Implications

- 11.1 All relevant implications will be addressed in Cabinet reports on the business planning process.

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

Appendix 1 - Cabinet report 12 December 2016: Draft Business Plan Update 2017-21 (NB: This excludes Savings, Growth, Service Plans and Equalities Assessments which are included in the Business Plan Consultation Pack)

Appendix 2 - Cabinet report 16 January 2017: Draft Business Plan 2017-21(TO FOLLOW WHEN PUBLISHED)

BACKGROUND PAPERS

- 12.1 The following documents have been relied on in drawing up this report but do not form part of the report:

Budget files held in the Corporate Services department.

2016/17 Budgetary Control and 2015/16 Final Accounts Working Papers in the Corporate Services Department.

Budget Monitoring working papers

MTFS working papers

13. **REPORT AUTHOR**

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email: paul.dale@merton.gov.uk Budget files held in the Corporate Services department.

Cabinet

12 December 2016

Agenda item:

Business Plan Update 2017-2021

Lead officer: Caroline Holland

Lead member: Councillor Mark Allison

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

Contact officer: Paul Dale

Urgent report:

Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Business Plan and Budget 2017/18 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2017-2021. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 1 March 2017 and set a Council Tax as appropriate for 2017/18.

Recommendations:

1. That Cabinet considers and agrees the draft savings/income proposals (Appendix 2) and associated draft equalities analyses (Appendix 7) put forward by officers and refers them to the Overview and Scrutiny panels and Commission in January 2017 for consideration and comment.
 2. That Cabinet agrees the latest amendments to the draft Capital Programme 2017-2021 which was considered by Cabinet on 12 October 2016 and by scrutiny in November 2016.(Appendix 5)
 3. That Cabinet considers the proposed amendments to savings previously agreed. (Appendix 3)
 4. That Cabinet agree the growth as outlined in paragraph 2.3.8 and Appendix 9 and consider the options for closing the revised gap in the MTFs as set out in Section 7 and refers them to the Overview and Scrutiny panels and Commission with more details in January 2017 for consideration and comment.
 5. That Cabinet agrees the Council Tax Base for 2017/18 set out in paragraph 2.5 and Appendix 1.
 6. That Cabinet consider the draft service plans. (Appendix 6)
-

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides an update to Cabinet on the Business Planning process for 2017-21 and in particular on the progress made so far towards setting a balanced revenue budget for 2017/18 and over the MTFS period as a whole.
- 1.2 Specifically, the report provides details of revenue savings and income proposals put forward by officers in order to meet the savings/income targets agreed by Cabinet in September 2016.
- 1.3 The report also provides an update on the capital programme for 2017-21 and the financial implications for the MTFS.
- 1.4 The report provides a general update on all the latest information relating to the Business Planning process for 2017-21 and an assessment of the implications for the Medium Term Financial Strategy 2017-21.
- 1.5 This report is one of the budget updates through the financial year and will be referred to the Overview and Scrutiny Panels and Commission in January 2017.

2. DETAILS

Introduction

- 2.1 A review of assumptions in the MTFS was undertaken and reported to Cabinet on 19 September 2016. There was also a report to Cabinet on 12 October 2016 which provided an update on progress made towards achieving savings previously agreed and proposed some amendments to these, and also provided details of the latest capital programme, including new bids and an indicative programme for 2022- 2027. The report referred them to the Overview and Scrutiny panels and Commission for consideration.
- 2.2 Taking into account the information contained in both the September and October Cabinet reports, the overall position of the MTFS reported to Cabinet on 12 October 2016 was as follows:-

(Cumulative Budget Gap)	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
MTFS Gap before Savings	9,462	15,206	16,565	31,995
Savings identified	(9,462)	(15,206)	(15,179)	(15,380)
MTFS Gap (Cabinet October 2016)	0	0	1,386	16,615

2.3 Review of Assumptions

Since Cabinet in October, work has been continuing to review assumptions, identify new savings/income proposals and analyse information which has been received since then.

2.3.1 Pay

As reported to Cabinet in September 2016, the current assumptions regarding pay inflation incorporated into the MTFs are based on the local government pay award for 2016/17 which has been agreed and will cover the two years from April 2016. For the lowest paid (those on spinal points 6-17) this means a pay rise of between 6.6% and 1.01% in the first year, and between 3.4% and 1.3% in the second. Those on spinal points 18-49 will receive 1% in year one and the same again the following year. The offer also includes a joint review of the NJC pay spine and term-time working for school support staff.

The provision for pay inflation has been reviewed and the following amounts are forecast to be required in the updated MTFs:-

Provision for Pay Inflation:

(Cumulative)	2017/18	2018/19	2019/20	2020/21
Pay inflation (%)	1.0%	1.0%	1.0%	1.0%
MTFS 12/10/2016 (cumulative £000)	984	1,969	2,953	3,938

2.3.2 Prices

The estimates for price inflation agreed by Council in March 2016 were reviewed and included in the September 2016 report to Cabinet. There has been a further review and the latest forecast is set out in the following table:-

	2017/18	2018/19	2019/20	2020/21
Price inflation in MTFs (%)	1.5%	1.5%	1.5%	1.5%
Revised estimate (cumulative £000)	2,200	4,400	6,599	8,799

The Consumer Prices Index (CPI) rose by 0.9% in the year to October 2016, compared with a 1.0% rise in the year to September. The main reasons for the drop in the rate were downward pressures to the prices for clothing and university tuition fees, which rose by less than they did a year ago, as well as falling prices for certain games and toys, overnight hotel stays and non-alcoholic beverages. The reduction in the rate was offset by rising prices for motor fuels, and by prices for furniture and furnishings, which fell by less than they did a year ago.

CPIH, a measure of UK consumer price inflation that includes owner occupiers' housing costs, rose by 1.2% in the year to October 2016, unchanged from September.

The RPI 12-month rate for October 2016 stood at 2.0%, unchanged from September 2016.

Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting ending on 2 November 2016, the MPC voted unanimously to keep the Bank Base Rate at 0.25%. It also voted unanimously to continue with the programme of sterling non-financial investment-grade corporate bond purchases totalling up to £10 billion, financed by the issuance of central bank reserves and also voted unanimously to continue with the programme of £60 billion of UK government bond purchases to take the total stock of these purchases to £435 billion, financed by the issuance of central bank reserves.

The MPC's latest projections for output, unemployment and inflation, conditioned on average market yields, are set out in the November Inflation Report. Output growth is expected to be stronger in the near term but weaker than previously anticipated in the latter part of the forecast period. The unemployment rate is projected to rise to around 5½% by the middle of 2018 and to stay at around that level throughout 2019. Largely as a result of the depreciation of sterling, CPI inflation is expected to be higher throughout the three-year forecast period than in the Committee's August projections. In the central projection, inflation rises from its current level of 1% to around 2¾% in 2018, before falling back gradually over 2019 to reach 2½% in three years' time. Inflation is judged likely to return to close to the target over the following year.

In the November Inflation Report, the MPC state that "as in the August projection, CPI inflation is projected to continue to rise over the next three months and over 2017. The contribution to inflation from petrol prices is expected to turn increasingly positive, in part reflecting rises in oil prices since January. In addition, sterling has depreciated by 21% since its peak in November 2015, which will continue to push up the prices of energy and other imported goods and services. The precise path for inflation will depend on the speed and degree to which companies pass through rising external costs to consumer prices, given domestic conditions."

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 (November 2016)			
2016 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.6	1.9	1.3
RPI	0.6	3.0	2.2
LFS Unemployment Rate	4.7	5.4	5.0

2017 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.9	3.8	2.7
RPI	0.7	5.2	3.3
LFS Unemployment Rate	4.6	6.0	5.4

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.

Independent medium-term projections for the calendar years 2016 to 2020 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (November 2016)					
	2016	2017	2018	2019	2020
	%	%	%	%	%
CPI	0.7	2.7	2.6	2.2	2.1
RPI	1.8	3.5	3.1	3.0	3.1
LFS Unemployment Rate	5.0	5.2	5.5	5.4	5.3

2.3.3 Inflation > 1.5%:

There is also a corporate provision 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. This will only be released for specific demonstrable demand.

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Inflation exceeding 1.5%	451	457	468	472

The cash limiting strategy is not without risks but if the Government's 2% target levels of inflation were applied un-damped across the period then the budget gap would increase by c. £2.8m by 2019/20.

2.3.4 Income

The MTFS does not include any specific provision for inflation on income from fees and charges. However, service departments can identify increased income as part of their savings proposals.

2.3.5 Pension Fund

A revaluation will be undertaken using data at 31/3/2016. This will be implemented at 1st April 2017. Discussions during the current financial year have been held with the actuary

Barnett Waddingham LLP and they have undertaken the revaluation and we are awaiting the outcome of this to assess the impact on the budget for 2017/18 and further into the MTFS.

2.3.6 Taxicards and Freedom Passes

These schemes are administered by London Councils on behalf of London boroughs. Latest information from London Councils indicates that negotiations with Transport for London (TfL) and the Association of Train Operating Companies (ATOC) will be concluded at the end of November 2015.

The MTFS includes the following amounts for Taxicards and Freedom Passes:-

	Current Estimate 2016/17 £000
Freedom Passes	9,298
Taxicards	103
Total	9,401
Uplift in MTFS	450
Provision in MTFS for 2017/18	9,851

Initial indications are that the charge to Merton for 2017/18 will be within the provision but this provision will be reviewed and reported when the figures are finalised.

2.3.7 Revenuisation

In recent budgets it has been recognised that some expenditure formerly included in the capital programme could no longer be justified as it did not meet the definition of expenditure for capital purposes. Nevertheless, it is important that some of this expenditure takes place and the following amounts have been included in the latest MTFS for 2017-21:-

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Revenuisation	2,100	2,100	2,100	2,100

The expenditure charged to capital during the current year is being closely monitored and is being reported through the monitoring report.

2.3.8 **Budgetary Control 2016/17 and need for growth**

The revenue budgetary control information below summarises the corporate position using the latest available information as at 31 October 2016 as shown in a separate

report on the agenda for this meeting. As at 31 October 2016, there is a forecast overspend for the Council of £5.740m.

The main causes of the overspend are:-

- Adult Social Care
- Waste
- Children's Services

Officers have been reviewing these budgets as part of the monthly monitoring procedures and it is clear that they will have an ongoing impact going forward and it will therefore be necessary to build some growth (Appendix 9) into the MTFS 2017-21.

The MTFS reported to Cabinet in October 2016 does not include any provision for growth from 2017/18 to 2020//21 and future years. In terms of addressing issues which have been identified as pressures that need to be addressed in 2017/18 the following budget growth is proposed:-

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Adult Social Care	9,345	252	(2,891)	0*
Waste and Regeneration **	1,582	222	(115)	0
Children's Services	1,000	500	500	500
Total	11,927	974	(2,506)	500
Cumulative total	11,927	12,901	10,395	10,895

* Subject to the Improved Better Care Funding remaining as stated

** to be confirmed

2.3.9 Capital Financing Costs

Revenue Implications of Current Capital Programme

As previously reported the Capital Programme has been reviewed and revised and a draft programme for 2017-2021 was approved by Cabinet on 12 October 2016, along with an indicative programme for 2022-26.

Section 6 of this report sets out details of progress made towards preparing the draft capital programme 2017-21.

The estimated capital financing costs based on the latest draft programme, which includes the best estimate of new schemes commencing in 2020/21, the effect of estimated government grant funding, estimated funding from the Education Funding Agency (EFA) and slippage/reprofiling based on 2015/16 outturn and latest monitoring information are set out in the following table. This also includes an element of revenue contribution to fund short-life assets:-

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Capital Programme (including slippage)	39,410	34,807	16,668	8,534
Revenue Implications	12,543	11,146	12,427	12,723

2.4 Forecast of Resources and Provisional Local Government Finance Settlement

2.4.1 Background

In recent years at the end of November to mid-December, the Department of Communities and Local Government (DCLG) has notified local authorities of their Provisional Local Government Finance Settlement. This has included the amounts of funding allocated to each local authority in terms of Revenue Support Grant, share of Business Rates and other major allocations of grant. The final Settlement figures are published the following January/February but are generally unchanged from the provisional figures. The total amount of funding available for local authorities is essentially determined by the amount of resources that Central Government has allocated as part of its annual Departmental Expenditure Limit which is set out in Autumn Statements/Spending Reviews published some weeks previously. However, this process is likely to change as the Government has invited local authorities to apply for a four year funding settlement as discussed below.

2.4.2 Multi-Year Funding Forecasts

As previously reported, when the Department for Communities and Local Government published the provisional local government finance settlement for English authorities in December 2015, the consultation document also described the offer of a four year funding settlement to any council that wished to take it up, alongside indicative allocations for each year of the Spending Review period, subject to authorities publishing an efficiency plan.

2.4.3 Cabinet on 19 September 2016, considered and agreed a draft Efficiency Plan and requested officers to submit a final version to the DCLG by the deadline of 14 October 2016 in order to qualify for the four year funding offer. This was completed within the deadline and the Efficiency Plan can be viewed [here](#). The funding has now been confirmed.

2.4.4 Autumn Statement 2016

The Chancellor of the Exchequer published his first Autumn Statement on 23 November 2016. This provides details of Government Department Expenditure Limits (DELs) from which the Provisional Local Government Finance Settlement follows in mid-late December 2016. Officers are currently reviewing the potential impact on the Finance Settlement. There is a summary of the key points included as Appendix 8.

2.4.5 Funding Forecasts for 2017/18 to 2020/21

Forecasting resources for 2017/18 and beyond is fraught with difficulties since it requires making assumptions about a wide variety of variables which the Government are not prepared to release at the current time, although accepting the four year funding offer has provided certainty over the level of RSG up to 2019/20. However, RSG is a reducing part of local government funding and will disappear when local authorities are given responsibility for 100% of Business Rates by the end of this Parliament (May 2020). Responsibilities currently funded by RSG and other grants will be expected to be met by business rates.

At the 2015 Autumn Statement the Government committed to piloting approaches to 100% business rates retention in London, Manchester and Liverpool from 1 April 2017. To ensure that an increase in the “local share” of business rates is fiscally neutral at the point of change, the Government and pilot areas are exploring:

- ending entitlement to certain grants and other funding streams
- devolving additional responsibilities to pilot areas and
- adjusting existing business rate tariffs and top ups.

NB Latest estimated impact on Merton’s top-up shows an increase of c.£395k in 2017/18 over 2016/17.

The Government intends to use the pilots to test mechanisms for full rollout of the 100% retention scheme. Changes to responsibilities between central government, local authorities and their preceptors (e.g. in London, the GLA) will impact on the level of business rates share that each one receives.

Share of Business Rates Yield

Currently, the yield from Business Rates is shared 50% Central Government (Central Share), and the Local Share is 30% to Merton and 20% to the GLA. The GLA have advised us that following the Government’s decision to introduce a London pilot scheme in 2017-18 - to aid preparation for the move to local authorities retaining 100% of business rates raised locally (expected by 2020-21) - the GLA’s share of local business rates will increase, with the increase being offset by a reduction in the Government’s central share of retained business rates. The GLA’s percentage share from 1 April 2017 will be confirmed in the provisional local government finance settlement but it is expected to be 37% reflecting the inclusion of the GLA’s Revenue Support Grant allocation and TfL capital grant within its retained business rates share. The central share payable to the Government would therefore fall from 50% to 33%.

For the reasons discussed above, assessing the implications for Merton’s funding at this stage, before the Provisional Finance Settlement is announced, is difficult.

2.4.6 Improved Better Care Fund

The Spending Review 2015 announced the introduction of the improved Better Care Fund worth £105 million in 2017/18, £800 million in 2018/19 and £1.5 billion in 2019/20.

In last year's Settlement Merton's allocations were £1.408m in 2018/19 and £3.061m in 2019/20, which are being used to reduce the level of growth in Adult Social Care in future years. Any changes to Merton's allocation or potential additional responsibilities will be reported as and when announced.

2.4.7 Public Health

In the Autumn Statement 2015, the Chancellor of the Exchequer confirmed that LAs' funding for public health would be reduced by an average of 3.9 per cent in real terms per annum until 2020. This equates to a reduction in cash terms of 9.6 per cent over the same period. The Autumn Statement also confirmed that a central government grant, ring-fenced for use on public health functions, would continue for at least two more years. From a 2015/16 baseline of £3.461 billion (which includes the full year equivalent of the budget for children aged 0-5 and the effect of the in-year saving of £200 million) there will be a reduction in the total grant of 2.2 per cent in 2016/17 and a further reduction of 2.5 per cent in 2017/18.

Merton's allocation announced in the Public Health Ring-Fenced Grant Determination 2016/17 (SI No 31/2719) was £10.998m for 2016/17, with an indicative allocation of £10.727m in 2017/18

2.4.8 Education Services Grant

In the Spending Review 2015, the Government announced a national reduction in Education Services Grant (ESG) and that the General Funding Rate will be abolished completely from 2017/18. Merton's ESG reduced by £0.234m from £2.594m in 2015/16 to £2.360m in 2016/17.

Merton's General Funding allocation in 2016/17 was £1.948m. The general funding rate will not be replaced by an alternative – the intention from DfE seems to be to rely on LAs new ability to top-slice DSG for central functions to cover the funding gap, which for Merton is already fully allocated, and could therefore impact on the General Fund if alternatives cannot be found.

There will be an update in future reports when further details are known.

2.5 **Council Tax Base**

- 2.5.1 The Council Tax Base is a key factor which is required by levying bodies and the Council for setting the levies and Council Tax for 2017/18. The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax Base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect

the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent). This will be used to set the Council Tax at Band D for 2017/18. The Council is required to determine its Council Tax Base by 31 January 2017.

- 2.5.2 Regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.
- 2.5.3 The Council Tax Base Return to central Government takes into account reductions in Council Tax Base due to the Council Tax Support Scheme and also reflects the latest criteria set for discounts and exemptions. The CTB Return for October 2016 is the basis for the calculation of the Council Tax Base for 2017/18.
- 2.5.4 Details of how the Council Tax Base is calculated are set out in Appendix 1. A summary of the Council Tax Bases for the Merton general area and the addition for properties within the Wimbledon and Putney Commons Conservators area for 2017/18 compared to 2016/17 is set out in the following table:-

Council Tax Base	2016/17	2017/18	Change
			%
Whole Area	71,327.0	72,442.3	1.56%
Wimbledon & Putney Common Conservators	11,127.2	11,131.2	0.04%

2.6 **Proposed Amendments to Previously Agreed Savings**

- 2.6.1 Cabinet on 12 October 2016 agreed some proposed amendments to savings which had been agreed in previous year's budgets and also agreed that the financial implications should be incorporated into the draft MTFS 2017-21.
- 2.6.2 There are some further requests for changes to existing savings as follows:-
- Environment and Regeneration propose to defer and replace saving EV08 on Waste Disposal deferring the £250k saving from 2017/18 to 2019/20
 - Environment and Regeneration propose to replace and defer savings within Development and Building Control

The overall effect of the proposed amendments is set out in the following table:-

SUMMARY (cumulative)	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Corporate Services	0	0	0	0	0
Children, Schools & Families	(60)	27	(201)	0	(234)*
Environment & Regeneration	574	(324)	(250)	0	0
Community & Housing	27	0	0	0	27**
Total	541	(297)	(451)	0	(207)
Net Cumulative total	541	244	(207)	(207)	(207)

* The net increase in savings will be applied against the CSF target set..

** The net shortfall in savings will be added to C&H Savings Target set.

2.6.3 Details of the proposed amendments to previously agreed savings are provided in Appendix 3.

3. **FEEDBACK FROM THE OVERVIEW AND SCRUTINY PROCESS IN NOVEMBER 2016**

3.1 The information available on the Business Planning process reported to Cabinet on 12 October 2016 was reviewed by the Overview and Scrutiny Panels and Commission in November 2016.

3.2 Feedback is included in a separate report to Cabinet on the agenda.

4. **SAVINGS PROPOSALS 2017-21 AND SERVICE PLANNING**

Controllable budgets and Savings Targets for 2017-21

4.1 Cabinet on 19 September 2016 agreed savings targets to be identified by service departments over the period 2017-21 as follows:-

SERVICE DEPARTMENT'S SAVINGS TARGETS FOR 2017-2021 BUSINESS PLANNING PROCESS	Total £000	Balance in amendments to existing savings £000	Total Savings Required £000
Corporate Services	586	0	586
Children, Schools & Families	912	(234)	678
Environment & Regeneration	1,659	0	1,659
Community & Housing	312	27	339
Total Savings/Income Proposals	3,469	(207)	3,262

4.2 Since then service departments have been reviewing their budgets and formulating further proposals to address their targets. The progress made to date is set out in this report.

- 4.3 Proposals that Cabinet agree at this meeting will be referred to the Overview and Scrutiny Commission and panels for review and comment in January 2017.
- 4.4 The proposals submitted by each department are summarised in the following table and set out in detail in Appendix 2.

SUMMARY (cumulative)	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Corporate Services	0	0	586	0	586
Children, Schools & Families	0	0	228	0	228
Environment & Regeneration	0	0	913	0	913
Community & Housing	0	0	339	0	339
Total	0	0	2,066	0	2,066
Net Cumulative total	0	0	2,066	2,066	

4.5 Summary of progress to date

- 4.5.1 If all of the proposals are accepted, the balance remaining to find is:-

	Targets £'000	Proposals £'000	Balance £'000
Corporate Services	586	(586)	0
Children, Schools & Families	678	(228)	450
Environment & Regeneration	1,659	(913)	746
Community & Housing	339	(339)	0
Total	3,262	2,066	1,196

- 4.6 Where departments have not met their target or put forward options that are deemed not to be acceptable then the shortfall will be carried forward to later meetings and future years budget processes to be made good.

4.7 Service Plans

- 4.7.1 Draft Service Plans are included in Appendix 6.

4.8 Equality Assessments

- 4.8.1 Draft Equalities Assessments where applicable are included in Appendix 7.

