Merton Council
Cabinet Agenda

Membership

Councillors:

Stephen Alambritis (Chair)
Mark Allison
Tobin Byers
Caroline Cooper-Marbiah
Nick Draper
Ross Garrod
Edith Macauley MBE
Katy Neep
Martin Whelton

Date: **Monday 19 February 2018**

Time: **7.15 pm**

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

This is a public meeting and attendance by the public is encouraged and welcomed. For more information about the agenda please contact democratic.services@merton.gov.uk or telephone 020 8545 3616.

All Press contacts: press@merton.gov.uk, 020 8545 3181

Cabinet Agenda
19 February 2018

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 mater 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.

CABINET
15 JANUARY 2018

(7.15 pm - 8.10 pm)

PRESENT: Councillors Stephen Alambritis (in the Chair), Mark Allison, Tobin Byers, Caroline Cooper-Marbiah, Nick Draper, Ross Garrod, Edith Macauley MBE, Katy Neep and Martin Whelton

ALSO PRESENT: Councillor Stephen Crowe, Abigail Jones and John Sargeant

Ged Curran (Chief Executive), Hannah Doody (Director of Community and Housing), Chris Lee (Director of Environment and Regeneration), Yvette Stanley (Director, Children, Schools & Families Department), Paul Evans (Assistant Director of Corporate Governance), Roger Kershaw (Interim Assistant Director of Resources), James McGinlay (Assistant Director for Sustainable Communities), Jason Andrews (Environmental Health Pollution Manager), Octavia Lamb (Policy and Research Officer (Labour Group)), Doug Napier (Leisure and Culture Greenspaces Manager) and Sophie Poole (Head of Communications, CS), Louise Fleming (Senior Democratic Services Officer)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

No apologies were received.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of interest.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

RESOLVED: That the minutes of the meeting held on 11 December 2017 were agreed as an accurate record.

4 REFERENCE FROM THE SUSTAINABLE COMMUNITIES OVERVIEW AND SCRUTINY PANEL - CALL-IN OF MERTON HALL CONSTRUCTION CONTRACT DECISION (Agenda Item 4)

Cabinet noted that the Sustainable Communities Overview and Scrutiny Panel, at its meeting on 10 January 2018, had resolved not to refer the call-in of the Cabinet decision back to Cabinet.

5 REFERENCE FROM THE SUSTAINABLE COMMUNITIES OVERVIEW AND SCRUTINY PANEL – MORDEN REGENERATION (Agenda Item 5)

The Cabinet Member for Environment, Regeneration and Housing introduced the report and noted the letter which Cabinet Members had received from CBRE GI setting out comments on the recommendations set out in the Cabinet report at Item 8. He advised that the proposed regeneration, which had been planned for some time, would be transformational and would bring much needed new housing, retail and jobs to the area. It was noted that the comments of the Sustainable Communities Overview and Scrutiny Panel had been incorporated into the Cabinet report.

The Chair of the Sustainable Communities Overview and Scrutiny Panel presented the reference report, highlighting that the recommendations had received unanimous support and outlining the discussion, stressing that the Panel were keen for the Council to retain a degree of control over the project.

At the invitation of the Chair, Councillor John Sargeant addressed the Cabinet meeting, giving some background to the reference report. He welcomed the regeneration, however expressed some concern over the potential impact that the cuts to TfL funding and the recent collapse of private sector developer Carillion could have on the regeneration. He felt that the Council should maintain as much control as possible over the project.

The Chair thanked the speakers and proposed that both the reference report and the decision report at item 8 be taken together, making no reference to the exempt information contained at item 17, therefore remaining in public session.

The Cabinet Member for Environment, Regeneration and Housing thanked the Scrutiny Panel and welcomed its contributions, highlighting the important role that the Panel would continue to play in developing the project going forward. He also thanked the Morden Councillors for their work in this first part of a complex project which would improve the public realm in Morden. The Director of Environment and Regeneration welcomed the letter from CBRE GI and advised Members that the proposals in the report at Item 8 did not preclude their involvement in the future; and welcomed a continued good working relationship with them in the future.

RESOLVED that the comments of the Sustainable Communities Overview and Scrutiny Panel, as set out in paragraph 2.2 of the Cabinet report, be noted.

6 ADOPTION OF MERTON'S ESTATES LOCAL PLAN (Agenda Item 6)

The Cabinet Member for Environment, Regeneration and Housing presented the report which set out the proposed Estates Local Plan for adoption by Council on 7 February 2018. The Plan would be one of the key documents guiding planning decisions in the borough, concerning the regeneration of Eastfields (Mitcham), High Path (South Wimbledon) and Ravensbury (Mitcham/ Morden) estates. He stressed the need to continue to work closely with local residents.