4.9 Use of Reserves in 2016/17 and 2017/18

- 4.9.1 The application of revenue reserves in 2016/17 to address any level of overspend will have an ongoing impact on the MTFS going forward. If the actual level of overspend is at

the level currently forecast it is possible that the Savings Mitigation Fund of £1.3m will be used and the budgeted increase in the Reserve for Use for Future Years Budgets of £2.4m will not take place. The reduction in the anticipated level of the Reserve for Use for Future Years Budgets will have an adverse impact on the budget gap.

5. UPDATE TO MTFS 2017-21

- 5.1 If the changes outlined in this report are agreed, the forecast gap in the MTFS over the four year period is as follows, subject to the impact of the Autumn Statement announcement on 23 November 2016 and Provisional Local Government Finance Settlement in December.

	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000
Budget Gap in MTFS	1,616	14,325	15,107	21,450

- 5.2 A more detailed MTFS is included as Appendix 4.
- 5.3 Draft Service department budget summaries based on the information in this report will be included in the pack available for scrutiny.

6. CAPITAL PROGRAMME 2017-21: UPDATE

- 6.1 The proposed draft Capital Programme 2017-21 and an Indicative Capital Programme 2021-27 were presented to Cabinet on 12 October 2016.
- 6.2 The programme has been reviewed by scrutiny panels.
- 6.3 Monthly monitoring of the approved programme for 2016/17 has been ongoing and there will inevitably be further changes arising from slippage, reprofiling and the announcement of capital grants as part of the local government finance settlement which has yet to be announced.
- 6.4 The changes that have been made to the proposed capital programme since it was presented to Cabinet in October 2016 are set out in Appendix 5.
- 6.5 The estimated revenue implications of funding the draft capital programme are summarised in paragraph 2.3.9 and these have been incorporated into the latest draft MTFS 2017-21.

7. BUDGET STRATEGY

7.1 For the first time in several years the council has a budget gap in the next financial year. The council has a statutory duty to set a balanced budget.

7.2 The table below shows the budget position after growth

	17/18	18/19	19/20	20/21
	£'000	£'000	£'000	£'000
GAP AFTER NEW SAVINGS (cumulative)	9,875	14,325	15,107	21,450
Appropriation to/from Balancing the Budget Reserve	(8,259)	0	0	0
Gap to be met from Savings and Income	1,616	14,325	15,107	21,450

7.3 The MTFS assumes 2% ASC Council Tax flexibility and 1.75% Council Tax increase in 2019/20, and 2020/21 in line with the Government's assumptions. There are no changes in Council Tax assumed for 2017/18 and 2018/19 in the above figures in line with the commitments of the Administration to freeze council tax.

7.4 The above figures also assume that the level of Better Care Funding included continues at the same level as for 2016/17. i.e. £5.5m. However, Merton CCG have indicated that the Council should plan on the basis of a maximum CCG transfer of the mandatory contribution towards social care funding into the BCF of £3.4m in 2017/18. This will be subject to review and maybe increased if the Council raises Council Tax using the ASC Council Tax flexibility criteria.

7.5 The table below shows the budget position assuming the maximum CCG transfer of the mandatory contribution of £3.4m and therefore a reduction of £2.1m in the level of BCF funding from 2016/17 funding levels.

	17/18	18/19	19/20	20/21
	£'000	£'000	£'000	£'000
GAP AFTER NEW SAVINGS (cumulative)	9,875	14,325	15,107	21,450
Appropriation to/from Balancing the Budget Reserve	(8,259)	0	0	0
Gap to be met from Savings and Income	1,616	14,325	15,107	21,450
Reduction in Better Care Funding	2,100	2,100	0	0
Gap to be met from Savings and Income	3,716	16,425	15,107	21,450

7.6 There are limited options for dealing with this:-

7.6.1 Raising the Council tax

The maximum increase without a referendum has not been announced. Last year it was 1.99% for a general rise and a precept of 2% specifically for adult social care.

- a) If the 2% ASC precept was to be taken in 2017/18, based upon a 97.25% collection rate this would yield the following amounts.

2017/18	2018/19	2019/20	2020/21
£'000	£'000	£'000	£'000
1,597	1,605	1,613	1,621

The budget gap assuming 2% ASC precept in 2017/18 but not in 2018/19, and assuming no loss of Better Care Funding, would be as set out in the following table:-

	17/18	18/19	19/20	20/21
	£'000	£'000	£'000	£'000
Gap to be met from Savings and Income	1,616	14,325	15,107	21,450
Less:				
2% ASC Council Tax Precept in 2017/18	(1,597)	(1,605)	(1,613)	(1,621)
Gap to be met from Savings and Income	19	12,720	13,494	19,829

- b) If the 2% ASC precept was also to be taken in 2018/19, based upon a 97.25% collection rate this would yield the following amounts.

2017/18	2018/19	2019/20	2020/21
£'000	£'000	£'000	£'000
1,597	3,210	3,226	3,242

The budget gap assuming 2% ASC precept in 2017/18 and 2018/19 and assuming no loss of Better Care Funding would be as set out in the following table:-

	17/18	18/19	19/20	20/21
	£'000	£'000	£'000	£'000
Gap to be met from Savings and Income	1,616	14,325	15,107	21,450
Less:				
2% ASC CT Precept in 2017/18 & 2018/19	(1,597)	(3,210)	(3,226)	(3,242)
Gap to be met from Savings and Income	19	11,115	11,881	18,208

- c) If the council tax were raised by 3.99% including the 2% ASC flexibility in 2017/18, but no increase in 2018/19, this would generate the following amounts.

2017/18	2018/19	2019/20	2020/21
£'000	£'000	£'000	£'000
3,186	3,202	3,218	3,234

Assuming no loss of Better Care Funding as the ASC Council Tax flexibility has been used, the gap would be as follows:-

	17/18	18/19	19/20	20/21
	£'000	£'000	£'000	£'000
Gap to be met from Savings and Income	1,616	14,325	15,107	21,450
Less:				
3.99% increase in 2017/18 only	(3,186)	(3,202)	(3,218)	(3,234)
Gap to be met from Savings and Income	(1,570)	11,123	11,889	18,216

- d) If the council tax were raised by 3.99% including the 2% ASC flexibility in both 2017/18 and 2018/19, this would generate the following amounts.

2017/18	2018/19	2019/20	2020/21
£'000	£'000	£'000	£'000
3,186	6,404	6,436	6,468

This would leave the following gaps:-

	17/18	18/19	19/20	20/21
	£'000	£'000	£'000	£'000
Gap to be met from Savings and Income	1,616	14,325	15,107	21,450
Less:				
3.99% increase in 2017/18 and 2018/19	(3,186)	(6,404)	(6,436)	(6,468)
Revised Gap	(1,570)	7,921	8,671	14,982
Appropriations to/from Balancing the Budget Reserve	1,570	(1,570)	0	0
Gap to be met from Savings and Income	0	6,351	8,671	14,982

7.6.2 Making spending reductions in 2017/18

If the same weighted controllable budgets were used as are normally the following pattern of savings would be required.

	Weighted Controllable budget	Saving £000
Corporate Services	20.8%	773
CSF	15.5%	576
ES	30.9%	1,148
CH	32.8%	1,219
	100.0%	3,716

If CSF and C&H are excluded from taking additional savings , the savings required by CS and E&R based on controllable budgets would be:-

	Weighted Controllable budget	Saving £000
Corporate Services	40.2%	1,494
ES	59.8%	2,222
		3,716

7.6.3 Use of GF Balances and Un-earmarking earmarked reserves. This is not recommended as it does not produce any long term improvement in the Council's financial position and would reduce the ability to carry out cost reduction projects in the future.

8. **CONSULTATION UNDERTAKEN OR PROPOSED**

- 8.1 There will be extensive consultation as the business plan process develops. This will include the Overview and Scrutiny panels and Commission, business ratepayers and all other relevant parties.
- 8.2 The Council launched a consultation with residents on council tax and council spending on 9 September 2016. Residents had until 4 November 2016 to respond and the outcome will be taken into consideration when the decisions are to be made with respect to the council tax and MTFS for 2017-21 as part of the Business Planning Process.

The outcomes from the consultation are detailed elsewhere on the agenda.

- 8.3 However, as part of the response, the CCG have indicated that there would be a reduction in funding of approximately £2m if there was not an increase in Council Tax.
- 8.4 In accordance with statute, consultation is taking place with business ratepayers and a meeting will be arranged for early in 2017.
- 8.5 As previously indicated, a savings proposals consultation pack will be prepared and distributed to all councillors at the end of December 2016 that can be brought to all Scrutiny and Cabinet meetings from 10 January 2017 onwards and to Budget Council. As it was last year, this should be an improvement for both councillors and officers - more manageable for councillors and it will ensure that only one version of those documents is available so referring to page numbers at meetings will be easier. It will also keep printing costs down and reduce the amount of printing that needs to take place immediately prior to Budget Council.
- 8.6 The pack will include:
- Savings proposals
 - Equality impact assessment for each saving proposal
 - Service plans (these will also be printed in A3 to lay round at scrutiny meetings)

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 Draft Equalities assessments of the savings proposals are included in Appendix 7.

13. CRIME AND DISORDER IMPLICATIONS

13.1 Not applicable

14. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

14.1 Not applicable

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

Appendix 1: Council Tax Base 2017/18

Appendix 4: MTFS Update

Appendix 5: Capital Programme 2017-21

Appendix 8: Autumn Statement 2016 – Summary of key Points

NOW INCLUDED IN CONSULTATION PACK

Appendix 2: New savings/income proposals 2017-21

Appendix 3: Proposed amendments to savings previously agreed

Appendix 6: Service Plans 2017-21

Appendix 7: Equalities Assessments

Appendix 9: Growth proposals

BACKGROUND PAPERS

Budget files held in the Corporate Services department.

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APPENDIX 1**Council Tax Base 2017/18****1. INTRODUCTION**

- 1.1 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent).
- 1.2 Since 2013/14 the Council Tax Base calculation has been affected by the introduction of the new local council tax support scheme and technical reforms to council tax. On 30 November 2012, new regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) came into force. These regulations ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.
- 1.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 1.4 The relevant amounts are calculated as
 - number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
 - adjusted for the number of discounts, and reductions for disability, that apply to those Dwellings
- 1.5 All authorities notify the DCLG of their unadjusted Council Tax Base using a CTB Form using valuation list information as at 12 September 2016. The deadline for return was 14 October 2016 and Merton met this deadline.
- 1.6 The CTB form for 2016/17 includes the latest details about the Council Tax Support Scheme and the technical reforms which impacted on discounts and exemptions.
- 1.7 There is a separate council tax base for those properties within the area covered by Wimbledon and Putney Commons Conservators. The Conservators use this, together with the Council Tax bases from RB Kingston, and Wandsworth to calculate the levy which is charged each year.

2. ASSUMPTIONS IN THE MTFS

- 2.1 Other than changes in the actual council tax rates levied, in producing a forecast of council tax yield in future years, there are two key variables to be considered:-

- the year on year change in Council Tax Base
- the council tax collection rate

2.2 The draft MTFS previously reported to Cabinet during the business planning process has assumed that the Council Tax Base increases 0.5% per year and that the collection rate is 97.25% in each of the years.

2.3 These assumptions have been applied to the latest Council Tax Base information included on the CTB return completed on 14 October 2016 to produce the Council Tax Base 2017/18.

2.4 Information from the October 2016 Council Tax Base Return

2.4.1 The Council makes two CTB returns, one for the whole area of the borough and the other for the area covered by the Wimbledon and Putney Common Conservators for which an additional levy is applied.

2.4.2 The information in the CTB returns has been used to calculate the council tax bases and these are summarised in the following table compared to 2016/17:-

Council Tax Base	2016/17	2017/18	Change
			%
Whole Area	71,327.0	72,442.3	1.56%
Wimbledon & Putney Common Conservators	11,127.2	11,131.2	0.04%

3. **IMPLICATIONS FOR COUNCIL TAX YIELD 2017/18**

3.1 Assuming that council tax charges remain as for 2016/17 the estimated income in 2017/18 compared to 2016/17 and the current assumption in the MTFS are summarised in the following table:-

Council Tax: Whole area	2016/17	2016/17
Tax Base	71,327.0	72,442.3
Band D Council Tax	£1,102.25	£1,102.25
Estimated Yield	£78.620m	£79.850m
Change: 2016/17 to 2017/18 (£000)		+ £1.230m
Change: 2016/17 to 2017/18 (%)		+ 1.6%

3.2 Analysis of changes in yield 2016/17 to latest 2017/18

3.2.1 There are a number of reasons for the change in estimated yield between 2016/17 and the latest estimate based on the CTB data.

3.2.2 Over this period the Council Tax Base increased by 1,115.3 from 71,327 to 72,442.3 which multiplied by the Band D Council Tax of £1,102.25 results in additional yield of £1.230m.

3.2.3 An exact reconciliation for the change between years is not possible because of changes in distribution of Council Tax Support and discounts and benefits, and premiums between years varies and bands. However, broadly the changes can be analysed as follows:-

a) No Change in collection rate from 97.25%

There has been no change in the estimated collection rate of 97.25% between 2016/17 and 2017/18.

b) Number of Chargeable Dwellings and Exempt Dwellings

Between years the number of properties increased by 659 from 83,078 to 83,737 and the number of exempt dwellings increased by 8 from 771 to 779. This means that the number of chargeable dwellings increased by 651 between years. Based on a full charge, this equates to additional council tax of £0.667m.

c) Amount of Council Tax Support Reduction

In 2016/17 there was a reduction of 9,099.9 to the Council Tax Base for the local council tax support. This has reduced to 8,639.2 in 2017/18 which is a change of 460.7 and equates additional council tax of about £0.472m.

d) Changes in Discounts, Exemptions and Premiums

Overall, the level of discounts, exemptions and premiums in the 2017/18 calculation is less than that included in 2016/17 resulting in an increase of about 52 in the council tax base which increases yield by around £0.090m

e) Summary

The following puts the individual elements together to show how the potential council tax yield changes between 2015/16 and 2016/17:-

	Approx. Change in Council Tax Base	Approx. Change in Council Tax yield
		£m
Increase in number of chargeable dwellings	651	0.667
Change in Council Tax Support Reductions	461	0.472
Change in discounts, exemptions, premiums and distribution	3	0.090
Total	1,115	1,229

3.10 Council Tax Yield 2017/18

3.10.1 Assuming no change in Council Tax for 2017/18 the estimated Council Tax yield for 2017/18 is:-

Council Tax: Whole area	Tax Base	Band D 2016/17	Council Tax Yield 2017/18	Council Tax Yield 2016/17
Merton	71,327.0	£1,102.25	£79.850m	£78.620m
WPCC	11,127.2	£26.97	£0.300m	£0.300m
GLA	71,327.0	£276.00	£19.994m	£19.686m

The amounts collected for the GLA and WPCC are paid over to each of them as precepts.

3.10.2 The MTFs reported to Cabinet on 12 October 2016 assumed an annual collection rate of 97.25% and year on year increases in Council Tax Base of 0.5%. The potential change in Council Tax yield on that included in the MTFs based on the new Council Tax Base is as follows:-

MTFS Council Tax Yield: EXISTING CT BASE	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Council Tax - 16/17 CT Base, No change in precept	79,013	79,408	79,805	80,204
Council Tax - Adult Social Care up to 2% flexibility	-	-	1,596	3,198
Council Tax Change (1.75%)	-	-	1,397	2,807
Council Tax income	79,013	79,408	82,798	86,209
Council Tax Yield: NEW CT BASE	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Council Tax - New CT Base, No change in precept	79,850	80,249	80,650	81,053
Council Tax - Adult Social Care up to 2% flexibility	-	-	1,613	3,234
Council Tax Change (1.75%)	-	-	1,411	2,830
Council Tax income	79,850	80,249	83,674	87,117

CHANGE IN YIELD	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Council Tax - New CT Base, No change in precept	837	841	845	849
Council Tax - Adult Social Care up to 2% flexibility	-	-	17	36
Council Tax Change (1.75%)	-	-	15	23
Council Tax income	837	841	876	908

DRAFT MTFS 2017-21:				
	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000
Departmental Base Budget 2016/17	139,982	139,982	139,982	139,982
Inflation (Pay, Prices)	3,184	6,368	9,553	12,737
Autoenrolment/Nat. ins changes	857	1,172	1,172	1,172
FYE – Previous Years Savings	(9,429)	(15,173)	(15,173)	(15,173)
Amendments to previously agreed savings	541	244	(207)	(207)
Change in Net Appropriations to/(from) Reserves	(1,158)	(2,278)	(2,013)	(1,871)
Taxi card/Concessionary Fares	450	901	1,351	1,801
Change in depreciation/Impairment (Contra Other Corporate items)	4,681	4,681	4,681	4,681
Growth	11,927	12,901	10,395	10,895
Other	71	144	220	301
Re-Priced Departmental Budget	151,106	148,943	149,960	154,317
Treasury/Capital financing	12,543	11,146	12,427	12,723
Pensions	4,592	4,799	5,015	5,015
Other Corporate items	(17,851)	(17,504)	(17,856)	(17,856)
Levies	628	628	628	628
Sub-total: Corporate provisions	(88)	(931)	214	510
Sub-total: Repriced Departmental Budget + Corporate Provisions	151,018	148,012	150,174	154,827
Savings/Income Proposals 2017/18	0	0	(2,066)	(2,066)
Sub-total	151,018	148,012	148,108	152,761
Appropriation to/from departmental reserves	(843)	277	12	(130)
Appropriation to/from Balancing the Budget Reserve	(8,259)	0	0	0
BUDGET REQUIREMENT	141,916	148,288	148,121	152,632
Funded by:				
Revenue Support Grant	(15,520)	(10,071)	(5,076)	0
Business Rates (inc. Section 31 grant)	(34,847)	(35,553)	(36,295)	(36,952)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(4,763)	(2,993)	(2,871)	(2,000)
Council Tax inc. WPCC	(80,150)	(80,549)	(83,974)	(87,432)
Collection Fund – (Surplus)/Deficit	(224)	0	0	0
TOTAL FUNDING	(140,300)	(133,963)	(133,014)	(131,181)
GAP including Use of Reserves (Cumulative)	1,616	14,325	15,107	21,450
Potential Loss of Better Care Funding	2,100	2,100		

CAPITAL STRATEGY 2017/21

1 Introduction

1.1 Merton's Capital Strategy for 2017-21 has been aligned and integrated with the Business Plan for the period 2017-21. The Business Plan sets out how the Authority's objectives have been shaped by Merton Partnership in the Community Plan. The Community Plan sets out the overall vision and strategic direction of Merton which are embodied into five strategic themes:-

- Children's Trusts;
- Health and Wellbeing Board;
- Safer and Stronger Communities;
- Sustainable Communities and Transport;
- Corporate Capacity

1.2 Merton Partnership works towards improving the outcomes for people who work, live and learn in the borough and, in particular, to 'bridge the gap' between the eastern and western wards in the borough.

1.3 The financial reality facing local government dominates the choices the council will make for the future of the borough. The development of the Business Plan 2017/21 is therefore based on the set of guiding strategic priorities and principles, as adopted by the council on 13 July 2011:

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

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

1.4 Merton's scrutiny function reflects the five strategic themes above and the themes have been incorporated into the bidding process for capital funding to ensure that scarce financial resources are targeted towards strategic objectives.

2 Planning Infrastructure

2.1 Business Plan 2017-2021

- 2.1.1 The Business Plan sets out the council's vision and ambitions for improvement over the next four years and how this will be achieved. Business Planning and financial planning frameworks are closely aligned and integrated.

2.2 Target Operating Models (TOMs)

- 2.2.1 TOMs, or Target Operating Models are a series of strategy documents that set out how the organisation will respond to and manage change over the coming months and years. TOMs have been produced for Service Areas or Departments throughout the Council.
- 2.2.2 A TOM is a statement of how an organisation will deliver its services within a certain structure as a future point in time, TOMs are living documents and will change as the organisation develops. There are a number of elements to a TOM, for Merton these are – Customer Segments, Channels, Services, Organisation, Processes, Information, Technology, Physical Location and People
- 2.2.3 Developing a TOM is about planning and preparing for change and improvement in a given service. Delivering contexts change and opportunities for improvement are always available, so taking the time to prepare/refresh a TOM allows those within a service to consider its many facets and dependencies and determine how these will change over the coming years. Having an ambitious vision for what the future looks like for the service (which is what a TOM provides), ensures that improvement activity will be more disciplined and controlled and therefore more likely to succeed.

2.3 Service Plans

- 2.3.1 In developing the Capital Strategy, clear linkages have also been identified with not only the Business Plan, TOMs but also departmental service plans beneath this. It reflects the capital investment implications of the approved objectives of those plans, which themselves reflect the council's proposals set out in service based strategies such as the Primary Places Strategy, Local Implementation Plan (Transport), and Asset Management Plans. Priorities for the Corporate Services department are based around how the council manages its resources effectively and how it carries out its wider community leadership role.

- 2.3.2 This Capital Strategy is a fundamental component of our approach since it reflects our strategic priorities across the council and endeavours to maximise the contribution of the council's limited capital resources to achieving our vision. We will work closely with residents, community organisations and businesses to focus our resources and those of our partners effectively. The strategy also sets out the management arrangements for allocating resources to individual schemes, establishing funding for projects, monitoring progress, managing performance and ensuring that scarce capital resources are allocated efficiently.

3 Accounting Definitions and Practices

- 3.1 The council's approach to Capital Accounting follows the Code of Practice on Local Authority Accounting, which itself is based on the International Financial Reporting Standards (IFRS) and guidance issued by CIPFA and professional accounting networks.
- 3.2 As in previous years, there has been continual review of the Capital Programme to ensure that expenditure meets the strict definition and to identify any items which would be more appropriate to be charged to revenue. This has not resulted in any major changes to the future programme.
- 3.3 The de-minimis of capital expenditure for the authority is set at £10,000 per project. This applies to all schemes within our capital programme, however in exceptional circumstances thresholds below this may be considered where specific items of expenditure are below this de-minimis level but meet proper accounting definitions of capital expenditure.
- 3.4 Individual schools may choose to adopt the above de-minimis limit or use the limit of £2,000 as mentioned in some Department for Education and HMRC guidance for various types of school.