RESOLVED:

1. That Cabinet recommends the adoption of Merton's Estates Local Plan to Council on 7 February 2018 and associated Sustainability Appraisal, as part of Merton's statutory Local Plan and subsequent updating of Merton's statutory Policies Map to include the Estates Local Plan area, to which Estates Local Plan policies apply.
2. That authority be delegated to the Director of Environment and Regeneration to deal with all the necessary adoption documents and other consequential matters in accordance with the appropriate legislation.

7 DELIVERY OF CLARION'S ESTATE REGENERATION PROJECT (Agenda Item 7)

The Cabinet Member for Environment, Regeneration and Housing presented the report which set out a recommendation to Council on 7 February 2018 to approve the use of in principle Compulsory Purchase Orders in the delivery of the Clarion Estate Regeneration Project.

The Director of Environment and Regeneration advised that, although standard practice for a scheme of this type, the CPO powers would only be used as a last resort. He welcomed the hard work already undertaken by Clarion to buy back properties in preparation for the regeneration scheme.

In response to Members' questions, the Director of Environment and Regeneration advised that as the development schemes would be phased, there would be opportunities to revisit phases to ensure maximum benefits, including provision of affordable housing. Cabinet welcomed the report and the opportunities which the proposed developments would bring, including apprenticeships, and looked forward to the development of the new neighbourhoods.

RESOLVED that Cabinet recommends to full Council support for the following:

1. The considerable work already underway to support the regeneration of Eastfields, High Path and Ravenbury estates; attracting £1bn investment in Merton, creating much needed new homes and jobs.
2. To agree in principle that the Council exercises its compulsory purchase powers to support the delivery of the Merton Estates Regeneration Programme and the objectives of Merton's Estates Local Plan to acquire the land as required within the areas described in the Cabinet report and shown edged red on the plans attached at Annex 1 of the Cabinet report.
3. That Council Officers in conjunction with Clarion Housing Group (Clarion) begin preparatory work for the compulsory purchase which would include specific land interests to be acquired so that Clarion can deliver the regeneration of the Eastfields, High Path and Ravensbury Estates.

4. That Personna Associates land referencing agents be appointed by Clarion who will be responsible for the costs of that appointment and serve requisitions on landowners who will declare their land interests.
5. That Council officers commence the preparation of all documents required to support the CPO process including preparation of the necessary statements of reasons and the requisite statutory notices.
6. That the Council and Clarion enter into a Compulsory Purchase Order Indemnity Agreement under which Clarion will indemnify the Council against all the costs and expenses involved in making the CPO including the acquisition costs of the properties and the compensation due to Landowners.
7. That a financial allocation may be required for the Council's Capital Programme from 2018-19 onwards deliver this approach. Any financial allocation would be considered by the Council's financial approval process nearer the time under the Council's Constitution and would be fully indemnified by Clarion Housing Group as set out in Recommendation 6.
8. That officers agree the joint appointment of Leading Counsel with Clarion Housing Group and the appointment of Leading Counsel to provide advice to the Council, if necessary.

8 DELIVERY OF THE REGENERATION OF MORDEN TOWN CENTRE (Agenda Item 8)

The Cabinet noted that Item 5 and Item 8 would be taken together, and the minute of the discussion is set out under item 5.

RESOLVED

1. That a joint venture option be the most appropriate delivery vehicle structure for Morden.
2. That officers be authorised to negotiate a Scheme Delivery Agreement with TfL for an appropriate joint venture structure to deliver the regeneration of Morden Town Centre.
3. That the Memorandum of Understanding, set out in the exempt Appendix B, between the Council and Transport for London which sets out how the two parties will collaborate on the preparatory works for the procurement of a development partner be noted.
4. That the procurement of a Project Management Consultant to coordinate and advise on the preparatory works for the procurement of a development partner be noted.

9 MERTON'S NEIGHBOURHOOD FUND (Agenda Item 9)

The Cabinet Member for Environment, Regeneration and Housing presented the report which set out proposals for allocation of Community Infrastructure Levy Neighbourhood Funding to small scale public space schemes for delivery throughout 2018 and 2019. Cabinet welcomed the proposals and thanked local businesses for their efforts in the bid to the Mayor of London for London Borough of Culture.

RESOLVED:

1. That the update on the Neighbourhood Fund be noted.
2. That £5,000 of Neighbourhood Funding be allocated per ward to small scale public space projects in consultation with ward councillors;
3. That £213,000 be set aside to partner fund the delivery of Merton's London Borough of Culture programme, subject to the Council's bid to the Mayor of London being successful and subject to full assessment of competing bids for 2019 delivery.
4. That delegated authority be granted to the Director of Environment and Regeneration in consultation with the Cabinet Member for Regeneration, Environment and Housing to allocate Neighbourhood Fund money to individual projects (including London Borough of Culture) received through the recent Neighbourhood Fund consultation, in line with Cabinet's agreed Neighbourhood Fund criteria.

10 RESIDUAL WASTE CONTAINER SIZE (Agenda Item 10)

The Cabinet Member for Street Cleanliness and Parking presented the report which set out options for the size of the residual waste container to be provided for all households in the Borough, following the decision to introduce wheeled bins for residual/general waste and a separate wheeled bin for paper and card made by Cabinet in July 2016. He outlined the options for consideration, and advised that the proposal had received unanimous support at the Sustainable Communities Overview and Scrutiny Panel on 10 January 2018. He also advised that it was not a "one size fits all" approach, and that there would be provision for households to request either a larger or smaller sized container if required.

RESOLVED that Option A as set out in the Cabinet report be approved.

	Residual/ general waste	Paper and card
Option A	**180l wheeled bin**	**180l wheeled bin**

11 AIR QUALITY ACTION PLAN 2017-2022 (Agenda Item 11)

The Cabinet Member for Street Cleanliness and Parking presented the report which set out consultation responses and a draft Air Quality Action Plan for 2018-23. He highlighted that although the Plan would go some way to addressing air quality in the Borough, it would also require a coordinated approach by central government to address air quality as a national issue in order to have a real impact. Cabinet noted the impact of air quality on the Borough's schools and welcomed the emphasis in the report to address the issue.

In response to Members' questions relating to the South Wimbledon junction, the Director of Environment and Regeneration advised that officers were committed to tackling the key junction and that the alignment of the Council's Action Plan with the

Mayor's Transport Strategy and his commitment to improving air quality in London would help in addressing the issue.

RESOLVED:

1. That the public consultation responses to the Council's draft Air Quality Action Plan 2018-2023 be noted.
2. That the draft Air Quality Action Plan 2018-2023 be agreed.
3. That future decisions in respect of the draft Air Quality Action Plan 2018-2023 be delegated to the Director of Environment and Regeneration in consultation with the Cabinet Member for Street Cleanliness and Parking.

12 DOG CONTROL PUBLIC SPACE PROTECTION ORDERS (Agenda Item 12)

The Cabinet Member for Community and Culture presented the report which set out a recommendation to Council on 7 February 2018 to approve the making of a new dog control Public Space Protection Order, following a consultation exercise undertaken in response to a rise in dog attacks in the Borough. He advised that the consultation exercise had been well received and the proposals had received support from members of the public, including dog owners. The aim of the Order was to reduce numbers of dog attacks and ensure the safety of all those using the Borough's parks and open spaces, and therefore effective enforcement was key to its success. It was noted for clarification that the proposal included Morden Hall Park and Mitcham Common, not limited to those two areas. It was also noted that the Order would not cover Wimbledon Common due to it having its own by-laws.

RESOLVED that it be recommended to Council:

1. That the making of the following new dog control Public Spaces Protection Order for Merton's public spaces be approved:
    i) The prohibition of dog fouling by ensuring that dog owners and walkers clear up after their dogs.
    ii) The establishment of dog exclusion areas, predominantly children's playgrounds and enclosed play and sports facilities, such as tennis courts, multi-use games areas and bowling greens.
    iii) Dogs to be put on a lead in public places when directed to do so by an authorised officer of the council, a police officer or a community support officer. (This proposal would apply within Morden Hall Park and on Mitcham Common, but not Wimbledon Common which has its own byelaws).
    iv) The maximum number of dogs that can be walked by one person in all public open spaces (including Morden Hall Park and Mitcham Common, but excluding Wimbledon Common) at any one time is four.
2. That the amount of the fixed penalty payable under a Fixed Penalty Notice issued in respect of breaches of the Order be £80, payable within 14 days and with no discount for early payment be agreed.

3. That the Director of Environment & Regeneration be delegated authority in consultation with the Cabinet Member for Community & Culture to finalise and make the Public Space Protection Order, to come into force on 5 March 2018 or as soon as possible thereafter.