4 Corporate and strategic capital expenditure appraisal planning and control

4.1 Capital Programme Board

- 4.1.1 Merton's Capital Strategy is coordinated by the Capital Programme Board. The board, which is effectively a sub-group of the Corporate Management Team (CMT). The composition of the Board and its Terms of Reference were reviewed in 2015/16. The revisions are designed to make the board more strategic and improve communication flows throughout the organisation. The Board now comprises the Directors of Corporate and Environmental Services with selected Level 2 managers from each service department.

4.1.2 The Terms of Reference of the Board are:

- Lead on the development and maintenance of the capital investment strategy and ensure it is consistent with the Council's strategic objectives, TOMs and service plans.
- Ensure that the capital investment strategy informs and is informed by the asset management plan.
- Ensure there is a transparent and clearly communicated process for allocation of capital funds with clear and well documented criteria and decision making process.
- Monitor progress of capital funded schemes and any other critical schemes as determined by CMT. Receive joint reports from Finance/departmental staff on progress against deliverables, milestones and budget forecasts.
- In conjunction with other governing bodies, consider/approve business cases that involve capital investment.
- Monitor issues arising as a result of changes in accounting treatment of capital expenditure and ensure the organisation responds accordingly.
- Assess capital schemes in the context of the Medium Term Financial Strategy to ensure they are affordable in revenue terms.
- Receive reports from the Property Management and Review Manager relating to capital funds coming from the disposal of property, in collaboration with the Property and Asset Management Board.
- Receive benefits reports from Programme/Project Managers when capital projects/programmes are closed. Monitor key benefits to ensure they are realised for large capital schemes.

4.1.3 The role of the Board is to:

- Set framework and guidelines for capital bids;
- Draft the capital programme for consideration by CMT and Cabinet;
- Review capital bids and prioritise in accordance with the Council's strategic objectives;
- Identify and allocate capital funds;
- Monitor progress of capital programmes/projects and key variances between plans and performance;

- Monitor budgets of capital programmes/projects against forecasts;
- Monitor benefits and ensure they are realised. Monitor capital receipts
- Develop and share good practice

4.1.4 The Board will be accountable to the Corporate Management Team who will receive reports and escalated matters from the Board on a regular basis. CMT will set the strategy and direction, the Capital Programme Board will operationalise this and escalate concerns and ideas. The Board will refer to, and take advice from, the Procurement Board on any proposals and/or decisions that have a procurement dimension. The Board will work closely with the Property and Asset Management Board on any property/asset related proposals.

4.1.5 The Board will make agendas and minutes available to the other Governance Boards within 5 working days of the meeting.

4.1.6 During the budget process the Director of Corporate Services recommends to cabinet an initial view as to how the Capital Programme should be funded. However, this recommendation will be informed by the Capital Programme Board's consideration of the capital receipts available and the forecast of future property disposals and the final funding during the closure of accounts will depend on the precise financial position. At this stage it is intended to utilise internal borrowing, capital grant, direct revenue financing, capital receipts and earmarked reserves. Any capital loans given out by the authority will be funded from capital receipts as the repayments will be received as capital receipts. It will be reported to Members as and when it is proposed to use external borrowing.

4.1.7 The council has had a robust policy for many years of reviewing its property holding and disposing of surplus property, detailed in the Asset Management Plan (AMP) which also includes policy and procedures for land and property acquisition. All capital receipts are pooled, unless earmarked by cabinet, and are used either to finance further capital investment or for the payment of premiums on repayment of higher interest loans.

4.2 Capital Programme Approval and Amendment

4.2.1 The Capital Programme is approved by Council each year. Any change which substantially alters the programme (and therefore the Prudential Indicators) requires full council approval. Rules for changes to the Capital Programme are detailed in the Council's Constitution Financial Regulations and Financial Procedures and the key points are summarised here.

4.2.2 For virements which do not substantially alter the programme the below approval limits apply:

- Virements up to £5k can be signed off by the budget manager, the Chief Financial Officer (CFO) is informed of these changes as part of the monthly financial monitoring
- Virements £5k up to £100k must be approved by the Chief Officer of the area or areas affected along with the Chief Financial Officer, typically this will be as part of the monthly financial monitoring report to CMT however approval can be sought from these officers at any time if necessary
- Virements £100k and upwards go to Cabinet
- Any virement which diverts resources from a scheme not started, resulting in a delay to that scheme, will be reported to Cabinet

(Please note virement rules are cumulative i.e. two virements of £5,000 from one code; the latter would require the approval of Chief Officers)

4.2.3 For increases to the programme for existing schemes up to £100,000 must be approved by the Director of Corporate Services. Increases above this threshold must be approved by Cabinet. In accordance with the Prudential Code if the increase in the Capital Programme will substantially change prudential indicators it must be approved by Council.

4.2.4 For new schemes, the source of funding and any other financial or non-financial impacts must be reported and the limits below apply:

- Budgets of up to £50k can be approved by the Chief Financial Officer in consultation with the relevant Chief Officer
- Budgets of £50k up £500k will be submitted to Cabinet for approval
- Budgets over £500k will be submitted to full Council for approval

Approval thresholds are being reviewed as part of the review of processes for the implementation of the new Financial Information System.

4.3 Capital Monitoring

4.3.1 The Council approves the four year Capital Programme in March each financial year. Amendments to the programme are approved appropriately by CMT, Cabinet and Council. Budget managers are required to monitor their budget monthly, key reviews are undertaken in September and November. December monitoring provides the final opportunity for budget managers to re-profile their budgets for the current financial year.

4.3.2 November monitoring information feeds into the Authority's Medium Term Financial Strategy (MTFS) and is used to assess the revenue impact over the period of the strategy with minor amendments in the later months. November monitoring is also used to measure the accuracy of year end projections.

- 4.3.3 Councillors receive regular monitoring reports on the overall position of capital expenditure in relation to the budget. They also receive separate progress reports on key spend areas.

4.4 Risk Management

- 4.4.1 The management of risk is strategically driven by the Corporate Risk Management group. The group collates on a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership. From this information a Key Strategic Risk Register is compiled and presented to CMT quarterly for discussion as part of the financial monitoring report. The Authority's Risk Management Strategy is reviewed and updated annually and presented to CMT, cabinet and Council.

5 Revenue budget implications of capital investment

5.1 Revenue cost or savings

- 5.1.1 The draft capital strategy recognises that the prudential framework provides the council with flexibility, subject to the constraints of the council's revenue budget. This flexible ability to borrow, either from internal cash resources or by external borrowing, coupled with the revised treatment of finance leases with effect from 1 April 2010, means that prudential borrowing is used for the acquisition of equipment, where it is prudent, affordable and sustainable. In 2012/13, 2013/14, 2014/15, 2015/16 and 2016/17, it was possible to borrow from internal cash resources rather than external borrowing and it is forecast that this will continue to be the case alongside the use of capital receipts within the current planning period (up to 2020/21). This will be kept under review as part of general Treasury Management.
- 5.1.2 The revenue effects of the capital programme are from capital financing charges and from additional revenue costs such as annual maintenance charges. The capital financing charges are made up of interest payable on loans to finance the expenditure and of principal repayments on those loans. The principal repayments commence in the year after the expenditure is incurred and are calculated by the application of the statutory Minimum Revenue Provision. The interest commences immediately the expenditure is incurred. The revenue effects of the capital programme are fully taken account of in the MTFS, with appropriate adjustments for slippage, timing of capital payments and the use of internal investment funds.

The revenue effects of the capital programme are built into the MTFS and are summarised below:

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
MRP	6,713	5,537	6,775	7,137
Interest	6,437	6,173	6,173	6,103
Capital financing costs	13,150	11,709	12,948	13,240
Investment Income	(607)	(564)	(521)	(517)
Net	12,543	11,146	12,427	12,723

6 Capital resources 2017-21

6.1 Variety of sources

6.1.1 Capital expenditure is funded from a variety of sources:-

- Grants which are not ring-fenced to be spent on a specific project or service
- Specific grants - earmarked for a specific project or purpose
- Capital receipts from the disposal of surplus and under-utilised land and property
- Other contributions such as Section 106/CIL
- Council Funding – through revenue funding, use of reserves or borrowing.

6.2 Annual Minimum Revenue Provision (MRP) Statement

6.2.1 *Under guidance from the Department for Communities and Local Government, authorities are required to prepare an annual statement on their policy on making MRP. This mirrors the existing requirements to report to the council on the Prudential borrowing limit and investment policy.*

6.2.2 *The statement is set out in the Treasury Management Strategy. This approach is under active review and will be reported once concluded*

7 Asset management review

7.1 Capital receipts

7.1.1 Capital receipts generated from the disposal of surplus and under-utilised land and property are a major source of funding and the potential available capital resources are under constant review and revision. The forecast of capital receipts included in this report are based on a multi-year forecast of planned land and property disposals. In addition, after the transfer of the housing stock to Merton Priory Homes, the council continues to receive a share of the receipts from Right to Buy applications and through future sharing arrangements, receipts from the sales of void properties, sales of development land and VAT saving on expenditure on stock enhancements.

7.2 Property as a corporate resource

7.2.1 The council treats its property as a corporate resource, oriented towards achieving its overall goals, underpinned by:

- Clear links to financial plans and budgets.
- Effective arrangements for cross-service working.
- Champions at senior officer and member level.
- Significant scrutiny by councilors.

7.2.2 It ensures that its properties are fit for purpose by making proper provision and action for maintenance and repair. The organisation makes investment and disposal decisions based on thorough option appraisal. The capital programme gives priority to potential capital projects based on a formal objective approval process.

7.2.3 Whole life project costing was used at the design stage for significant projects where appropriate, incorporating future periodic capital replacement costs, projected maintenance and decommissioning costs.

7.2.4 Whole life costing of significant projects, which span more than one year, also forms part of the regular monitoring reports.

7.2.5 The Asset Management Plan is being reviewed and will include greater emphasis on the use of the Council's property assets to support the Council's Transformation Programme, regeneration and increased income/revenue generation.

7.2.6 A new IT system for asset accounting has been brought into use and the possibility of this system being used for more widespread asset management will be explored.

8 Summary of estimated disposals 2017-2021

8.1.1 New guidance has been issued from the DCLG on the flexible use of capital receipts which comes into effect from 1 April 2016 to 31 March 2019. This gives local authorities flexibility to spend capital receipts (excluding Right to Buy receipts) from planned new asset sales on the revenue costs of reform projects, subject to the condition that the projects generate on going revenue savings e.g. transforming service delivery to reduce costs or to improve the quality of service delivery in future years. Below is a plan of activities to which the new treatment of capital receipts could be applied:

- Sharing back-office and administrative services with one or more other council or public sector bodies;
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
- Collaboration between local authorities and central government departments to free up land for economic use;
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non- staff), where this leads to ongoing efficiency savings or service transformation;
- Sharing Chief-Executives, management teams or staffing structures;

- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;

8.1.3 The direction makes it clear that local authorities cannot borrow to finance the revenue costs of service reform. Local authorities can only use capital receipts from the disposal of property, plant and equipment assets received in the years in which this flexibility is offered. Local Authorities may not use their existing stock of capital receipts to finance the revenue costs of reform.

Officers are currently considering how to utilise this flexibility to progress key transformation projects such as the housing zone and related redundancy costs.

8.1.4 The Guidance recommends that the Strategy setting out details of projects to be funded through flexible use of capital receipts be prepared prior to the start of each financial year (Flexible Use of Capital Receipts Strategy). Failure to meet this requirement does not mean that an authority cannot access the flexibility in that year. However, in this instance, the Strategy should be presented to full Council or the equivalent at the earliest possible opportunity.

8.1.5 As a minimum, the Strategy should list each project that plans to make use of the capital receipts flexibility and that on a project by project basis details of the expected savings/service transformation are provided. The Strategy should report the impact on the local authority's Prudential Indicators for the forthcoming year and subsequent years. The Strategy should also contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis.

8.1.6 Due to difficulties in the property market since the economic recession a cautious view has been taken of the potential capital receipts identified. Much of the anticipated capital receipts are as a result of the VAT shelter agreement entered into with Merton Priory Homes as part of the housing stock transfer. There are current proposals for some of the properties under this agreement to be redeveloped which could result in a reduction in receipts from the VAT shelter agreement, however a Development and Disposals Clawback Agreement was entered into as part of the same transfer and this could result in a significant capital receipt should these development plans go ahead. The following table represents an estimate of an anticipated cash flow and therefore these future capital receipts these have been utilised to fund the capital programme:-

Anticipated Capital Receipts	2017/18	2018/19	2019/20	2020/21
	£000s	£000s	£000s	£000s
Sale of Assets	0	0	0	0
Right to buy/VAT Shelter	1,200	900	900	900
Total	1,200	900	900	900

As there is currently not a need to enter into external borrowing, investment balances will rise with the addition of capital receipts. Average expected interest rates on investments across the years of the capital programme are approximately 0.5%, as such an increase in receipts of £1m would be expected to generate a £5,000 increase in interest in a full year.

The table below shows the funding of the capital programme utilising capital receipts, capital grants and contributions, capital reserves and revenue provisions.

Capital Expenditure	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Capital Expenditure	39,261	38,623	33,205	16,076	8,432
Slippage	(6,428)	787	1,602	592	102
Total Capital Expenditure	32,833	39,410	34,807	16,668	8,534
Financed by:					
Capital Receipts	14,812	19,117	900	900	900
Capital Grants & Contributions	15,554	14,729	13,055	5,485	628
Revenue Provisions	2,394	5,332	1,356	2	0
Net financing need for the year	72	232	19,497	10,282	7,006

- 8.1.7 Under the requirements of the Localism Act 2011 parish councils and local voluntary and community organisations have the right to nominate local land or buildings they would like to see included in a list of assets of community value which is maintained by the Local Authority. Once listed the owner must allow community interest groups up to six months to make an offer before the property can be sold to another. It is envisaged that this may lengthen the

disposal time for some properties if they are listed as assets of community value by the Council.

8.2 Debt repayment

- 8.2.1 The council has had a strategy to reduce its level of debt when opportunity arises in the market. The average interest payable on outstanding debt is 5.72%. For the period 2017-21, capital receipts may continue to be used to pay the premiums on the repayment of those authority debts which have high fixed interest charges, if the terms offered will result in appropriate revenue savings. Any decision to repay debt early will be considered alongside the funding however, this is unlikely to be the case in the short to medium term requirement of the programme.

9 Grant Funding Capital Resources

9.1 Environmental and Regeneration

	2017/18 £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s
Transport for London LIP (earmarked) Capital	2,765	*3,865	TBA	TBA
Total: E&R	2,755	2,765	TBA	TBA

* Indicative and likely to reduce
TBA – To Be Advised

9.2 Children, Schools and Families

CSF	2017/18 £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s
School Condition (non-ringfenced)*	1,800	TBA	TBA	TBA
Basic Need (non-ringfenced)	6,063	7,471	TBA	TBA
Total Grant Funding	7,863	7,471	TBA	TBA
New School (Expected Ringfenced)*	4,850	0	0	0
Devolved Formula Capital (Earmarked)	TBA	TBA	TBA	TBA
TOTAL: CS&F	12,713	7,471	TBA	TBA
Balance added for outstanding grant allocations - CSF	0	529	5,000	650

* Based on Indicative Information

TBA – To Be Advised

9.3 Community and Housing

	2017/18	2018/19	2019/20	2020/21
	£0	£0	£0	£0
Better Care Fund – Minimum Allocation for Disabled Facilities Grant)	<u>TBA</u>	TBA	TBA	TBA

9.4 Summary of Grant Funding 2017-2021

9.4.1 The new resources notified to date are summarised in the following table. It is expected that there will be additional earmarked resources notified during the financial year 2016/17:-

Grant Funding	2017/18	2018/19	2019/20	2020/21
	£000s	£000s	£000s	£000s
Environment and Regeneration	2,765	3,865	TBA	TBA
Children, Schools and Families	12,713	7,471	TBA	TBA
Community and Housing	TBA	TBA	TBA	TBA
Total Grant Funding*	15,478	11,336	0	0
Balance added for outstanding grant allocations - CSF	0	529	5,000	650

* This shows the grant funding being received by the authority

10 Summary of Total Resources 2017-21:

10.1 Summary

10.1.1 The total anticipated resources over the plan period 2017-21, including existing grant funding and anticipated CS&F grants, is summarised in the following table:-

	2017/18	2018/19	2019/20	2020/21
	£000s	£000s	£000s	£000s
Grant & Contributions *	14,729	13,054	5,484	628
Council Funding	24,680	21,752	11,185	7,906
Total	39,410	34,807	16,668	8,534

* This table shows the grants and contributions applied to fund the programme allowing for slippage.

10.1.2 Projects for which earmarked resources have been notified have been given authority to proceed, subject to a detailed specification and programme of works being agreed which ensures that the maximum benefits accrue to the council within the overall constraints of the approved funding. Those schemes, on their own, represent a considerable capital investment.

10.1.3 The Table below summarises the Indicative Capital Programme for 2021 to 2026. Additional detail is provided as Annex 5:

Indicative Capital Programme 2021 to 2026

Merton	Updated Budget 21/22	Updated Budget 22/23	Updated Budget 23/24	Updated Budget 24/25	Updated Budget 25/26
Corporate Services	3,962,000	2,510,000	4,800,000	2,862,000	4,560,000
Community and Housing	280,000	280,000	280,000	280,000	630,000
Children, Schools & Families *	650,000	650,000	755,000	650,000	650,000
Environment & Regeneration *	4,052,000	4,017,000	4,017,000	4,077,000	8,075,000
Total Merton	8,944,000	7,457,000	9,852,000	7,869,000	13,915,000

* Please note these figures do not include any allowance of grant funding for Transport for London and Disabled Facilities.

10.1.4 For every £1 million capital expenditure that is funded by external borrowing it is estimated that there will be annual revenue debt charges of between £216,000 for assets with a life of 5 years to £39,600 for an asset life of 50 years.

11 Capital Bids and Prioritisation Criteria

11.1 Prioritisation of schemes 2020/21

The allocation of capital resources, on those schemes to be funded by borrowing, is focused towards the achievement of the council's key strategic objectives as agreed by councillors as highlighted in section 1 of this strategy.

The prioritisation criteria used in respect of growth were 'Statutory', Need (demand and / or priority), attracts match funding and revenue impact (including invest to save). Due to officers' awareness of the need to restrain the capital programme to affordable levels, the reduction put forward over the period 2017-21, on the basis of these criteria by the board to cabinet was £14.8 million 2017-21 (excluding TfL).

12 Detailed Capital Programme 2017-21

12.1 Corporate Services

12.2 This department is responsible for the administration of finance and staff, together with the corporate buildings including IT and utility services. Its main capital expenditure is on IT software and hardware, and on improvements to buildings. In order to support more intensive use of the civic centre HQ as part of the flexible working project, capital investment in the overall building infrastructure is essential, including replacement of the main boilers and heat exchangers that are approaching the end of their economic lifespan. There are also budgets held centrally under Corporate Services to ensure funds are available to take up opportunities arising in the local property market, to

leverage match funding or to enable transformation of services. Annex 1 provides the overall scheme level for approval and Annex 3 provides a detailed breakdown of projects.

12.3 Children, Schools and Families

This department's main capital focus is the need for increased provision for pupils, with the major spend shifting from primary to secondary in 2016/17. The provision in the 2017-21 programme has been revised to that shown in the table below:

Children, Schools & Families	Updated Budget 17/18 £000s	Updated Budget 18/19 £000s	Updated Budget 19/20 £000s	Updated Budget 20/21 £000s
Primary School Expansions	30	0	0	0
Secondary School Expansions	8,889	6,156	4,481	0
SEN	3,196	5,310	1,000	0
Other	804	650	755	650
Children, Schools & Families	12,920	12,116	6,236	650

Please note £1million has moved from Secondary Expansions to SEN since November Cabinet

CSF capital programme 2017-21

The requirement to provide sufficient school places is a key statutory requirement. The government provides capital grant to meet some of this need, but there is a significant shortfall for the council to fund primary school places

The capital programme in 2017/18 provides the finance to complete the expansion of Dundonald Primary School. This will complete a primary school expansion programme over eight years that is providing an additional 4,410 places (21 additional forms of entry since 2007/08).

Following the latest demographic information and admissions data, no further primary school expansions are planned or funded in the capital programme.

Secondary school places

The significant increase in demand for school places reached the secondary phase from September 2015, with significant increases at secondary age transfer up to 2018/19 that will flow into all secondary age groups.

However, it is expected the extra demand for places can be met through existing accommodation for the first two years. School expansion and a new school will be required to provide sufficient places thereafter so significant budget is proposed for this from 2016-17.

The capital programme for 2017/21 includes £19.6 million for expansions in the borough's existing secondary schools and the first phase of a new secondary school. However, the council is working with the Education

Funding Agency to ensure that significant funding for the new 'Harris Wimbledon' school is provided by central government.

Due to the difficulty of accurately forecasting the specific level of pupil transfer from the last year of primary school to secondary school the level of secondary school expansion required will be subject to regular reviews over the capital programme period. There is therefore uncertainty over the size, timing and cost of the secondary expansion, this includes a lack of clarity regarding government funding.

Special school places

The increase in demand for special school provision is proportionally greater for special schools than mainstream schools, though the numbers involved are significantly smaller. Capital funding is provided in the 2017/21 programme for expansion, including ensuring the numbers in the Perseid upper school will match the lower school. Further decisions on specific expansion schemes for special school provision are subject to review.

Other schemes

With regard to other capital schemes, £650,000 per annum is provided for schools this will be limited to urgent health and safety related needs, with the council expecting schools to fund all works below £20,000.