13 LONDON COUNCILS GRANTS SCHEME SUBSCRIPTION FOR 2018/19 (Agenda Item 13)

The Cabinet Member for Community Safety, Engagement and Equalities presented the report which set out the Council's subscription to the London Council's Grant Scheme, for the funding of a range of services across London. The level of subscription was set by the London Council's Leaders' Committee which met on 5 December 2017. The Chair thanked the Cabinet Member for engaging with the London group and welcomed the opportunity for the Council to play its part in London.

RESOLVED that the Council's contribution to the London Councils Grants Scheme 2018/19 as per the subscription set by London Councils Leaders' Committee on 5 December 2017 be approved.

14 BUSINESS PLAN 2018-22 (Agenda Item 14)

The Deputy Leader and Cabinet Member for Finance presented the report which set out an update to the Business Planning process for 2018-22 and in particular on the current position relating to the revenue budget for 2018/19, and the draft MTFS 2018-22. He thanked all those involved in the preparation of the report and the Scrutiny Members for their work in developing the Business Plan. He drew Members attention to the Government's financial settlement and the challenge this would present to the Council over the coming years to fill the gap and that tough decisions would need to be made. It was noted that the financial settlement was provisional, and that the final settlement was not yet known.

RESOLVED

1. That the financial information arising from the Provisional Settlement 2018/19 be noted and that the financial implications will be incorporated into the draft MTFS 2018-22 and draft capital programme 2018-22.
2. That the latest update of the draft MTFS for 2018 – 22 be noted.

15 FINANCIAL MONITORING REPORT 2017-18 - NOVEMBER 2017 (Agenda Item 15)

The Deputy Leader and Cabinet Member for Finance presented the report which set out the financial monitoring data for November 2017 and proposed adjustments to the Capital Programme.

RESOLVED:

1. That the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £1.1million, 0.3% of the gross budget be noted.
2. That the adjustments to the Capital Programme contained in Appendix 5b to the Cabinet report be noted and the following adjustments to the Capital Programme be approved:

Scheme	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget	Funding/Re-profiling
Corporate Services	**£**	**£**			
Westminster Council Coroners Court	0	460,000	0	0	New Scheme Merton Funded
Housing Company	(8,238,530)	1,486,190	4,942,360	1,809,980	Re-profiling
Bidding Fund	(1,216,400)	1,216,400	0	0	Re-profiling
Acquisitions Budget	(791,770)	791,770	0	0	Re-profiling
Children, Schools and Families					
Harris Academy Morden	(50,000)	(1,349,940)	1,399,940	0	Re-profiling
Harris Academy Merton	(220,000)	220,000			Re-profiling
St Mark's Academy	0	(1,423,600)	(1,128,700)	2,552,300	Re-profiling
New School	(566,260)	266,260	300,000	0	Re-profiling
Environment & Regeneration					
Wimbledon Park Lake De-Silting	(106,500)	(1,143,500)	1,250,000	0	Re-profiling
Morden Leisure Centre	(705,360)	632,960	72,400	0	Re-profiling
Fleet Vehicles	(142,000)	142,000	0	0	Re-profiling
Merton Priory Chapter House Visitors' Centre	370,370	0	0	0	HLF/S106 Funded Scheme
Total	**(11,666,450)**	**1,298,540**	**6,836,000**	**4,362,280**	

3. That £170,540 Section 106 funding for Merton Priory Chapter House Visitor Centre for 2017/18 be approved.

16 EXCLUSION OF THE PUBLIC (Agenda Item 16)

Cabinet noted that the content of the exempt appendix would not be discussed and therefore the meeting could remain in public session.

17 DELIVERY OF THE REGENERATION OF MORDEN TOWN CENTRE - EXEMPT APPENDIX (Agenda Item 17)

Cabinet noted that the content of the exempt appendix would not be discussed and therefore the meeting could remain in public session. The decision is set out under item 8.

Committee: Cabinet

Date: 19 February 2018

Agenda item:

Wards: All Wards

Subject: Scrutiny Review of Homeshare Schemes – Final report and recommendations.

Lead officer: Stella Akintan, Scrutiny Officer.

Lead member: Councillor Peter McCabe, Chair of the Healthier Communities and Older People Overview and Scrutiny Panel.

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

Recommendations:

A. That Cabinet considers the report and recommendations (attached in Appendix A) arising from the scrutiny review of Homeshare schemes.
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B. That Cabinet agrees to the implementation of the recommendations through an action plan being drawn up by officers working with relevant local partner organisations and Cabinet Member(s) to be designated by Cabinet.

C. That Cabinet decides whether it wishes to formally approve this action plan prior to it being submitted to the Healthier Communities and Older People Overview and Scrutiny Panel.