12.3 Environment and Regeneration

This department provides a co-ordinated approach to managing the public realm (all borough areas to which the public has access), as well as the regeneration of our town centres and neighbourhoods.

The individual projects for this department are all listed in Annex 3. Other than the grant funded Transport for London scheme for the upgrade of principal roads, the departments main schemes relate to 12 main areas:

Environment & Regeneration	Updated Budget 17/18	Updated Budget 18/19	Updated Budget 19/20	Updated Budget 20/21
Footways Planned Works	1,000,000	1,000,000	1,000,000	1,000,000
Greenspaces	235,000	335,000	355,000	300,000
Highways General Planned Works	419,000	422,000	427,000	427,000
Highways Planned Road Works	1,500,000	1,500,000	1,200,000	1,200,000
Leisure Centres	9,018,670	2,117,450	257,950	250,000
Regeneration Partnerships	1,145,870	1,000,000	3,000,000	1,000,000
Street Lighting	290,000	509,000	290,000	290,000
Street Scene	60,000	60,000	60,000	60,000
Transport for London	2,064,800	3,864,800	0	0
Traffic and Parking Management	156,000	150,000	150,000	150,000
Transport and Plant	1,686,000	3,070,000	300,000	300,000

Waste Operations	160,500	2,719,500	40,000	40,000
Environment & Regeneration	17,735,840	16,747,750	7,079,950	5,017,000

12.3.1 Highways Planned Road Works and Footways Planned Works

These works are based on annual condition surveys of the whole of the borough. As a result, items are prioritised and drawn up in programmes of works. These programmes may be amended as circumstances alter.

12.3.2 Highways General Planned Works

An indicative list of the major works to be done under this budgeted scheme is as follows:

Leisure Centres	Updated Budget 17/18 £000s	Updated Budget 18/19 £000s	Updated Budget 19/20 £000s	Updated Budget 20/21 £000s
Surface Water Drainage	69	72	77	77
Highways bridges & structures	260	260	260	260
Maintain AntiSkid and Coloured	90	90	90	90
Total Highways General Planned Works	419	422	427	427

12.3.3 Leisure

The major works relate to the authority's three Leisure Centres. The first scheme is for general improvements to the three Leisure Centres. The second scheme, Morden Park Pools, is a major investment for the council, with the replacement of the current centre with a new facility.

Leisure Centres	Updated Budget 17/18 £000s	Updated Budget 18/19 £000s	Updated Budget 19/20 £000s	Updated Budget 20/21 £000s
Leisure Centre Plant & Machine	450	300	250	250
Morden Leisure Centre	8,319	567	8	0
Wimbledon Park Lake De-Silting	250	1,250	0	0
Total Leisure Centres	9,019	2,117	258	250

12.3.4 Future Merton

Regeneration is a major part of the council's strategy. A vision for Morden town centre is being developed and Mitcham town centre will be sustainably developed. The main areas of expenditure over the Capital Programme period will be those below.

Environment and Regeneration	Updated Budget 17/18 £000s	Updated Budget 18/19 £000s	Updated Budget 19/20 £000s	Updated Budget 20/21 £000s
Regeneration Partnerships				
Mitcham Major Schemes - TfL	700	0	0	0
Industrial Estate Investment	446	0	0	0

Transportation Enhancements	0	1,000	3,000	1,000
Total Regeneration Partnerships	1,146	1,000	1,000	1,000

12.4 Community and Housing

12.4.1 This department aims to provide residents with the chance to live independent and fulfilling lives, in suitable homes within sustainable communities, with chances to learn, use information, and acquire new skills. The departmental Capital Programme for 2017/21 comprises:

Community and Housing	Updated Budget 17/18 £000s	Updated Budget 18/19 £000s	Updated Budget 19/20 £000s	Updated Budget 20/21 £000s
<u>Libraries</u>				
Library Self Service	0	0	0	350
Colliers Wood Re-Fit	200	0	0	0
West Barnes Library Re-Fit	200	0	0	0
Library Management System	100	0	0	0
<u>Housing</u>				
Disabled Facilities Grant	755	629	280	280
Total Community and Housing	1,255	629	280	630

12.5 Overall Programme

12.5.1 The approved Capital Programme for 2017/21 follows at Annex 1, Annex 3 provides an additional breakdown detail of the approved schemes. The summary is as follows:

Merton	Updated Budget 17/18	Updated Budget 18/19	Updated Budget 19/20	Updated Budget 20/21
Corporate Services	6,712,000	3,712,000	2,480,000	2,135,000
Community and Housing	1,255,000	628,900	280,000	630,000
Children, Schools & Families	12,920,030	12,116,200	6,236,000	650,000
Environment & Regeneration	17,735,840	16,747,750	7,079,950	5,017,000
Total Merton	38,622,870	33,204,850	16,075,950	8,432,000

12.5.2 The funding details for the programme follow at Annex 2

12.5.3 Within the funding details the authority has anticipated some slippage for schemes that require a consultation process or a planning application or where the implementation timetable is not certain. The slippage anticipated reduces the spend in the year it is budgeted but increases the spend in the

following year when it is incurred. When slippage from 2016/17 is approved, the 2017/18 Capital Programme will be adjusted accordingly.

12.5.4 Annexe 1	Capital Investment Programme - Schemes for Approval
Annexe 2	Funding the Capital Programme 2017-21
Annexe 3	Detailed Capital Programme 2017-21
Annexe 4	Analysis of Growth/(Reduction) from current approved programme
Annexe 5	Indicative Capital Programme 2021-26

CAPITAL INVESTMENT PROGRAMME - SCHEMES FOR APPROVAL - ANNEX 1

Merton	Updated Budget 17/18	Updated Budget 18/19	Updated Budget 19/20	Updated Budget 20/21
Corporate Services	6,712,000	3,712,000	2,480,000	2,135,000
Community and Housing	1,255,000	628,900	280,000	630,000
Children, Schools & Families	12,920,030	12,116,200	6,236,000	650,000
Environment & Regeneration	17,735,840	16,747,750	7,079,950	5,017,000
Total Merton	38,622,870	33,204,850	16,075,950	8,432,000

Merton	Updated Budget 17/18	Updated Budget 18/19	Updated Budget 19/20	Updated Budget 20/21
Total Business Improvement	816,000	1,377,000	0	0
Total Resources	0	0	0	125,000
Total Information Technology	1,946,000	1,085,000	630,000	1,060,000
Total Facilities Management	3,950,000	1,250,000	1,850,000	950,000
Total Corporate Services	6,712,000	3,712,000	2,480,000	2,135,000
Community and Housing				
Housing	755,000	628,900	280,000	280,000
Libraries	500,000	0	0	350,000
Total Community and Housing	1,255,000	628,900	280,000	630,000
Children, Schools and Families				
Primary School Expansions	30,000	0	0	0
Secondary School Expansions	8,889,290	6,156,200	4,481,000	0
SEN	3,196,290	5,310,000	1,000,000	0
Other	804,450	650,000	755,000	650,000
Children, Schools & Families	12,920,030	12,116,200	6,236,000	650,000

Please note £1million has moved from Secondary Expansions to SEN since November Cabinet

CAPITAL INVESTMENT PROGRAMME - SCHEMES FOR APPROVAL - ANNEX 1 Continued.....

Environment & Regeneration	Updated Budget 17/18	Updated Budget 18/19	Updated Budget 19/20	Updated Budget 20/21
Footways Planned Works	1,000,000	1,000,000	1,000,000	1,000,000
Greenspaces	235,000	335,000	355,000	300,000
Highways General Planned Works	419,000	422,000	427,000	427,000
Highways Planned Road Works	1,500,000	1,500,000	1,200,000	1,200,000
Leisure Centres	9,018,670	2,117,450	257,950	250,000
Regeneration Partnerships	1,145,870	1,000,000	3,000,000	1,000,000
Street Lighting	290,000	509,000	290,000	290,000
Street Scene	60,000	60,000	60,000	60,000
Transport for London	2,064,800	3,864,800	0	0
Traffic and Parking Management	156,000	150,000	150,000	150,000
Transport and Plant	1,686,000	3,070,000	300,000	300,000
Waste Operations	160,500	2,719,500	40,000	40,000
Environment & Regeneration	17,735,840	16,747,750	7,079,950	5,017,000

Please Note

- 1) Excludes expenditure budgets relating to Disabled Facilities Grant funding from 2017/18.
- 2) Excludes expenditure budgets relating to Transport for London Grant from 19/20 as grant funding has not been announced.
- 3) Excludes expenditure budgets relating to Devolved Formula Capital for schools from 2017/18 as grant funding has not been announced.
- 4) Excludes any expenditure budgets relating to a Housing Company

FUNDING THE CAPITAL PROGRAMME 2016-21Annex2

Merton	Capital Programme £000s	Funded by Merton £000s	Funded by grant and capital contributions £000s
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2016/17 Current Budget	39,261	22,575	16,686
Potential Slippage b/f	0	0	0
2016/17 Revised Budget	39,261	22,575	16,686
Potential Slippage c/f	(5,166)	(4,614)	(552)
Potential Underspend not slipped into next year	(1,262)	(685)	(578)
Total Spend 2016/17	32,833	17,278	15,555

2017/18 Current Budget	38,623	23,876	14,747
Potential Slippage b/f	5,166	4,614	552
2017/18 Revised Budget	43,789	28,490	15,299
Potential Slippage c/f	(3,470)	(2,966)	(503)
Potential Underspend not slipped into next year	(909)	(842)	(67)
Total Spend 2017/18	39,410	24,680	14,729

2018/19 Current Budget	33,205	20,362	12,844
Potential Slippage b/f	3,470	2,966	503
2018/19 Revised Budget	36,675	23,328	13,347
Potential Slippage c/f	(1,469)	(1,239)	(230)
Potential Underspend not slipped into next year	(399)	(336)	(63)
Total Spend 2018/19	34,807	21,752	13,054

2019/20 Current Budget	16,076	10,796	5,280
Potential Slippage b/f	1,469	1,239	230
2019/20 Revised Budget	17,545	12,036	5,510
Potential Slippage c/f	(551)	(540)	(11)
Potential Underspend not slipped into next year	(326)	(312)	(14)
Total Spend 2019/20	16,668	11,185	5,484

2020/21 Current Budget	8,432	7,782	650
Potential Slippage b/f	551	540	11
2020/21 Revised Budget	8,983	8,322	661
Potential Slippage c/f	(101)	(100)	(1)

Potential Underspend not slipped into next year	(348)	(315)	(33)
Total Spend 2020/21	8,534	7,906	628

* Funded by Merton refers to expenditure funded through Capital Receipts, Revenue Reserves and ' by borrowing.

DETAILED CAPITAL PROGRAMME 2017-21**ANNEX 3**

Department	Scrutiny	2017-18	2018-19	2019-20	2020-21
<u>Corporate Services</u>					
<u>Business Improvement</u>					
Replacement Social Care System	OSC	425,540	350,000	0	0
Planning&Public Protection Sys	OSC	40,000	510,000	0	0
Revenue and Benefits	OSC	0	400,000	0	0
Spectrum Spatial Analyst Replacement	OSC	0	42,000	0	0
Capita Housing	OSC	100,000	0	0	0
Aligned Assets	OSC	0	75,000	0	0
Replacement Document Management System	OSC	0	0	0	0
Electronic Asset Management	OSC	250,460	0	0	0
Customer Contact	OSC	0	0	0	0
<u>Corporate</u>					
<u>Facilities Management</u>					
Invest to Save Schemes	OSC	900,000	300,000	300,000	300,000
Capital Works Facilities	OSC	300,000	300,000	650,000	650,000
Water Safety Works	OSC	150,000	100,000	0	0
Asbestos Safety Works	OSC	250,000	250,000	0	0
Schools PV&Energy conservation	OSC	2,000,000	0	0	0
Civic Centre Boilers	OSC	0	300,000	0	0
Civic Centre Staff Entrance Improvements	OSC	200,000	0	0	0
Civic Centre Lightning Upgrade	OSC	0	0	300,000	0
Civic Centre Block Paving	OSC	75,000	0	0	0
Multi-Function Device	OSC	75,000	0	600,000	0
<u>Information Technology</u>					
Planned Replacement Programme	OSC	1,746,000	510,000	430,000	860,000
IT Enhancements	OSC	200,000	275,000	200,000	200,000
Data Centre Support Equipment	OSC	0	300,000	0	0
<u>Resources</u>					
Replacement of Civica Icon	OSC	0	0	0	125,000
Total Corporate Services		6,712,000	3,712,000	2,480,000	2,135,000

* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,

DETAILED CAPITAL PROGRAMME 2017-21 Continued....

ANNEX 3

Department	Scrutiny	2017-18	2018-19	2019-20	2020-21
Community and Housing					
<u>Libraries</u>					
Library Self Service	SC	0	0	0	350,000
Colliers Wood Re-Fit	SC	200,000	0	0	0
West Barnes Library Re-Fit	SC	200,000	0	0	0
Library Management System	SC	100,000	0	0	0
<u>Housing</u>					
Disabled Facilities Grant	SC	755,000	628,900	280,000	280,000
Total Community and Housing		1,255,000	628,900	280,000	630,000

Department	Scrutiny	2017-18	2018-19	2019-20	2020-21
Children, Schools and Families					
<u>Primary Expansions</u>					
Dundonald	CYP	30,000	0	0	0
<u>Secondary Expansion</u>					
Secondary School expansion	CYP	30,000	0	0	0
St Marks	CYP	200,000	1,423,600	3,681,000	0
New 6fe School	CYP	5,116,250	2,689,100	0	0
Harris merton	CYP	3,372,980	0	0	0
Harris Morden	CYP	200,060	2,043,500	800,000	0
<u>SEN Expansion</u>					
Perseid	CYP	931,930	650,000	0	0
Secondary School Autism Unit	CYP	200,000	1,160,000	0	0
Further SEN	CYP	2,064,360	3,500,000	1,000,000	0
<u>Other CSE</u>					
Schools Capital Maintenance	CYP	670,000	650,000	650,000	650,000
School Loans	CYP	104,450	0	0	0
Admissions IT	CYP	0	0	105,000	0
Total Children, Schools and Families		12,920,030	12,116,200	6,236,000	650,000

* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,

Please note £1million has moved from St Marks Secondary to Further SEN since November Cabinet

Please Note

- 1) Excludes expenditure budgets relating to Disabled Facilities Grant from 17/18.
- 2) Excludes expenditure budgets relating to Transport for London Grant from 19/20 as grant funding has not been announced.
- 3) Excludes expenditure budgets relating to Devolved Formula Capital for schools from 2016/17 as grant funding has not been announced.
- 4) Excludes any expenditure budgets relating to a Housing Company

DETAILED CAPITAL PROGRAMME 2017-21 Continued....

ANNEX 3

Department	Scrutiny	2017-18	2018-19	2019-20	2020-21
<u>Environment and Regeneration</u>					
<u>Footways Planned Works</u>					
Repairs to Footways	SC	1,000,000	1,000,000	1,000,000	1,000,000
<u>Greenspaces</u>					
Parks investment	SC	201,000	307,500	295,000	300,000
Parks Bins - Finance Lease	SC	34,000	27,500	0	0
Pay & Display Machine	SC	0	0	60,000	0
<u>Highways General Planned Works</u>					
Surface Drainage Water	SC	69,000	72,000	77,000	77,000
Highways and Bridges Structures	SC	260,000	260,000	260,000	260,000
Maintain AntiSkid and Coloured	SC	90,000	90,000	90,000	90,000
<u>Highways Planned Road Works</u>					
Borough Roads Maintenance	SC	1,500,000	1,500,000	1,200,000	1,200,000
<u>Leisure Centres</u>					
Leisure Centre Plant and Machines	SC	450,000	300,000	250,000	250,000
Morden Leisure Centre	SC	8,318,670	567,450	7,950	0
Wimbledon Park Lake De-Silting	SC	250,000	1,250,000	0	0
<u>Regeneration Partnerships</u>					
Mitcham Major Schemes - TfL	SC	700,000	0	0	0
Industrial Estate Investment	SC	445,870	0	0	0
Transportation Enhancements	SC	0	1,000,000	3,000,000	1,000,000
<u>Street Lighting</u>					
Street Lighting	SC	290,000	509,000	290,000	290,000
<u>Street Scene</u>					
Street Tree Programme	SC	60,000	60,000	60,000	60,000
<u>Transport for London</u>					
TfL Unallocated	SC	1,844,800	1,864,800	0	0
Morden TfL	SC	220,000	2,000,000	0	0
<u>Transport and Plant</u>					
Replacement Fleet Vehicles	SC	400,000	400,000	300,000	300,000
SWLP Vehicles	SC	1,286,000	2,670,000	0	0
<u>Traffic and Parking Management</u>					
Traffic Schemes	SC	156,000	150,000	150,000	150,000
<u>Waste Operations</u>					
Alley Gating	SC	40,000	40,000	40,000	40,000
Waste Bins - Finance Lease	SC	5,500	5,500	0	0
SWLP IT	SC	42,000	0	0	0
SWLP Depot	SC	73,000	0	0	0
SWLP Wheelie Bins	SC	0	2,674,000	0	0
Total Environment and Regeneration		17,735,840	16,747,750	7,079,950	5,017,000

* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,

Analysis of Growth against Approved Programme 2017/20 and Indicative Programme 2020/21
ANNEX 4

Department	2017-18	2018-19	2019-20	2020-21
Corporate Services				
<u>Business Improvement</u>				
Replacement Social Care System	200,000	350,000	0	(150,000)
Planning&Public Protection Sys	(510,000)	510,000	0	0
Electronic Asset Management	0	0	(190,000)	0
Customer Contact	0	0	0	(200,000)
<u>Corporate</u>				
<u>Facilities Management</u>				
Capital Works Facilities	0	0	(50,000)	(50,000)
<u>Resources</u>				
Improving Financial Systems	0	0	0	(700,000)
Total Corporate Services	(310,000)	860,000	(240,000)	(1,100,000)
Children, Schools and Families				
<u>Secondary Expansion</u>				
St Marks	(911,800)	(1,257,400)	1,681,000	0
New 6fe School	0	0	(1,979,100)	(6,000,000)
Harris Morden	(1,643,500)	1,343,500	800,000	0
Raynes Park	(100,000)	(1,530,000)	(4,200,000)	0
<u>SEN Expansion</u>				
Secondary School Autism Unit	(960,000)	1,160,000	0	0
Further SEN	(500,000)	500,000	0	0
Total Children, Schools and Families	(4,115,300)	216,100	(3,698,100)	(6,000,000)
Environment and Regeneration				
<u>Greenspaces</u>				
Parks investment	0	0	0	(25,000)
<u>Highways Planned Road Works</u>				
Borough Roads Maintenance	0	0	(50,000)	(50,000)
<u>Leisure Centres</u>				
Leisure Centre Plant and Machines	0	0	(50,000)	(50,000)
<u>Regeneration Partnerships</u>				
Transportation Enhancements	0	(4,000,000)	3,000,000	1,000,000
<u>Transport and Plant</u>				
Replacement Fleet Vehicles	(100,000)	(100,000)	(50,000)	(50,000)
<u>Traffic and Parking Management</u>				
Traffic Schemes	0	(25,000)	(25,000)	(25,000)
Total Environment and Regeneration	(100,000)	(4,125,000)	2,825,000	800,000
Total Merton	(4,525,300)	(3,048,900)	(1,113,100)	(6,300,000)

* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,

** Negative growth in the capital programme is as a result of reduction when compared to the approved (17/20) and indicative (20/21)

INDICATIVE CAPITAL PROGRAMME 2021-26

ANNEX 5

<u>Department</u>	2021-22	2022-23	2023-24	2024-25	2025-26
<u>Corporate Services</u>					
<u>Business Improvement</u>					
Replacement Social Care System	0	0	2,100,000	0	0
Planning&Public Protection Sys	0	0	0	0	550,000
Revenue and Benefits	0	0	0	400,000	0
Spectrum Spatial Analyst Replacement	42,000	0	0	42,000	0
Capita Housing	0	100,000	0	0	0
Aligned Assets	0	0	75,000	0	0
Replacement Document Management System	0	0	900,000	0	0
Electronic Asset Management	0	0	0	240,000	0
Customer Contact	2,000,000	0	0	0	2,000,000
<u>Facilities Management</u>					
Invest to Save Schemes	300,000	300,000	300,000	300,000	300,000
Capital Works Facilities	650,000	650,000	650,000	650,000	650,000
Multi-Function Device	0	0	0	600,000	0
<u>Information Technology</u>					
Planned Replacement Programme	770,000	560,000	575,000	430,000	860,000
IT Enhancements	200,000	200,000	200,000	200,000	200,000
<u>Resources</u>					
Improving Financial Systems	0	700,000	0	0	0
Total Corporate Services	3,962,000	2,510,000	4,800,000	2,862,000	4,560,000
<u>Community and Housing</u>					
<u>Libraries</u>					
Library Self Service	0	0	0	0	350,000
<u>Housing</u>					
Disabled Facilities Grant	280,000	280,000	280,000	280,000	280,000
Total Community and Housing	280,000	280,000	280,000	280,000	630,000
<u>Children, Schools and Families</u>					
<u>Other CSF</u>					
Schools Capital Maintenance	650,000	650,000	650,000	650,000	650,000
Admissions IT	0	0	105,000	0	0
Total Children, Schools and Families	650,000	650,000	755,000	650,000	650,000

INDICATIVE CAPITAL PROGRAMME 2021-26 Continued.....

ANNEX 5

Department	2021-22	2022-23	2023-24	2024-25	2025-26
Environment and Regeneration					
<u>Footways Planned Works</u>					
Repairs to Footways	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<u>Greenspaces</u>					
Parks investment	300,000	300,000	300,000	300,000	300,000
Pay & Display Machine	0	0	0	60,000	60,000
<u>Highways General Planned Works</u>					
Surface Drainage Water	77,000	77,000	77,000	77,000	77,000
Highways and Bridges Structures	260,000	260,000	260,000	260,000	260,000
Maintain AntiSkid and Coloured	90,000	90,000	90,000	90,000	90,000
<u>Highways Planned Road Works</u>					
Borough Roads Maintenance	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
<u>Leisure Centres</u>					
Leisure Centre Plant and Machines	250,000	250,000	250,000	250,000	250,000
<u>Other E&R</u>					
Replacing Handheld Computers	35,000	0	0	0	0
<u>Street Lighting</u>					
Street Lighting	290,000	290,000	290,000	290,000	290,000
<u>Street Scene</u>					
Street Tree Programme	60,000	60,000	60,000	60,000	60,000
<u>Transport and Plant</u>					
Replacement Fleet Vehicles	300,000	300,000	300,000	300,000	300,000
SWLP Vehicles	0	0	0	0	3,956,000
<u>Traffic and Parking Management</u>					
Traffic Schemes	150,000	150,000	150,000	150,000	150,000
<u>Waste Operations</u>					
Alley Gating	40,000	40,000	40,000	40,000	40,000
SWLP IT	0	0	0	0	42,000
Total Environment and Regeneration	4,052,000	4,017,000	4,017,000	4,077,000	8,075,000
Total Merton	8,944,000	7,457,000	9,852,000	7,869,000	13,915,000

* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,

** Negative growth in the capital programme is as a result of reduction when compared to the approved (17/20)and indicative (20/21) programme.

Please Note

- 1) Excludes expenditure budgets relating to Disabled Facilities Grant
- 2) Excludes expenditure budgets relating to Transport for London Grant .
- 3) Excludes expenditure budgets relating to Devolved Formula Capital for schools.
- 4) Excludes any expenditure budgets relating to a Housing Company

AUTUMN STATEMENT 2016

The new Chancellor of the Exchequer, Philip Hammond, delivered his first Autumn Statement On 2016. Following the result of the referendum to leave the European Union, the Statement announced that this presents both new opportunities and new challenges but “in the near term, the UK’s economic outlook has become more uncertain.”

UK Economy

“The Office for Budget Responsibility (OBR) forecasts that GDP growth will slow to 1.4% in 2017, and then recover to 1.7% in 2018, 2.1% in both 2019 and 2020, and 2.0% in 2021. The OBR expects lower business investment and household spending to weigh on GDP in the near term.”

Key Economic & Fiscal Indicators

	2015	2016	2017	2018	2019	2020	2021
Gross domestic product (GDP) (%)	2.2	2.1	1.4	1.7	2.1	2.1	2.0
Public sector net borrowing (£bn)	76.0	68.2	59.0	46.5	21.9	20.7	17.2
Public sector net borrowing (deficit % of GDP)	4.0	3.5	2.9	2.2	1.0	0.9	0.7
Public sector net debt (% of GDP)	84.2	87.3	90.2	89.7	88.0	84.8	81.6
LFS unemployment (% rate)	5.4	5.0	5.2	5.5	5.4	5.4	5.4
Employment (millions)	31.3	31.7	31.8	31.9	32.0	32.2	32.3
CPI Inflation (%)	0.0	0.7	2.3	2.5	2.1	2.0	2.0

Source: H.M.Treasury – Autumn Statement 2016; OBR - Economic & Fiscal Outlook, November 2016

Public finances and fiscal policy

“The OBR’s forecast for the public finances shows a deterioration since Budget 2016, due to disappointing tax revenues over the first half of this year, a weaker economic outlook weighing on receipts from income taxes, and higher spending by local authorities, public corporations, and on welfare benefits. Compared with the OBR’s Budget 2016 forecast, borrowing is higher in every year of the forecast and £32 billion higher in 2020-21. Debt peaks at over 90% of GDP in 2017-18 due to a combination of higher borrowing, lower asset sales, and the impact of the Bank of England’s monetary policy operations.”

Public Spending

“With the deficit still sizeable, control of public spending and delivery of efficiencies is vital. The government is committed to the overall plans for departmental resource spending set out at Spending Review 2015. In the Autumn Statement, new spending initiatives, with the exception of the National Productivity Investment Fund (NPIF), have been fully funded.”

Departmental Expenditure Limits

“Budget 2016 set out that departmental resource spending will continue to grow with inflation in 2020-21. Departmental spending will also grow with inflation in 2021-22. The government will meet the commitments on public spending set out for this Parliament: including commitments to priority public services, to international development and defence, and to pensioners. The government will continue to constrain public spending in the next Parliament to reach a balanced budget and live within its means. The commitments it is able to make on protecting public spending priorities in the next Parliament will need to be determined in light of evolving prospects for the fiscal position. The government will do this at the next Spending Review.”

Table 1.5 (Autumn Statement): Total Managed Expenditure^{1, 2} (in £ billion, unless otherwise stated)

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Current expenditure	370.2	386.9	400.3	407.2	421.1	439.8
Resource AME						
Resource DEL excluding depreciation	309.0	304.2	306.3	305.6	311.5	317.6
Ring-fenced depreciation	20.6	21.9	22.8	23.3	21.9	22.8
Total public sector current expenditure	699.8	713.0	729.4	736.2	754.5	780.1
Capital expenditure	26.6	26.7	25.8	27.3	30.4	32.0
Capital AME						
Capital DEL	52.3	57.2	59.2	60.2	70.6	74.2
Total public sector gross investment	79.0	84.0	85.1	87.5	101.1	106.3
Total managed expenditure	778.8	797.0	814.5	823.7	855.6	886.4
<i>Total managed expenditure (% of GDP)</i>	<i>39.9%</i>	<i>39.8%</i>	<i>39.1%</i>	<i>38.0%</i>	<i>38.0%</i>	<i>37.8%</i>

The Chancellor signalled no changes in ring-fencing of protected departments nor in the pensions triple lock during this Parliament but suggested that these would need to be looked at before the next Parliament

National Productivity Investment Fund (NPIF)

The government prioritised capital spending at Spending Review 2015 and is now setting out plans to go further. The Autumn Statement announces a new NPIF which will be targeted at 4 areas that are critical for improving productivity: housing, transport, digital communications, and research and development (R&D). The NPIF will provide for £23 billion of spending between 2017-18 and 2021-22.

Table 3.1 (Autumn Statement): National Productivity Investment Fund (£ million)¹

	2017-18	2018-19	2019-20	2020-21	2021-22 ⁴
Housing					
Accelerated construction	285	635	665	380	*
Affordable housing ²	1,120	1,125	880	340	*
Housing Infrastructure Fund	60	300	945	1,425	*
Transport					
Roads and local transport	365	500	430	650	*
Next generation vehicles	75	100	110	115	*
Digital railways enhancements	30	55	165	285	*
Cambridge-Milton Keynes-Oxford corridor	5	135	0	0	*
Digital Communications³					
Fibre and 5G investment	25	150	275	290	*
Research and Development					
Research and Development funding	425	820	1,500	2,000	*
Total	2,390	3,820	4,970	5,485	7,000

¹ Figures represent the total costs associated with the funding allocations announced at the Autumn Statement, including the impact on Devolved Administration budgets through the application of the Barnett formula.

² The affordable housing line includes the impact on Housing Association spending of £1.4 billion extra capital grant from central government to fund 40,000 new homes, and introducing tenure flexibility across the Affordable Homes Programme.

³ Figures show PSGI impact of policies only, and do not include funding for the Digital Infrastructure Investment Fund.

⁴ Capital budgets have not yet been set for 2021-22. Allocation of the £7 billion will be made in due course alongside wider capital budgets.
Source: HM Treasury.

Housing

The government will publish a Housing White Paper shortly, setting out a comprehensive package of reform to increase housing supply and halt the decline in housing affordability. In the Autumn Statement the Chancellor announced a £2.3bn Housing Infrastructure Fund to build 100,000 new houses in areas of high demand. Funded by a new National Productivity Investment Fund (NPIF) and allocated to local government on a competitive basis it is intended to “provide infrastructure targeted at unlocking new private house building in the areas where housing need is greatest”

Affordable homes – the government will relax restrictions on grant funding to allow providers to deliver a mix of homes for affordable rent and low cost ownership, to meet the housing needs of people in different circumstances and at different stages of their lives. The NPIF will provide an additional £1.4 billion to deliver an additional 40,000 housing starts by 2020-21.

Affordable housing settlement - The government confirmed the GLA’s affordable housing settlement will be £3.15 billion, to deliver over 90,000 housing starts by 2020-21.

Right to Buy – The government will fund a large-scale regional pilot of the Right to Buy for housing association tenants. Over 3,000 tenants will be able to buy their own home with Right to Buy discounts under the pilot.

Business Rates

- The Government’s preferred option for the Transitional Relief scheme has been confirmed – with the cap for large businesses being reduced from 45% to 42% in 2017-18 and from 50% to 32% in 2018-19. This benefits London businesses by £46 million in 2017-18 and £33 million in 2018-19 (against aggregate increases of around £1.1 billion a year).
- 100% relief announced for new full-fibre infrastructure for a 5 year period from 1 April 2017.
- Rural rate relief will double to 100% from 1 April 2017.
- Government reconfirmed the Business tax road map – including reducing business rates by £6.7 billion over the next 5 years (previously announced at Budget 2016).

Public Spending and Welfare

The Government remains committed to delivering overall spending plans set at Spending Review 2015. All new announcements in the Autumn Statement, apart from the NPIF, are fully funded. The government intends to deliver the welfare savings already identified but has no plans to introduce further welfare savings measures in this Parliament beyond those already announced.

Universal Credit taper – From April 2017, the taper rate that applies in Universal Credit will be reduced from 65% to 63%. The Government estimates that 3 million households will benefit from this change.

Local Housing Allowance (LHA) rates in social housing

The implementation of the cap on Housing Benefit and LHA rates in the social rented sector will be delayed by 1 year, to April 2019. The cap will be applied to all supported housing tenancies from April 2019, and the government will provide additional funding to Local Authorities, so that they can meet the additional costs of supported housing in their area. For general needs housing, the cap will now apply from April 2019 for all tenants on Universal Credit, and to Housing Benefit tenants whose tenancies began or were renewed since April 2016.

Employment

National Living Wage and National Minimum Wage rates – Following the recommendations of the independent Low Pay Commission, the Government will increase the National Living Wage (NLW) by 4.2% from £7.20 to £7.50 from April 2017. This is estimated to mean a pay rise for over a million workers.

Off-payroll working rules – the Government confirmed it will reform the offpayroll working rules in the public sector from April 2017 by moving responsibility for operating them, and paying the correct tax, to the body paying the worker’s company. The 5% tax-free

allowance will be removed for those working in the public sector, reflecting the fact that workers no longer bear the administrative burden of deciding whether the rules apply.

Local infrastructure

The Government will award £1.8 billion to Local Enterprise Partnerships (LEPs) across England and £492 million of this will go to London and the south east. Awards to individual LEPs will be announced in the coming months. This funding of local infrastructure will improve transport connections, unlock house building, boost skills, and enhance digital connectivity. The government will also consult on lending local authorities up to £1 billion at a new local infrastructure rate of gilts + 60 basis points for three years to support infrastructure projects that are high value for money.

Flood defence and resilience

The government will invest £170 million in flood defence and resilience measures. £20 million of this investment will be for new flood defence schemes, £50 million for rail resilience projects and £100 million to improve the resilience of roads to flooding.

English devolution

The Government will transfer to London, and to Greater Manchester, the budget for the Work and Health Programme, subject to the two areas meeting certain conditions, including on co-funding. The government has also confirmed the Greater London Authority's (GLA) affordable housing settlement, under which the GLA will receive £3.15 billion to deliver over 90,000 housing starts by 2020-21, and will devolve the adult education budget to London from 2019-20 (subject to readiness conditions). The government will continue to work with London to explore further devolution of powers over the coming months.

Potential Impact on Local Government Funding

In their summation of the Autumn Statement, London Councils concluded that "It is not expected that the policy changes announced will impact on local government funding. The final 2016-17 Local Government finance settlement set out four year funding allocations for local government in February. The £3.5 billion of additional public spending reductions from the "departmental efficiency review" announced in the Spending Review will report in 2018. The government has indicated that £1 billion of this will be reinvested to support "priority areas", but this will not impact on local government funding.

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Sustainable Communities – Community & Housing – November 2016

Dept.	PI Code & Description	Polarity	November 2016					YTD Result	Annual YTD Target	YTD Status
			Value	Target	Status	Short Trend	Long Trend			
Libraries	CRP 059 / SP 008 No. of people accessing the library by borrowing an item or using a peoples network terminal at least once in the previous 12 months	High	69,923	56,000	✓	↑	↑	69,923	56,000	✓
Libraries	CRP 060 / SP 009 No. of visitors accessing the library service on line (Monthly)	High	152,834	131,800	✓	↑	↑	152,834	131,800	✓
Housing Needs & Enabling	CRP 061 / SP 036 No. of households in temporary accommodation	Low	190	225	✓	↓	↓	182.25	225	✓
Housing Needs & Enabling	CRP 062 / SP 035 No. of homelessness preventions	High	325	300	✓	↑	↑	325	300	✓
Housing Needs & Enabling	SP 037 Highest No. of families in Bed and Breakfast accommodation during the year	Low	4	10	✓	▬	↑	5.63	10	✓
Housing Needs & Enabling	SP 038 Highest No. of adults in Bed and Breakfast accommodation	Low	1	10	✓	↑	↑	2.88	10	✓
Libraries	SP 279 % Self-service usage for stock transactions (libraries)	High	97%	96%	✓	▬	↑	97%	96%	✓
Libraries	SP 280 No. of active volunteers in libraries (Rolling 12 Month)	High	315	210	✓	↑	↓	315	210	✓
Libraries	SP 282 Partnership numbers (Libraries)	High	62	30	✓	▬	▬	62	30	✓
Libraries	SP 287 Maintain Library Income	High	£235,469	£196,000	✓	↑	↑	£235,469	£196,000	✓

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E&R November performance report

Public Protection

PI Code & Description	Nov 2016					YTD Result	Annual YTD Target	YTD Status
	Value	Target	Status	Short Trend	Long Trend			
Parking								
CRP 044 Parking services estimated revenue (Monthly)	1,658,284	1,649,736	✓	↑	↑	9,841,469	10,833,817	✗
SP 127 % Parking permits issued within 5 working days (Monthly)	95%	90%	✓	→	↑	94.13%	90%	✓
SP 258 Sickness- No of days per FTE from snapshot report (parking) (Monthly)	2.07	0.75	✗	↓	↓	12.06	6	✗
SP 397 % Cases won at PATAS (Monthly)	59.65%	54%	✓	↓	↑	58.19%	54%	✓
SP 398 % Cases lost at PATAS (Monthly)	21.05%	21%	⚠	↓	↑	22.74%	21%	✗
SP 399 % Cases where council does not contest at PATAS (Monthly)	19.3%	25%	✓	↓	↑	19.12%	25%	✓
SP 417 % Public Spaces CCTV cameras working (Monthly)	96.34%	95%	✓	↓	↓	97.64%	95%	✓
Regulatory Services								
SP 041 % Service requests replied to in 5 working days (Regulatory Services) (Monthly)	95.1%	95%	✓	↑	↑	95.14%	95%	✓
SP 042 Income generation by Regulatory Services (Monthly)	£106,535	£85,000	✓	↑	↑	£296,646	£269,000	✓
SP 111 No. of underage sales test purchases (Quarterly)	Quarterly measure					42	42	✓
SP 255 % licensing apps. determined within 21 days (Quarterly)	Quarterly measure					100%	96%	✓
SP 316 % Inspection category A,B & C food premises (annual)	Annual Measure					N/A	97	N/A
SP 418 Annual average amount of Nitrogen Dioxide per m3 (Annual)	Annual Measure					N/A	40	N/A
SP 419 Days Nitrogen Dioxide levels exceed 200 micrograms per m3 (Quarterly)	Quarterly measure					19	36	✓
SP 420 Annual average amount of Particulates per m3 (Annual)	Annual Measure					N/A	40	N/A

PI Code & Description	Nov 2016					YTD Result	Annual YTD Target	YTD Status
	Value	Target	Status	Short Trend	Long Trend			
SP 421 Days particulate levels exceed 50 micrograms per m3 (Quarterly)	Quarterly measure					0	17	✓
SP 422 % Food premises rated 2* or below (Quarterly)	Quarterly measure					10%	15%	✓

Streetscene

PI Code & Description	Nov 2016					YTD Result	Annual YTD Target	YTD Status
	Value	Target	Status	Short Trend	Long Trend			
Waste Services								
CRP 047 / SP 068 No. of refuse collections including recycling and kitchen waste missed per 100,000 (Monthly)	53.16	50.00				48.05	50.00	
SP 064 % Residents satisfied with refuse collection (annual)	Annual Measure					N/A	72%	N/A
SP 065 % Household waste recycled and composted (Monthly)	37.41%	38%				36.2%	38%	
SP 066 Residual waste kg per household (Monthly)	44.39	48				373.61	384	
SP 067 % Municipal solid waste sent to landfill (waste management & commercial waste) (Monthly)	58%	59%				58%	59%	
SP 071 Days lost from sickness per FTE from snapshot report (waste mgmt) (Monthly)	2.05	1.16				16.59	9.28	
SP 262 % Residents satisfied with recycling facilities (annual)	Annual Measure					N/A	73%	N/A
SP 354 Total waste arising per households (KGs) (Monthly)	70.92	75				596.56	600	
SP 407 % FPN's issued that have been paid (Monthly)	69%	68%				68.25%	68%	
Street Cleaning								
CRP 048 % of sites surveyed on local street inspections for litter that are below standard (Monthly)	10.48%	8%				9.29%	8%	
CRP 049 / SP 059 No. of fly tips reported in streets and parks (Monthly)	202	300				2,040	2,400	

PI Code & Description	Nov 2016					YTD Result	Annual YTD Target	YTD Status
	Value	Target	Status	Short Trend	Long Trend			
SP 058 % Sites surveyed on street inspections for litter (using NI195 system) that are below standard (KBT)	Quarterly measure					8.94%	9%	✔
SP 061 Days lost through sickness per FTE from snapshot report (street cleaning) (Monthly)	0.73	1.16	✔	⬆	⬆	6.56	9.28	✔
SP 062 % Sites surveyed below standard for graffiti (Quarterly)	Quarterly measure					4.69%	5.5%	✔
SP 063 % Sites surveyed below standard for flyposting (Quarterly)	Quarterly measure					1.46%	1%	✖
SP 139 % Sites surveyed below standard for weeds (Quarterly)	Quarterly measure					9.8%	13%	✔
SP 140 % Sites surveyed below standard for Detritus (Quarterly)	Quarterly measure					12.28%	14%	✔
SP 269 % Residents satisfied with street cleanliness (annual)	Annual Measure					N/A	56%	N/A
Commercial waste								
SP 046 Total Income from commercial waste (Monthly)	£51,134	£5,000	✔	⬇	⬇	£1,292,460	£820,500	✔
SP 377 % customer satisfaction with commercial waste service (annual)	Annual Measure					N/A	89%	N/A
Transport								
SP 135 % MOT vehicle pass rate (transport passenger fleet) (Quarterly)	Quarterly measure					96.55%	95%	✔
SP 136 Average % time passenger vehicles in use (transport passenger fleet) (Annual)	Annual Measure					N/A	85%	N/A
SP 137 % User satisfaction survey (transport passenger fleet) (annual)	Annual Measure					N/A	97%	N/A
SP 271 In-house journey that meet timescales (transport passenger fleet) (Annual)	Annual Measure					N/A	85%	N/A
SP 355 Spot checks on contractors (Transport Commissioning) (Monthly)	0	4	✖	⬇	⬇	35	26	✔
SP 393 Average sickness days per FTE from snapshot report (transport fleet) (Monthly)	1.34	0.95	✖	⬆	⬇	8.61	7.6	✖

Sustainable Communities

PI Code & Description	Nov 2016					YTD Result	Annual YTD Target	YTD Status
	Value	Target	Status	Short Trend	Long Trend			
Development and Building Control								
CRP 045 / SP 118 Income (Development and Building Control) (Monthly)	149,332	175,000				1,478,928	1,314,080	
CRP 051 / SP 114 % Major applications processed within 13 weeks (Monthly)	75%	55%				71.43%	55%	
CRP 052 / SP 115 % of minor planning applications determined within 8 weeks (Monthly)	70.97%	60%				66.55%	60%	
CRP 053 / SP 116 % of 'other' planning applications determined within 8 weeks (Development Control) (Monthly)	87.4%	82%				87.08%	82%	
SP 040 % Market share retained by LA (Building Control) (Monthly)	42.65%	60%				46.11%	60%	
SP 113 No. of enforcement cases closed (Monthly)	53	25				371	200	
SP 117 % appeals lost (Development & Building Control) (Quarterly)	Quarterly measure					33.23%	35%	
SP 380 No. of backlog enforcement cases (Monthly)	538	900				538	900	
SP 408 % of residents satisfied with planning services (annual)	Annual Measure					N/A	29%	N/A
SP 414 Volume of planning applications (Monthly)	324	366				3,050	2,928	
Leisure and Cultural Development								
SP 015 Income generated - Merton Active Plus activity (Monthly)	£400	£1,500				£47,201	£45,000	
SP 251 Income from Watersports Centre (Monthly)	£4,510	£9,340				£332,289	£339,950	
SP 314 External capital & Revenue funding £ (Quarterly)	Quarterly measure					£56,000	£25,000	
SP 325 % Residents rating Leisure & Sports facilities Good to Excellent (annual)	Annual Measure					N/A	45%	N/A
SP 349 14 to 25 year old fitness centre participation at leisure centres (Monthly)	7,629	8,454				73,667	69,425	
SP 405 No. of Leisure Centre users (monthly)	75,598	64,600				576,983	543,043	

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PI Code & Description	Nov 2016					YTD Result	Annual YTD Target	YTD Status
	Value	Target	Status	Short Trend	Long Trend			
SP 406 No. of Polka Theatre users (Quarterly)	Quarterly measure					44,269	36,000	✔
Future Merton								
SP 020 New Homes (annual)	Annual Measure					N/A	411	N/A
SP 382 New jobs created - number of apprenticeships (Annual)	Annual Measure					N/A	100	N/A
SP 383 No. of new businesses created through the Economic Development Strategy (EDS) (Annual)	Annual Measure					N/A	300	N/A
SP 395 No. of new jobs created through the Economic Development Strategy (EDS) (annual)	Annual Measure					N/A	600	N/A
SP 396 % Modal increase in cycling from 2% baseline in the borough (annual)	Annual Measure					N/A	0.2%	N/A
Property Management								
SP 024 % Vacancy rate of property owned by the council (Quarterly)	Quarterly measure					0.2%	3.5%	✔
SP 025 % Debt owed to LBM by tenants inc businesses (Quarterly)	Quarterly measure					6.65%	8%	✔
SP 386 Property asset valuations (annual)	Annual Measure					N/A	150	N/A
Parks and open spaces								
SP 026 Residents % satisfaction with parks & green spaces (annual)	Annual Measure					N/A	73%	N/A
SP 027 Young peoples % satisfaction with parks & green spaces (annual)	Annual Measure					N/A	72	N/A
SP 028 Total LBM cemeteries income (Monthly)	£69,950	£70,000	⚠	⬆	⬆	£378,712	£373,940	✔
SP 029 Total outdoor events income (Monthly)	£180,917	£178,000	✔	⬆	⬆	£388,487	£337,000	✔
SP 032 No. of Green Flags (annual)	Annual Measure					5	5	✔
SP 318 No. of outdoor events in parks (Monthly)	3	4	⛔	➡	⬇	157	126	✔
SP 385 Volunteer input in parks management (number of groups) (Annual)	Annual Measure					N/A	40	N/A

PI Code & Description	Nov 2016					YTD Result	Annual YTD Target	YTD Status
	Value	Target	Status	Short Trend	Long Trend			
Traffic and highways								
SP 260 % Streetworks inspections completed (Quarterly)	Quarterly measure					56.84%	38%	✔
SP 265 Reduce total no. killed or seriously injured in road traffic accidents (annual)	Annual Measure					N/A	45	N/A
SP 327 % Emergency callouts attended within 2 hours (traffic & highways) (Monthly)	100%	100%	✔	▬	▬	100%	100%	✔
SP 328 % Streetworks permitting determined (Monthly)	99%	98%	✔	⬇	⬇	99.04%	98%	✔
SP 329 Percentage of Condition Surveys completed on time (traffic and highways) (annual)	Annual Measure					N/A	95%	N/A
SP 350 Percentage of jobs completed where no Fixed Penalty Notice issued (Monthly)	96%	93%	✔	⬇	⬇	96.59%	93%	✔
SP 389 Carriageway condition - unclassified roads defectiveness condition indicator (annual)	Annual Measure					N/A	19%	N/A
SP 390 Footway condition - defectiveness condition indicator (annual)	Annual Measure					N/A	19%	N/A
SP 391 Average number of days taken to repair an out of light street light (Quarterly)	Quarterly measure					2.44	3	✔

	STAKEHOLDER	ACTION / PROGRESS	TIMELINE	STATUS
Recommendation 1 That Cabinet work with the private rented sector to encourage landlords to let properties to residents on the Housing Register and in receipt of Housing Benefit. (paragraph 6.16)	Cabinet	Officers continue to work with private landlords both individually and through the Landlord forum which took place in September 2016. Officers have secured 31 homes in the private rented sector to meet housing need	<i>On-going</i>	G
Recommendation 2 That Cabinet explore the opportunity for providing temporary accommodation in house. This should include a review of both housing need and disruption to residents placed out of the borough as well as the potential financial benefits to the Local Authority. This should also enable the council to meet requirements regarding tenure, in particular for larger units for families. (paragraph 6.28)	Cabinet	Officers in future Merton and Housing continue to monitor the temporary accommodation position including potential changes to temporary accommodation funding regimes. This recommendation is also linked to action 13	<i>On-going</i>	G
Recommendation 3 That a report is presented to the Sustainable Communities Scrutiny Panel in anticipation of the proposed Pay to Stay policy on how residents	Cabinet	Government is not proceeding with the “Pay to Stay” policy	<i>This recommendation is closed</i>	G

might be incentivised to move on to alternative forms of affordable housing, freeing up much needed social housing (paragraph 7.12)				
Recommendation 4 The Cabinet undertakes a review into the effectiveness of viability assessments and make recommendations on challenging developers to enable the provision of more affordable housing. (paragraph 8.12)	Cabinet	This recommendation is linked to Recommendations 5 and 6 below). Officers in the Development Control and future Merton teams are progressing this work. Officers have engaged with London Councils and London boroughs that provide this information to members of their planning applications committees to learn from their experience and gain best practice	May	G
Recommendation 5 That Cabinet agree to consider whether viability assessments can be made available for review to Councillors on the Planning Application Committee. (paragraph 8.12)	Cabinet	To progress this matter the council will consult on Merton's requirements for developers to submit with planning applications (known as the Validation Checklist) which will take place in Spring 2017	May 2017	G
Recommendation 6 That the planning department	Cabinet	Officers in the Development Control	on-going	G

proactively considers using their right to review powers on developments that don't meet the 40% affordable housing target. (paragraph 8.12)		team have recently used this method and will continue to implement it as appropriate on a case by case basis		
Recommendation 7 That the Council encourages developers to engage with Registered Providers, at an earlier stage in the planning process, on the development of affordable housing. (paragraph 8.12)	Cabinet	Officers in the Development Control team actively encourage this at all pre-application meetings with prospective applicants and will continue to do this as part of their everyday engagement with applicants	On-going	G
Recommendation 8 The Cabinet consult with councillors and community groups on potential sites and land that present opportunities for the development of affordable housing (paragraph 8.13)	Cabinet	This work will be part of the council's revision of the Local Plan during 2017 and 2018 (programme agreed at September 2016 Full Council). Consultation will take place during summer 2017	On-going to 2018	G
Recommendation 9 That the Cabinet consider opportunities for gifting small to medium pockets of land in council ownership to Housing Associations in order to stimulate the creation of more affordable housing	Cabinet	Officers in Sustainable Communities are considering this matter and will report back on the legal and financial implications during 2017		G

to meet demand. In doing so, Cabinet should submit a report to the Sustainable Communities Scrutiny Panel for review on the business case and council's ability to gift land and on what might be proposed to housing associations with this. As part of any agreement with Housing Associations on the use of council land/sites, the Council should receive full nomination rights to all properties developed. (paragraph 8.19)				
Recommendation 10 That Cabinet agree to consult with Registered Providers in revising the terms of reference of the MerHAG Group, to enable a more regular forum for proactive engagement with Housing Associations and Registered Providers on the opportunities for, and barriers to, the development of affordable housing in Merton. (paragraph 10.7)	Cabinet	Officers continue to progress this matter.	On-going	G
Recommendation 11 That the Council effectively communicates its sites and plans policy to Registered Providers. (paragraph 10.7)	Cabinet		On-going	G

Recommendation 12 That the Sustainable Communities Scrutiny Panel invites all Registered Providers in operation in the borough to a future meeting to gather information on their overcrowding strategies and to make any recommendations, as appropriate. The Panel should also engage other Local Authorities to look at good practice, including Richmond Council who the task group met with as part of this review. (paragraph 12.20)	Cabinet	Officers would recommend a review of this action.		
Recommendation 13 That the Council consider the proposal for a Housing Development Company in Merton and ensure that it meets Council policy on affordable housing, encouraging where possible, given that it is a Council owned vehicle that it provides above and beyond the baseline of 40% affordable housing. (paragraph 13.16)	Cabinet	Officers in Sustainable Communities took a paper to CMT in December 2016 which will then be considered by Cabinet in January 2017 to establish a housing company. Should this be approved, the housing company would be established during 2017	Cabinet meeting = January 2017 Housing company established during 2017	G
Recommendation 14 That Cabinet explore effective policy enacted by other London Councils to unlock land banking and stalled development sites to ensure that affordable housing can be developed	Cabinet	This would be addressed through recommendation 13 above	See Rec 13 above	G

sooner. (paragraph 13.16)				
Recommendation 15 That Cabinet identify sites to commission the development of intermediate products, such as Pocket homes, in order to meet the needs of those trying to secure ownership of a property but unable to afford full market values. (paragraph 14.6)	Cabinet	This would be addressed through recommendation 13 above	See Rec 13 above	G
Recommendation 16 That Cabinet identify sites to commission the development of homes, such as those offered by YCube, in order to support residents to move out of temporary accommodation or social housing (paragraph 14.10)	Cabinet	This would be addressed through recommendation 13 above	See Rec 13 above	G
Recommendation 17 That the Council lobby the Sec. of State for Health to simplify structures regarding land ownership and responsibilities for selling off NHS land. (paragraph 14.20)	Cabinet	The council has successfully bid for Stage 2 of the One Public Estate project which will provide the funding to undertake a review and consolidation of services and assets to March 2018	March 2018	G

Committee: Sustainable Communities Scrutiny Panel

Date: 12th January 2017

Agenda item:

Wards: Borough wide

Subject: Floating Car Club Report

Lead officer: James McGinlay

Lead member: Councillor Abigail Jones

Ross Garrod Cabinet Member for Environmental Cleanliness and Parking

Contact officer: Chris Chowns

Recommendations:

A. That Scrutiny considers the report and comments as it wishes

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Within a CPZ the council seeks to reach a balance between the needs of residents, businesses and other road users. This includes setting aside or sharing spaces for specific classes of user, including car clubs, blue badge holder's and short stay shoppers.
- 1.2 Underpinning this approach are a number of strategic and local priorities. These can broadly be described under the cross cutting themes of accommodating growth, improving the environment and reducing congestion. Car Clubs have an increasing role to play in achieving these objectives.
- 1.3 Residents and businesses in London are resigned to the high cost of travel. It therefore has a major influence in determining travel choices. Car clubs can provide convenient means of access to a car for those journeys not easily undertaken by public transport walking and cycling or as a reserve backup.
- 1.4 This report sets out proposals for the introduction of a new borough wide car club parking permit and accompanying non-exclusive operator legal agreement to facilitate the introduction floating car clubs. Schemes are currently being promoted by DriveNow and Zip Car, although other operators are expected to start up schemes in the near future as the market matures.
- 1.5 The new permit would allow a floating car club vehicles to park in Permit Holder, Shared Used Pay & Display and Resident Only Bays across the borough, although specific locations of concern can be excluded if other demand management options, such as real time pricing do not achieve the desire outcome.
- 1.6 The legal agreement would run for a period of 3 years and describes how the scheme would operate, including annual fees, operator's obligations and overall monitoring regime.

- 1.7 It is anticipated that pre-launch marketing could probably commence in early 2017 following the statutory consultation process for the new permit.
- 1.8 Both DriveNow and Zip Car are anticipated to commence their operations with around 300 vehicles each. Typically around 70 vehicles from each operator (140 in total) would be present in Merton at any one time.
- 1.9 Subject to the statutory Traffic Order amendment process the final decision to approve the new “floating Car Club “ parking permit will be made by the Cabinet Member for Regeneration, Environment and Housing in March 2017.
- 1.10 The Director for Environmental Services has delegated powers to approve the signing of the legal contract setting out the terms and conditions for the issue of the agreed float car club permit to operators

2 Details

- 2.1 London’s population is projected to grow by around 70,000 people per year to around 10.5 million by 2041 or an average 40,000 extra households per year. By 2040 Londoners will also make an extra 6 million more trips every day.
- 2.2 Car Clubs and other shared car models have an increasing role to play in accommodating this growth and could represent 15% of cars on the road by 2030. The floating Car Club model is expected to assist in meeting demand.
- 2.3 DriveNow/Zip Car are looking to operate a so called one-way car or free floating sharing scheme in Merton. Both schemes would like to launch simultaneously across Merton, Wandsworth and Lambeth in spring 2017.
- 2.4 Car Club members would be able to park in Residents, Permit Holder, Pay & Display, and Shared (mixed use) parking bays across each borough. Users would utilise an app to find a car, drive it and then drop it off in another location within the business area.
- 2.5 Backroom management systems can allow the borough to request for specific bays to be barred to prevent users from parking e.g. in locations where more pro-active management is required e.g. adjacent to Wimbledon Theatre. However, these barred locations need to be kept to an absolute minimum to avoid compromising wider scheme viability and customer understanding.
- 2.6 Scheme users would be able to drive and park across the entire business area comprising Merton, Lambeth and Wandsworth borough boundaries. Operations would be managed in accordance within the context of a legal agreement (this has been excluded for commercial confidentiality but could be made available outside this Committee). This includes a formula to compensate the borough for operational variations in car numbers and monitoring regime.
- 2.7 Whilst it is not in the operators’ interest to allow clustering to occur, should this occur then low rental tariffs can be applied to encourage users to move the vehicles or if necessary car club staff will relocate the vehicles. Based on operational experience of a similar scheme in Hackney this has not been an issue to date.

- 2.8 DriveNow has produced a helpful detailed Frequently Asked Questions note attached as Appendix 1. Both schemes will operate in a similar manner. The note is therefore considered to be typical of this type of scheme.

Benefits of Car Clubs

- 2.9 Air quality issues continue to rise up the political/health agenda with recent legal challenges to the government pointing the way towards increased and more stringent intervention. This move has been reinforced by the Mayor's Vision paper "A City for all Londoners".
- 2.10 Experts believe the combined death toll from nitrogen dioxide and PM2.5 pollution in London is more than 9,000 a year. In Merton Road transport contributes around 135,000 of Tonnes/year of CO2 and 478 Tonnes /year NOx to the atmosphere. Cars contribute a sizable 65% of CO2 and 41% NOx of these emissions. Car clubs offer a means to reduce the harmful impacts of cars as well as reducing congestion.
- 2.11 It is envisaged that 15% of the car club vehicles will be ultra-low emissions (Hybrid or electric) in year 1 rising to 20% in year 2 subject to a review of the available of charging infrastructure across the business area. The first batch of 21 charging spaces in Merton was installed in December 2016 with a further batch of charge points to follow in 2017. Both Wandsworth and Lambeth Councils are working with Bluepoint to increase the availability of charge point in their respective boroughs. The remaining vehicles would all be non-diesel.
- 2.12 Carplus Trust, the national body that promotes accessible shared transport including car clubs, shared bikes, and car sharing, has recently published extensive new research on Car Club operations. Relevant findings are detailed below.
- 2.13 Car club Membership across London has increased over the year from 155,000 to 186,000 (up 17 percent). This rate of growth falls slightly below the London Car Club Coalition Strategy target of 1 million uses by 2025.

Benefits of Car Clubs

- **Free up parking spaces** – through members selling a car or deferring a planned purchase of a car.
- **Environmental benefits** – including improved air quality, reduced CO2/NO2/PM emissions through use of cleaner vehicles (particularly if electric vehicles are used in the fleet) and greater use of sustainable transport
- **Increased familiarity with electric vehicles** – making them more visible, desirable and accessible to a wider audience
- **Reduced costs of owning** – the true costs of owning a car (including upkeep, maintenance and depreciation) are often under-estimated by owners. Car club users can make significant savings when switching from private ownership.
- **Reduced costs of doing business** – car clubs can have financial benefits for businesses through rationalised business travel and reduced commuting by car.

- 2.14 The DriveNow FAQ note (Appendix 1) also picks up more specific issues from this research relating to their particular delivery model.
- For each round-trip car club vehicle, car club members sell or dispose of more than 10 private cars.
 - A third of round-trip car club members reported that they would have bought a private car if they had not joined a car club.
 - Joining a car club leads to lower levels of car ownership. 25% of new round-trip car club members and 22% of new flexible car club members had sold or disposed of a car in the last 12 months.
 - Round-trip members reported an average reduction in miles driven of 730 miles a year. Flexible members reported a reduction of 840 miles a year.
 - After joining a car club, new car club members often reduce their car use.
 - Car club member's cycle and use trains and the Underground more than the average Londoner.
 - 14% of round-trip members and 20% of flexible members have not used a car club vehicle in the last six months or have not yet made a car club journey. Membership is often seen as a backup option.
 - Car club cars are safer than the average car: 88% achieve NCAP 5+ Star or 5 Star standard.
 - Car clubs emit one tonne of carbon a year less than an average car for the same mileage and carbon emissions of London club cars are on average 20% lower than the typical UK private car.

3 ALTERNATIVE OPTIONS

- 3.1 Should Merton choose not to be part of the Southwest London business area, it is expected that DriveNow/Zip Car would proceed with a modified business area that excludes Merton, possibly linking up with Richmond instead, thereby denying residents a flexible travel alternative to owning a private car.
- 3.2. New floating car club operators are expected to join the market in the near future as well as alternative operating models, each presenting a slightly different offer. The Council could therefore choose to defer a decision on the floating car model until the market choices expand.

4. CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1 Pre-launch DriveNow/Zip Car propose to undertake an extensive marketing campaign explaining the benefits of their respective schemes as well as recruiting new members.
- 4.2 Statutory consultation is required to advertise the new borough wide permit type.
- 4.3 The Head of Parking and CCTV Services has been kept fully informed of the proposals and comments have been incorporated within the proposals.

5. TIMETABLE

- 5.1 Pre- launch marketing is expected to start in early 2017 with implementation following 2 -3 months later.
- 5.2 The operators will be encouraged to built-up their on-street presence over several months to enable an early operational issues to be picked up quickly.

6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 It is anticipated that both operators would launch with around 300 vehicles each across the entire business area, approximately 140 of these would be sited in Merton on a daily basis. When compared to around 80,000 private vehicles in Merton (average of one per household and 20,000 CPZ bays) this represents a small increase in demand for existing parking spaces.
- 6.2 Based on an expected permit cost of £1,260 this would result in an income of £176,400 pa. However, some existing income could be lost from deferred resident permits and Pay & Display revenue, although it is difficult to quantify this with any accuracy.
- 6.3 The council would be indemnified for any PCN costs arising from users parking illegally. For clarity all “Pay and Display” only bays and other specially designated bays e.g. disabled parking bays would be excluded.
- 6.4 There would be some associated costs in modifying/advertising the revised Traffic Orders (Circa £4000) and staffing cost. It should be possible to meet initial on-going contract administration/monitoring costs from within the current parking services staff establishment. However, this will need to be kept under close scrutiny if operations grow as expected.

7. LEGAL AND STATUTORY IMPLICATIONS

- 7.1 It will be necessary to modify the consolidated CPZ Traffic Management Orders to include a new one-way car club permit type. Modifications can be made using powers contained with Section 6 and Section 45 of the Road Traffic Regulation Act 1984 (as amended). The Council is required by the Local Authorities Traffic Order (Procedure) (England and Wales) Regulations 1996 to give notice of its intention to modify the Traffic Order (by publishing a draft traffic order). These regulations also require the Council to consider any representations received as a result of publishing the draft order.
- 7.2 The Council also has discretion as to whether or not to hold a public inquiry before deciding whether or not to make a traffic management Order or to modify the published draft Order. A public inquiry should be held where it would provide further information, which would assist the Council in reaching a decision.
- 7.3 Following the statutory order making process for the new floating car club permit the final decision on whether to approval the permit will be made by the Cabinet Member for Regeneration, Environment and Housing in March 2017.

- 7.4 The Director for Environmental Services has delegated powers to approve the signing of the legal contract setting out the terms and conditions for the issue of the agreed float car club permit to operators

8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1 Car clubs provide opportunities for less affluent members of society to gain access to modern and safer cars, which might otherwise be unaffordable.
- 8.2 Zip Car members would also have the benefit of access to traditional back to base car club vehicles, thereby offering more versatile rental choices.

9. CRIME AND DISORDER IMPLICATIONS

- 9.1 None for the purposes of this report.

10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1 Car Clubs operate with newer and hence cleaner fleets, which will help to reduce air quality impacts.
- 10.2 There is a risk that in some high attractor locations clustering could occur. However, demand management tools are available to control this. As a last recourse locations can be excluded. This has not been an issue with the existing east London DriveNow Scheme
- 10.3 This is a fast evolving area and less managed car sharing operational models could fill a service vacuum.

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

- Appendix 1 - FAQ provided by DriveNow

12. BACKGROUND PAPERS

- A Car Club Strategy for London “Growing car clubs to support London’s transport future”.
- Carplus Annual Survey of Car clubs 2016

Appendix 1

Policy FAQs for London Boroughs

How does DriveNow work?

For DriveNow's free-floating business model to work users need to be able to park in residents, pay & display, and mixed use parking bays across a borough. This allows a user to find a car on our app, drive it and then drop it off in another area of the borough/business area. DriveNow has a flexible approach to parking negotiations with boroughs and can red-route areas to prevent users from parking there.

As DriveNow's users are able to drive and park across boroughs linked together within a business area (e.g. Merton, Wandsworth, Lambeth) there will be temporary day-to-day rises/falls in the number of cars in a borough. A flexible framework agreement between the borough and DriveNow will enable these temporary shifts in car usage. The borough will be recompensed for any medium term increases in DriveNow cars parked within it. Ongoing monitoring means that the overall number of cars can be adjusted.

How many cars will there be in the borough?

The number of cars within the borough will depend upon the size of the permitted parking areas. For the business model to work DriveNow needs for a car to be available to users within 5 minutes walk. In the Northeast business area DriveNow has a minimum of 70 cars in each borough. It is expected to be similar for the southern business area.

Will it work in Merton? And neighbouring boroughs?

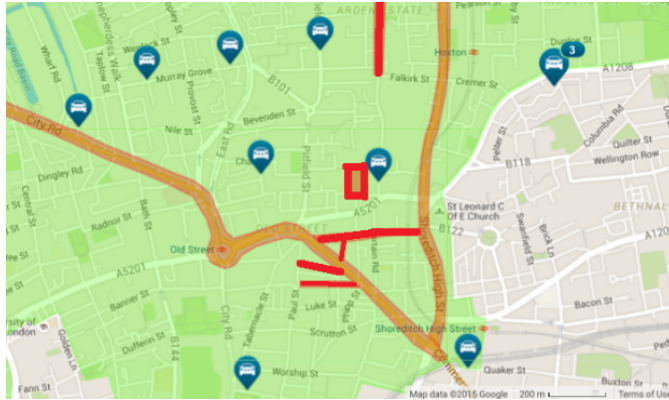
DriveNow launched in Northeast London (Hackney, Haringey, Islington, Waltham Forest) in December 2014. It has successfully grown to over 18,000 members since then. There are already a considerable number of members that live within the southern boroughs (Merton, Wandsworth, Lambeth) showing some of the demand available. There are areas of each of the southern boroughs that have similar demographics and transport usage to the northern boroughs. Also, in the southern boroughs the open space activities available is a key user case for DriveNow, as well as the usual shopping and leisure activities.

Will residents complain?

Impact on parking in particular streets and areas is minimal, given that cars move fairly frequently across the business area. DriveNow receives very few complaints from residents in the Northeast London business area. Complaints are in part due to surprise at seeing vehicles in parking spaces.

What if we don't want DriveNow to have use of an area?

Evidence suggests that DriveNow reduces car ownership. This will reduce overall constraint on parking in the borough. If there are certain streets in the borough where parking is particularly constrained they can be excluded: see example screenshot, with red streets excluded.



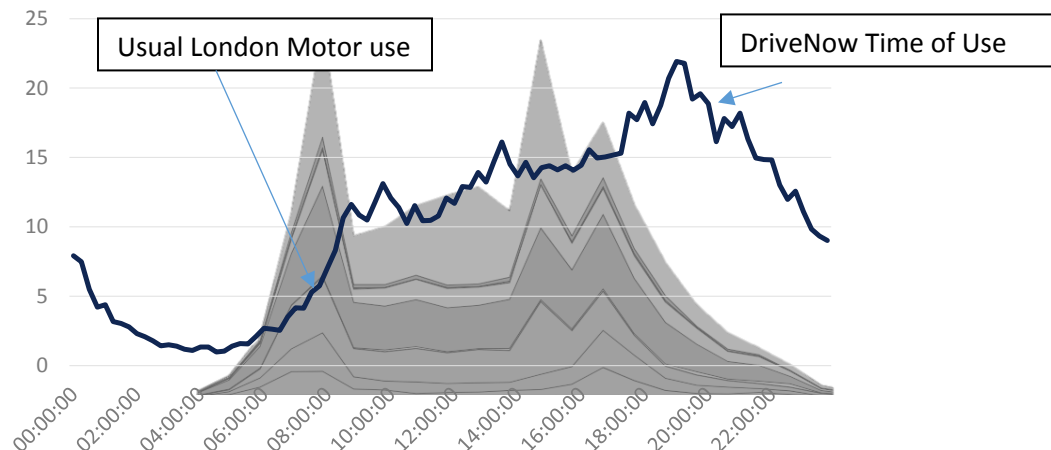
Who is liable if a DriveNow user ends a booking in a red routed area?

If a DriveNow user ends a booking within a red routed area they are liable for any penalty charge that is given to the car. DriveNow also charges an administration charge to customers to discourage them from parking illegally within the borough.

Will DriveNow cars increase congestion?

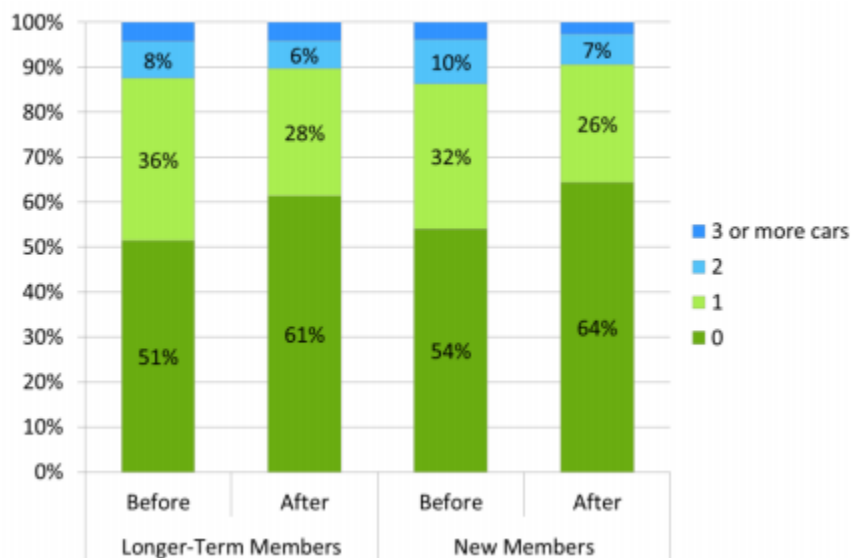
DriveNow reduces private car ownership by making visible the marginal cost of a car journey to drive behaviour change. It therefore levels the playing field with public transport (in contrast to owned vehicles where the majority of the costs are sunk). DriveNow is more expensive than public transport so encourages multi-modal use of transport, as opposed to private car users preferring car use.

DriveNow is capable of making a contribution by persuading a particular demographic to give up car ownership and drive less as a result. Customers pay the congestion charge, and per minute pricing creates a disincentive against taking vehicles into congested areas. This means that DriveNow cars tend to be driven an hour after the main peaks of usual London travel patterns (see below).



The Carplus (independent charity funded by TFL) 2015/16 survey results (below) provide evidence that flexible carsharing takes cars off the road by allowing users to abolish or defer purchase on cars. There is a 10% fall in the number of members that own at least one car.

Flexible member number of cars owned before and after joining



There is minimal impact on local congestions around pinch points (eg train stations, local centres). The experience of DriveNow so far suggests that this does not happen, or only very temporarily and on a small scale. There is no marked 'tidal move', for example to train stations, although on a day-to-day basis local events (eg Festivals) may reflect in the pattern of journeys made. Very specific areas (eg Wimbledon Tennis) could be excluded.

Will flexible car sharing encourage users to drive more?

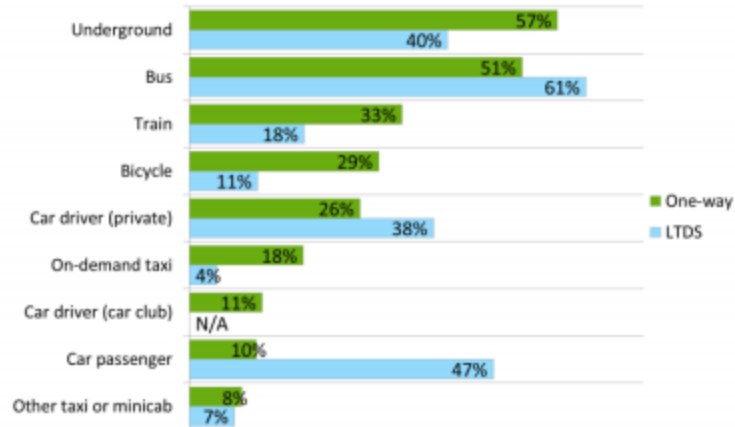
The Carplus (independent charity funded by TFL) 2015/16 survey results (below) provide evidence that flexible carsharing encourages people to drive less, there is a reduction in annual mileage of 836 miles. Also customers use cars more efficiently with an average occupancy of 2.4 persons per car in comparison with a London wide 1.6 persons per car.

Will DriveNow cannibalise other forms of public transport?

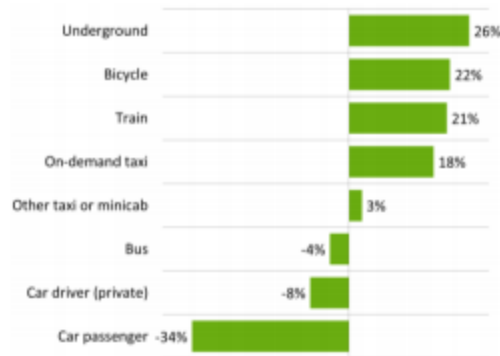
There is no evidence of a consistent trend that DriveNow will cannibalise public transport. For example, it is clear from DriveNow data that cars are not generally used for commuting. It is likely to be a mixed picture overall, with some customers giving up their cars and switching to a more sustainable transport mix, and others supplementing public transport with some car journeys. The DriveNow vehicle numbers are so small that the effect would not show up on wider TFL surveys, but customer use pattern needs to be kept under review.

The Carplus 2015/16 survey results (below) provide evidence that flexible carsharing users are more likely to use multi modal forms of transport. Customers are more likely to use the tube, buses, trains, and bikes than the London average.

Use of transport modes at least once a week compared to the London average

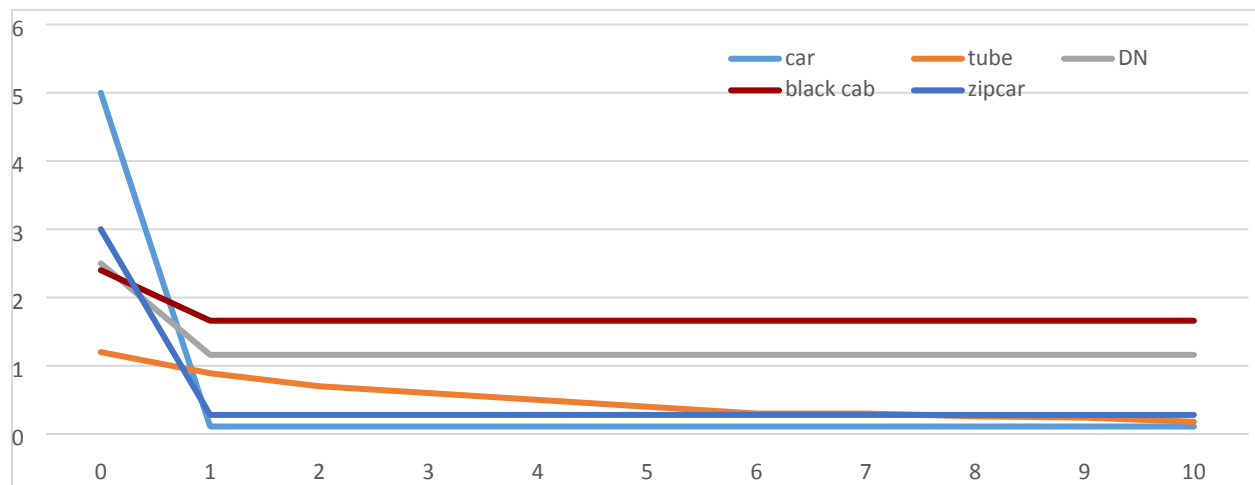


Proportion transport modes at least once a week compared with average Londoner (percentage point difference): all flexible members



As DriveNow is more expensive than most other forms of transport including private cars, it is less likely to be used instead of public transport for most journeys.

Cost of Transport Alternatives (X-axis (distance); Y-axis (Cost))



Do the cars Cluster in the Business Area?

There is no evidence that shows DriveNow cars cluster around certain areas in the current business area in Northeast London on a regular basis. Some small localised clusters may form on a day-to-day basis because of local events (e.g. Festivals). Any time more than a couple of cars are within a certain locale our fleet operations team can move cars to different locations in the business areas. DriveNow can also discount the price of cars to get customers to move them to other areas. It benefits DriveNow to have cars spread out across the business area because this gives greater access to all of our customers. DriveNow must have a car within 5 minutes of every customer in the business area – cars clustering make it harder for us to achieve this.

What impact does Drivenow have on total Vehicle emissions?

DriveNow car fleet is similar to other car sharing fleets in that they have lower emissions per km than the average UK car. Car sharing fleets generally turn over faster, and vehicles are more efficient and cleaner by an average of 33% in terms of CO₂¹. DriveNow will be completely Diesel free by 12th June 2016.

Will DriveNow introduce Electric Vehicles to Merton?

DriveNow are committed to introducing electric vehicles in to every borough that it operates in. The exact number will depend on the charging infrastructure available within the borough. DriveNow have a good relationship with chargemaster who are looking to further invest in charging infrastructure in London.

The use of BMW i3s in the DriveNow fleet supports the switch to electric vehicles. Customers can become familiar with electric vehicles, without the perceived risk/hassle of investing fully in an electric vehicle. Car sharing electric fleets can also make a significant contribution to solving the chicken-and-egg problem in relation to charging infrastructure (need for EVs for commercial viability; need for infrastructure for practical use).

What does Merton council get from Drivenow?

Merton gets a trusted business with a proven model working in other London boroughs. The business has significant interest among Londoners in the floating carsharing model that DriveNow offers, with over 17,000 members signed up since launch.

Guaranteed minimum revenue from DriveNow UK to park cars in the borough. DriveNow and the borough agree a 'per licence' fee for parking on the basis of best available evidence, including the mix of bays in the borough and expected use profile to ensure that the borough has a fair return on its bays. Ongoing monitoring means that can be adjusted if initial expectations turn out to be inaccurate.

Flexible approach to parking with the ability to red route certain 'pinch-point' areas in the borough to avoid congestion.

Parking requirements

For DriveNow's free-floating business model to work users need to be able to park in residents, pay & display, and mixed use parking bays across a borough. The borough and DriveNow will agree a 'per licence' fee for parking each car within the borough. A universal parking permit will be granted to DriveNow on a livery basis or with each individual car having a permit. The Vehicle Recognition Mark of each vehicle will be given to the borough so that parking wardens can recognise the cars.

Suggested Timeline before Launch

DriveNow would expect to launch in late 2016. There will be 3 months of marketing and infleeting before launch. Before marketing and infleeting starts, DriveNow will need to finalise and sign off the

¹ TfL, A Car Club Strategy for London, 2015, 5.6.2

business case with partners. This will take 1 to 2 months. To finalise and get sign off on the new business area DriveNow will need approval from each of the boroughs within it. Approval is needed from all of the boroughs by July 2016 for launch in late 2016.

How does DriveNow launch? Infleeting / marketing?

As above, DriveNow needs a minimum 3 month period to infleet all of the cars and undertake a marketing campaign for the new business area. Infleeting involves ordering the manufacture of mix of cars needed for the business area, transport, operational updates and distributing the cars throughout the borough.

FLOATING CAR SHARING IN LONDON

The concept of car sharing is now relatively well established and evaluated. However, changes in technologies, networking and customer expectations have started to transform the existing business models, and DriveNow are hence seeing another period of behaviour change and experimentation. This provides the context for further roll out of car sharing in London boroughs.

What are the Impacts of car sharing?

The positive impacts of car sharing are now well established. The TFL research papers and car club strategy summarise state of play. Car sharing has a number of key benefits²:

Impact	Evidence
1.Reducing the need for cars on the road and for parking spaces	Since utilisation is more efficient than for private cars, the overall need for road/parking space is reduced. Private cars are only used for 6% of the time ³ . Every car-sharing car takes between 13 and 17 private cars off the road ⁴ .
2.Reduction in private ownership drives behavioural change	By making visible the marginal cost of a car journey users are more likely to use an intermodal mixture of transport. A relatively high visible marginal cost levels the playing field with public transport (in contrast to owned vehicles where the majority of the costs are sunk). There is evidence that car club members drive significantly less than car owners ⁵ .
3.Carsharing fleets have lower emissions (per km)	Car sharing fleets are generally newer and turn over faster than the average UK car, and vehicles are more efficient and cleaner by an average of 33% in terms of CO ₂ ⁶ .
4.Increases accessibility in areas poorly supplied by public transport	Allows users to access to cars in areas that don't have convenient public transport links, and hence has a positive impact on local growth.
5.DriveNow, in particular, support the switch to electric vehicles	Customers can become familiar with electric vehicles, without the perceived risk/hassle of investing fully in an electric vehicle. Car sharing electric fleets can also make a significant contribution to solving the chicken-and-egg problem in relation to charging infrastructure (need for EVs for commercial viability; need for infrastructure for practical use).

Car sharing will help unlock a new model of urban mobility for London by offering an alternative to private car ownership. Car sharing can be used alongside other policy instruments, such as the congestion zone. London already has one of the largest car club markets in Europe. The sector is innovating rapidly with new operators entering the field. There is considerable potential for growth,

² See also TfL, A Car Club Strategy for London, 2015.

³ RAC Foundation, "Spaced Out: Perspectives on Parking Policy", 2012.

⁴ Eg Frost & Sullivan, Car-sharing in London – Vision 2020



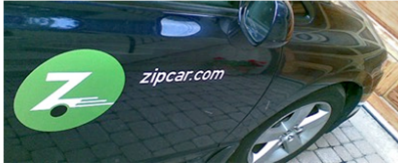
⁵ Eg Frost & Sullivan, Car-sharing in London – Vision 2020: 57% reduction in km.

⁶ TfL, A Car Club Strategy for London, 2015, 5.6.2

including in new markets and Outer London boroughs.⁷ London will benefit from being in the forefront of that revolution to reduce congestion, improve air quality and the public realm, and hence attract inward investment. Floating car sharing is perhaps the most high tech, future-oriented element of the market, and early engagement will open up to London boroughs a new tool kit for traffic and parking management.

How does floating car sharing work?

There are perhaps now three dominant models for commercial carsharing (below), with a further fourth peer-to-peer model (Easycar).

Free Floating fully flexible	Station-to-Station semi flexible	Back-to-Base traditional
		
DriveNow	AutoLib	ZipCar
<ul style="list-style-type: none"> ▪ Locationless ▪ No need to return car to same spot/area ▪ Spontaneous use 	<ul style="list-style-type: none"> ▪ Fixed locations ▪ Return to a station ▪ Reserve in advance or spontaneous use 	<ul style="list-style-type: none"> ▪ Fixed locations ▪ Return to same pick up spot ▪ Reserve in advance or spontaneous use

Each model serves different demographics and can therefore comfortably coexist in a single city. Indeed London today supports a range of providers including ZipCar, City Car Club and DriveNow. Floating car sharing allows users to pick up and drop off cars within a defined business area at their convenience. Floating car sharing may be more attractive to current car owners, and hence pave the way to systemic transformation. For example, the introduction of floating car-sharing in Germany has driven an exponential rise in the number of users⁸ and there is also anecdotal evidence that it has been particularly effective in persuading people to give up their cars entirely.

⁷ TfL, A Car Club Strategy for London, 2015

⁸ Station based car sharing members grew by 60.000 in 2014 in Germany, compared with 223.000 for floating car sharing members. Although this was not matched by the relative increase in cars in the real model, it is arguably a function of a different growth pattern, where floating car sharing leads with the provision of cars, and membership catches up. *Datenblatt carsharing in Deutschland, Stand 1/1/15*, <http://carsharing.de/alles-ueber-carsharing/carsharing-zahlen>

Emerging evidence on floating car sharing

Impact upon car ownership – Munich Council 2-year study.

The study concludes that 10-20% of car club members have given up their car because of car sharing, and that membership played a particularly important role in the decision for DN members. In fact, due to DN's strong customer base, DN accounts for bulk of cars given up in Munich - on a very conservative assumption, at least 200; on a more realistic assumption, 2000. On the strength of the research, the Council has just authorised a 5 year expansion of the scheme⁹. Similarly, an independent longitudinal study (still running) in Stuttgart and Cologne found that 5% have given up car in last 3 months (control group 1%)¹⁰.

In London, DriveNow is currently participating in the annual CarPlus survey, and results will be published on April 26th 2016. However, the data is clear that London customers are giving up their cars at a similar rate for traditional car clubs (which is running at 18% for new members).

The impact on KMs driven – Munich Council 2-year study

The study, which combined survey and back end data, found that while some people increased their mileage, they were clearly outweighed by those who had given up their cars and reduced mileage.

For London, the annual Carplus survey data suggests a similar pattern to above with an overall reduction in mileage.

Outlook for car sharing in London

Car sharing in London has grown significantly over the last decade and there are now more than 170,000 members of car sharing clubs in London (that figure is perhaps already out of date). This is expected to grow rapidly, to 615,000 by 2020¹¹. In parallel, the population of London is expected to continue to grow, and its economic basis, including the labour market, will transform at speed¹². Part of that transformation is likely to be a new mobility offer by a range of new entrants to the market, including exponential growth in private hire (see Travel in London 8 - others, for example Addison Lee, are claiming that Uber is has added palpably to congestion in central London). New technologies are likely to transform the scope for automated driving, parking management and intermodal, integrated mobility¹³. The best understood elements of that transformation is the growth in ULEV vehicles including the commitment for 50% of the car sharing fleet to be electric by 2025¹⁴. Any decisions on the roll out of car sharing in the London boroughs hence take place in the context of significant uncertainty, with 'do nothing' being equally uncertain as the investigation of new models of mobility.

⁹ "Evaluation Carsharing Landeshauptstadt Munich". Not yet available online in English.

¹⁰ Oeko Institut EV "Forschung zum neuen Carsharing" <http://www.oeko.de/oekodoc/2052/2014-629-de.pdf>

¹¹ Frost and Sullivan, Car-sharing in London: Vision 2020.

¹² For example, <http://essays.centreforlondon.org/issues/technology>

¹³ For example, presentations at Frost & Sullivan's Intelligent Mobility conference 2015.

¹⁴ TFL, An ULEV Delivery Plan, 2015. <https://tfl.gov.uk/cdn/static/cms/documents/ulev-delivery-plan.pdf>

DriveNow

DriveNow launched in London in December 2014 in 3 boroughs: Hackney, Islington, Haringey (since then also Waltham Forest). The DriveNow model is based on SLAs with the boroughs in its business area allowing its cars to park in residents' parking, pay and displays, and mixed use bays. The in-car technology allows the drop-off area to be varied to reflect the business areas and any local considerations in relation to parking or vehicle pressure¹⁵. Customers taking cars (except electric) into the congestion zone pay a charge. The DN 2015 fleet across 4 boroughs is now 290 vehicles, of which 50 are electric, and the fleet overall is significantly cleaner than the national fleet¹⁶. The ambition is to increase the share of e-vehicles with every new roll-out, depending on progress on charging infrastructure.

Usage of DriveNow in London so far¹⁷

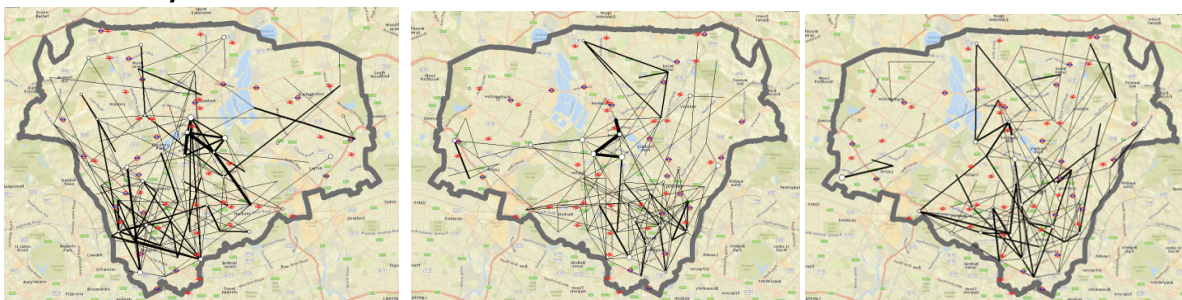
Significant Interest from Londoners in the model	Over 17,000 users signed up since launch (i.e. 10% of the total London market, in only a limited geographical area).
Inter-modal mix of transport	The May 2015 Customer survey revealed 10% of Customers describe their use as regular in contrast with the tube, which 60% use regularly.
Average journey distance is low	Average journey distance is about 6km.
DriveNow can reduce car ownership	The May 15 survey 4.55% of customers say they 'got rid of a car' in the last three months, which is comparable to CarPlus findings; and 29.7% decided against buying a car in the last 3 months.
Car usage tends to avoid rush hour	Use picks up slowly from 8:00 am, rises through to early evening and peaks at about 20:00. Use pattern and customer surveys are consistent and show that cars are used for a variety of leisure trips (about 30% work related) and not commuting.
Even distribution of journey patterns	Spoke journeys focus on town centres within the borough, rather, than mainline train stations. There is not tidal distribution. See patterns for 3 days below

¹⁵ See DriveNow map on its website: <https://de.drive-now.com/en/#!/carsharing/london>. Customers have the option to park cars at their own cost while maintaining the reservation, but the parking rental rate of £0.19 of £11.40 per hour, in addition to parking charges, generally make this uneconomic, except for eg quick drop-offs.

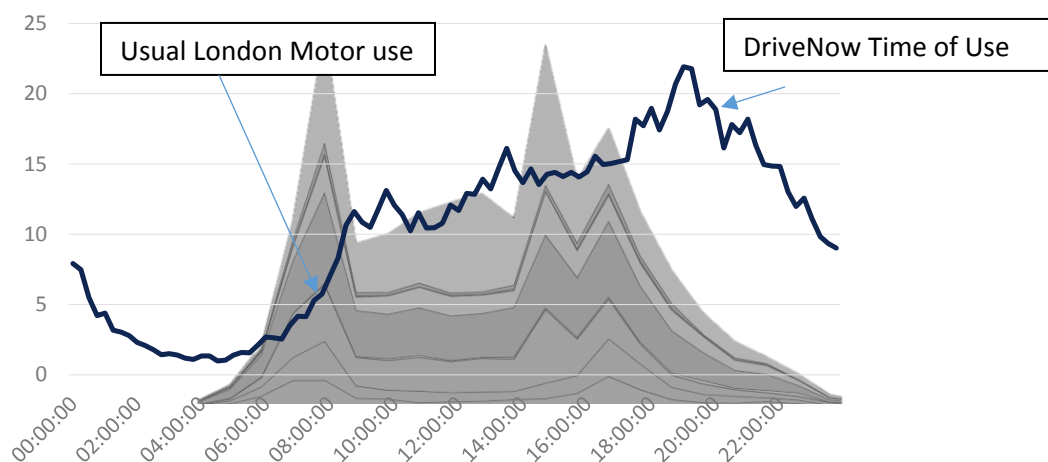
¹⁶ The 2016 fleet will be 50 EVs and 240 petrol only vehicles. The EVs are 0 emission; the carbon emissions are 109 and 11g/km respectively. Nox emissions are 0.037g/km and particles 0.00031gr/km. This compares with CO2 emissions of the UK 2014 fleet of 156.6g/km [New Car CO2 Report 2015 SMMT]. We have not been able to establish average nox and particle emissions for private vehicles in the UK. These values are also significantly cleaner than other car club fleets (see CarPlus reporting).

¹⁷ Based on 9 months of data. Experience from other cities shows that the user profile and behaviour changes as the models reaches wider recognition and maturity over a period of several years. The presence in only 4 boroughs probably affects results.

DriveNow Journey Patterns



DriveNow time of use



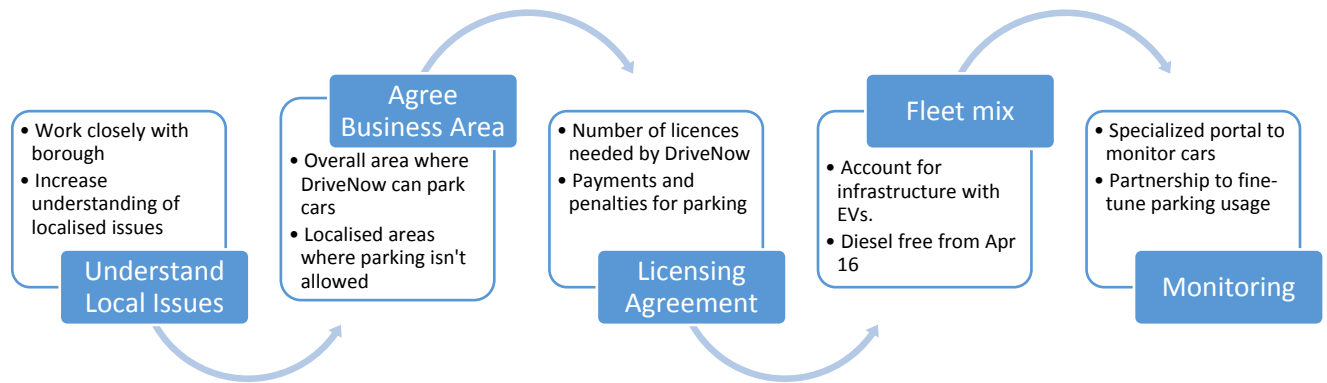
Strategic Fit with London Borough objectives

London borough objectives¹⁸ vary, as set out in the LIPs. Priority work areas include:

- Improving air quality - cleaner DriveNow fleet supports this objective.
- Increasing use of ULEVs. E-vehicles in the DriveNow fleet can drive familiarity and contribute to the critical mass for roll out of charging infrastructure.
- Reduce congestion. DriveNow persuades a particular demographic to give up car ownership and drive less as a result. Customers pay the congestion charge, and per minute pricing creates a disincentive against taking vehicles into congested areas.
- Improving the urban realm by taking cars off the road.
- Supporting accessibility and even local growth. DriveNow constitutes significant investment and facilitates access to parts of London poorly served by public transport, and may encourage people to shop and go out locally rather than taking the 'spoke' connection to the centre of London

¹⁸ Floating car sharing is compatible with borough's powers and duties under s45 of the Road Traffic Regulations, in accordance with s122 of the 1984 Transport Act. While an agreement is concluded between DriveNow and the borough, no services will be provided to the Council. As a result there are no procurement implications.

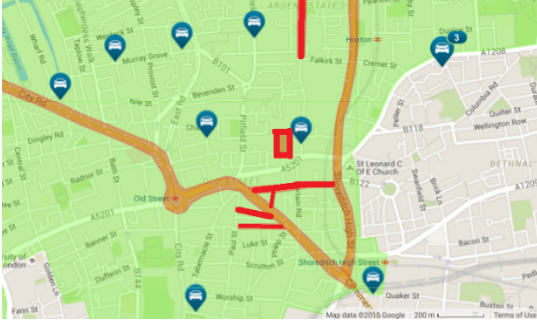
How does the model work with the borough in practice?



Local Impacts and Concerns

It is clear that floating car sharing has an important contribution to make in terms of transforming mobility in London by making it more flexible, cleaner and more sustainable, including appealing to demographics who were not attracted to previous business models. However, local boroughs are often concerned about highly local and/or transitional impacts. These include:

- Impact on local congestions, around pinch points (eg train stations, local centres). The experience of DriveNow so far suggests that this does not happen, or only very temporarily and on a small scale. There is no marked 'tidal move', for example to train stations, although on a day-to-day basis local events (eg Festivals) may reflect in the pattern of journeys made. Very specific areas (eg Camden market) could be excluded.
- Risk of cannibalising more sustainable transport modes. The Munich Study found that this does not apply. In relation to London, there is no evidence of a consistent trend; for example, it is clear from DriveNow data that cars are not generally used for commuting. Having said that, it is likely to be a mixed picture overall, with some customers giving up their cars and switching to a more sustainable transport mix, and others supplementing their currently sustainable lifestyle with some car journeys. The DriveNow vehicle numbers are so small that the effect would not show up on wider TFL surveys, but customer use pattern needs to be kept under review.
- Impact on parking in particular streets and areas. Likely to be minimal, given that cars move fairly frequently. There were fewer than 20 complaints from residents in the first two quarters, in part due to surprise at seeing vehicles in parking spaces. Particular streets can be excluded: see example screenshot, with red streets excluded.



- Crowding of existing EV charging infrastructure. DriveNow will seek to gradually increase the number of electric vehicles in London, in line with available charging infrastructure, and this will be closely monitored (including fine tuning customer incentives for charging and moving cars). A range of other options are available, including manually moving cars, and charging EVs on private networks. Electric vehicles in the DriveNow fleet will also form part of a business case for electric charging infrastructure in the borough.
- Workability of model in relation to local parking management practice. Boroughs have approached this in different ways, some have granted universal permits but then stipulate that DriveNow will not need to display the physical permits on the cars. Other boroughs have opted to give DriveNow a parking permission on a livery basis which does not have a permit.
- Loss of parking revenue. DriveNow and the borough agree a 'per licence' fee on the basis of best available evidence, including the mix of bays in the borough and expected use profile to ensure that the borough has a fair return on its bays. Ongoing monitoring means that can be adjusted if initial expectations turn out to be inaccurate.
- Whether access should be given to car sharing providers on an exclusive basis. Different car-sharing models and providers can coexist, in part serving a different customer base. However, boroughs will want to strike a balance between competition and fragmentation, which can undermine the workability by detracting from the availability and convenience of cars and longer term intermodal integration. Boroughs may also wish to limit the number of operators during a pilot and data gathering phase (say, up to three years).

Key Sources

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TfL Travel in London 8 <http://content.tfl.gov.uk/travel-in-london-report-8.pdf>

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Sustainable Communities Work Programme 2016/17

This table sets out the Sustainable Communities Panel Work Programme for 2016/17; the items listed were agreed by the Panel at its meeting on 9 June 2016. This Work Programme will be considered at every meeting of the Panel to enable it to respond to issues of concern and incorporate reviews or to comment upon pre-decision items ahead of their consideration by Cabinet/Council.

The work programme table shows items on a meeting-by-meeting basis, identifying the issue under review, the nature of the scrutiny (pre-decision, policy development, issue specific, performance monitoring, partnership related) and the intended outcomes.

Chair: Cllr Abby Jones

Vice-chair: Cllr Daniel Holden

Scrutiny Support

For further information on the work programme of the Sustainable Communities Scrutiny Panel please contact: -
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For more information about overview and scrutiny at LB Merton, please visit www.merton.gov.uk/scrutiny

Meeting date: 9 June 2016 (**Deadline for papers:** 12pm, 1 June 2016)

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Scrutiny review	Morden Leisure Centre	Verbal update	Christine Parsloe, Leisure and Culture Development Manager	To provide the Panel with an update on work undertaken and planned in relation to the Morden Leisure Centre development.
Performance monitoring	Performance Reporting	Basket of indicators plus verbal report	Chris Lee, Director Environment and Regeneration	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as necessary
Setting the work programme	Agreeing the 2016/17 work programme	Written report	Annette Wiles, Scrutiny officer	To enable the Panel to agree the draft 2016/17 work programme
Performance monitoring	Circle Housing: agreeing questions for meeting on merger	Discussion	Cllr Abby Jones (Chair)	To ensure that the Panel has agreed what questions it wants Circle Housing to answer on its merger with Affinity Sutton during its

				attendance at the next meeting. This is to make sure the meeting makes best use of the time available.
Pre-decision scrutiny	South London Waste Partnership Phase C (LOTS 1 and 2)	Written report	Chris Lee, Director Environment and Regeneration	To provide the Panel with the opportunity to scrutinise awarding LOTS 1 and 2 as part of the South London Waste Partnership prior to going to Cabinet for decision

Meeting date: 7 September 2016 (***Deadline for papers:*** 12pm, 30 August 2016)

Scrutiny Category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Setting the work programme	Priorities for 2016/17 – Cabinet Member for Regeneration, Environment and Housing	Verbal report	Cllr Martin Whelton	To provide an overview of portfolio priorities to establish where the Panel might focus its work programme and add value to the work of the Council
Performance review	Questions to Circle Housing on its merger with Affinity Sutton	Question and answer session	Cllr Abby Jones (Chair) and representatives from Circle Housing	Circle Housing is in the process of merging with another housing company (Affinity Sutton). This session will be used to focus on the merger and what effect this will have on

				Circle's residents and the quality of its customer service.
Pre-decision scrutiny	Diesel premium report	Written report	Chris Lee, Director of Environment and Regeneration and John Hill, Head of Public Protection	To give the Panel the opportunity to scrutinise proposals to reduce diesel emissions prior to these going to Cabinet for its decision
Pre-decision scrutiny	Highways maintenance contract	Written report	Chris Lee, Director of Environment and Regeneration and James McGinlay, Head of Sustainable Communities	To provide members with an opportunity to comment on the highways maintenance contract renewal and to make any recommendations to Cabinet for consideration
Performance monitoring	Performance reporting	Basket of indicators plus verbal report	Chris Lee, Director of Environment and Regeneration (and a representative from Community and Housing)	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as necessary
Scrutiny review	Update on the commercialisation task group	Verbal report	Cllr Russell Makin, task group chair	To give the Panel the opportunity to consider the findings and agree the recommendations of the task group before these are taken to Cabinet for its approval

Scrutiny review	Scoping the task group for 2016/17 (air quality)	Written report	Annette Wile, Scrutiny Officer (supported by Stella Atinkan, Scrutiny Officer)	The Panel to consider an initial scoping for the 2016/17 task group on air quality
Performance monitoring	Circle Housing: agreeing questions for meeting on repairs and regeneration	Discussion (Possibly to happen outside of the meeting depending on the time available.)	Cllr Abby Jones (Chair)	To ensure that the Panel has agreed what questions it wants Circle Housing to answer on repairs and regeneration during its attendance at the next meeting. This is to make sure the meeting makes best use of the time available
Setting the work programme	Work programme 2016/17	Written report	Annette Wiles, Scrutiny Officer	To amend/agree the Panel's work programme and accommodate any pre-decision or other items that the Panel may wish to consider

Meeting date: 1 November 2016 (***Deadline for papers:*** 12pm, 24 October 2016)

Scrutiny Category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Performance review	Questions to Circle Housing on repairs and regeneration	Question and answer session	Cllr Abby Jones (chair) and representatives from Circle Housing	This session will be used to focus on Circle's record on repairs and regeneration against the commitment set out in the agreement with the Council

Setting the work programme	Priorities for 2016/17 – Cabinet Members for Community and Culture and Cleanliness and Parking	Verbal report	Cllrs Nick Draper and Ross Garrod	To provide an overview of portfolio priorities to establish where the Panel might focus its work programme and add value to the work of the Council
Pre-decision scrutiny	Budget/Business Plan Scrutiny (Round 1)	Written report	Chris Lee, Director of Environment and Regeneration, Simon Williams, Director Community and Housing and Caroline Holland, Director of Corporate Services	To comment on the Council's budget proposals at phase 1
Pre-decision scrutiny	Planning shared service	Written report	Chris Lee, Director of Environment and Regeneration and James McGinlay, Head of Sustainable Communities	To comment on the development of a new shared service to provide planning services
Performance monitoring	Performance reporting	Basket of indicators plus verbal report	Chris Lee, Director of Environment and Regeneration (and a representative from Community and Housing)	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as necessary

Scrutiny review	Draft final report of the commercialisation task group including recommendations	Written report	Cllr Russell Makin, task group chair	To give the Panel the opportunity to consider the findings and agree the recommendations of the task group before these are taken to Cabinet for its approval
Setting the work programme	Work Programme 2016/17	Written report	Annette Wiles, Scrutiny Officer	To amend/agree the Panel's work programme and accommodate any pre-decision or other items that the Panel may wish to consider

Meeting date: 12 January 2017 (*Deadline for papers: 12pm, 4 January 2017*)

Scrutiny Category	Item/issue	How	Lead member and/or /lead officer	Intended outcomes
Pre decision scrutiny	Budget and business plan scrutiny (round 2)	Report	Chris Lee, Director of Environment and Regeneration and James McGinlay, Head of Sustainable Communities	To comment on the budget and business plan proposals at phase 2 and make any recommendations to the Commission to consider and coordinate a response to Cabinet
Performance monitoring	Performance reporting	Basket of indicators plus verbal report	Chris Lee, Director of Environment and Regeneration (and a representative from Community and Housing)	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as

				necessary
Pre-decision scrutiny	Resurgence, the collapse of the Circle group structure and ending of a local board	Written report	Simon Williams, Director of Community and Housing, and Steve Webb, Business Support and Relationship Manager, Housing Need	To allow the Panel to consider this decision and provide its comment before it is reviewed by Cabinet on 16 January 2017
Scrutiny review	Monitoring of the implementation of the recommendations of the housing supply task group	Written report	Steve Langley, Head of Housing Needs and Strategy, and James McGinlay, Head of Sustainable Communities	For the Panel to monitor the implementation of the recommendations it made and were accepted by Cabinet
Scrutiny review	Car club proposal update	Written report	Chris Chowns, Transport Planner and Projects Officer	For the Panel to monitor progress with car club provision in the borough
Setting the work programme	Work programme 2016/17	Written report	Annette Wiles, Scrutiny Officer	To amend/agree the Panel's work programme and accommodate any pre-decision or other items that the Panel may wish to consider

Meeting date: 22 February 2017 (***Deadline for papers:*** 12pm, 14 February 2017)

Scrutiny Category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Performance monitoring	Performance reporting	Basket of indicators plus verbal report	Chris Lee, Director of Environment and Regeneration (and a representative from Community and Housing)	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as necessary
Performance monitoring	ANPR and parking update report (including pavement parking and RINGO)	Written report	Chris Lee, Director of Environment and Regeneration and John Hill, Head of Public Protection	To providing the Panel with the opportunity to monitor the performance of the Council's arrangements for parking in the borough and the new ANPR system
Performance monitoring	Libraries Annual Report	Presentation	Anthony Hopkins, Head of Library and Heritage Services	To provide the annual report on libraries service and to inform members of proposed future development of the libraries service
Performance monitoring	Town Centre regeneration update (including updates on developments ie: cycling provision)	Presentation	James McGinlay, Head of Sustainable Communities and Paul McGarry, Head of futureMerton	To provide a progress update on the delivery of the Council's town centre regeneration programme

Scrutiny review	Monitoring the work of the air quality task group	Written report	Cllr Imran Uddin, chair of the task group and Stella Akintan, scrutiny officer	To update the Panel on the task group's progress and to enable it to comment on the work of the task group going forward
Setting the work programme	Work programme 2016/17	Written report	Annette Wiles, Scrutiny Officer	To amend/agree the Panel's work programme and accommodate any pre-decision or other items that the Panel may wish to consider.

A meeting of the Public Transport Liaison Committee will be held on 23 February 2017 to address some of the issues raised by LB Merton's residents regarding public transport. Additionally items are likely to include: Crossrail2, Drivenow floating car club, Mitcham Town Centre and on-street electric vehicle charging points.

Meeting date: 21 March 2017 (*Deadline for papers: 12pm, 13 March 2017*)

Scrutiny Category	Item/issue	How	Lead member and/ lead officer	Intended outcomes
Performance monitoring	Performance reporting	Basket of indicators plus verbal report	Chris Lee, Director of Environment and Regeneration (and a representative from Community and Housing)	To highlight to the Panel any items for concern where under performance is evident and to make any recommendations or request information as necessary

Pre-decision scrutiny	Environmental health, trading standards and licensing shared services expansion	Written report	Chris Lee, Director of Environment and Regeneration and John Hill, Head of Public Health	This is a well established and successful shared service. This will provide the opportunity for the Panel to scrutinise the service as it expands to include and additional authority
Performance monitoring	Facilities for physical activity in children's playgrounds	Written report	Chris Lee, Director of Environment and Regeneration	For the Panel to monitor how the Council provides facilities that support children in the borough to be physically active
Performance monitoring	Merton Adult Education	Written report	Anthony Hopkins, Head of Library and Heritage Services	To give the Panel and opportunity to start to assess the performance of Merton's Adult Education now it is being delivered through an outsourced service
Scrutiny review	Executive response and action plan – commercialisation task group	Written report	TBC	To provide the Panel with a response to the report and recommendations of the commercialisation task group following Cabinet consideration

Performance review	Update report on the externalisation of the South London Waste Partnership Phase C	Verbal report	Chris Lee, Director of Environment and Regeneration and Cormac Stokes, Head of Street Scene and Waste	To provide the Panel within an update on the externalisation of services as a result of the South London Waste Partnership Phase C contract
Scrutiny review	Topic suggestions 2017/18	Written report	Annette Wiles, Scrutiny Officer	To seek topic suggestions from the Panel to inform discussions about the Panel's 2017/18 work programme