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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

D. To present the scrutiny review report on Homeshare schemes for endorsement and seek approval to implement the review recommendations through an action plan being drawn up.

2. DETAILS

2.1 In June 2017 the Healthier Communities and Older People Overview and Scrutiny Panel agreed to undertake a scrutiny review of Homeshare schemes. Homeshare is a reciprocal arrangement that matches older people with a spare room, who also have low level support needs, with a younger person student or public service worker who needs accommodation and is able to provide additional care. The Purpose of the task group was to consider if a scheme of this nature would be beneficial for the residents of Merton

2.2 The findings and recommendations of the review are set out in Appendix A.

3. ALTERNATIVE OPTIONS

3.1 The Healthier Communities and Older People Overview and Scrutiny Panel can select topics for scrutiny review and for other scrutiny work as it sees fit, taking into account views and suggestions from officers, partner organisations and the public.

3.2 Cabinet is constitutionally required to receive, consider and respond to scrutiny recommendations within two months of receiving them at a meeting.

3.3 Cabinet is not, however, required to agree and implement recommendations from Overview and Scrutiny. Cabinet could agree to implement some, or none, of the recommendations made in the scrutiny review final report.

4. CONSULTATION UNDERTAKEN OR PROPOSED

4.1 In carrying out its review, the task group questioned senior council officers as well as visiting other local authorities

4.2 **TIMETABLE**

4.3 The final report was approved by the Panel on 11 January 2018 where it was agreed to present the report to Cabinet.

5. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

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

7. LEGAL AND STATUTORY IMPLICATIONS

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

8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1 It is a fundamental aim of the scrutiny process to ensure that there is full and equal access to the democratic process through public involvement and engaging with local partners in scrutiny reviews. Furthermore, the outcomes of reviews are intended to benefit all sections of the local community.

9. CRIME AND DISORDER IMPLICATIONS

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

10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1 None for the purposes of this report.

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

11.1 Appendix 1 – Task group report on "Scrutiny review of Homeshare Schemes"

12. BACKGROUND PAPERS

Final Report and Recommendations arising from the scrutiny review of the Homeshare Scheme.

Membership:

Councillor Sally Kenny (Chair)

Councillor Laxmi Attawar

Councillor Suzanne Grocott

Councillor Joan Henry

Mr Saleem Sheikh

Recommendations

1. Adult Social Care to identify and work with a local homeshare scheme which the council could endorse and make referrals to where appropriate.

2. Adult Social Care to work with local voluntary organisations to identify how they make best use of Homeshare schemes.

3. Adult Social Care to lead on raising awareness of an approved Homeshare scheme amongst council frontline staff.

4. Adult Social Care to promote the Homeshare scheme on the Merton Council website and its publications.

5. Public health team to promote the approved Homeshare scheme amongst GPs and to look for opportunities within other local projects.

Foreword by the Chair, Councillor Sally Kenny

The Task Group, addressing the issue of Housing Schemes wanted to link this to the previous task group review on *Tackling Loneliness in Merton*. Thus the focus is to link the provision of homes for younger people, particularly key workers to share a home with older people who live alone, who have a spare room and who want company and some assistance.

There are already schemes around the country that do this. We met with an organisation called Share and Care Homeshare scheme who had experience of arranging this. To gain a wide perspective we also met with a manager from London Borough of Sutton to look at various aspects of this concept.

The idea relates to an older person requiring help or companionship. For a nominal fee, paid by both partners, to a Homeshare agency, who undertake background and reference checks, a contract is agreed. A home is offered in return for approximately 10 hours a week of work. This is agreed between the home owner and the home sharer. The work could be cleaning, cooking, shopping or gardening or what is agreed, overseen by the Homeshare scheme. This work does not involve personal care which, if needed, is provided by social services or related agencies. Where the older person has relatives, the agencies usually work with them to ensure the most productive outcome.

The Task Group who met over a period of four months, composed of myself as Chair and Councillors; Laxmi Attwar, Suzanne Grocott, Joan Henry and Mr Saleem Sheikh. The group was open minded and aware of possible difficulties, but after several meetings of detailed discussion believe that this is a valuable scheme which can help all ages, providing accommodation and friendship, preventing loneliness whilst supporting people to live economically and save for a future home.

Thank you to all the groups who came and discussed this issue with us.

A special thank you to Stella Akintan for all her work in supporting the group by arranging and minuting meetings, as well as undertaking research.

Introduction

The Homeshare scheme brokers a relationship between older people who have a spare room with a younger person. This is in exchange for around ten hours of support with tasks around the home. As Merton currently does not operate any schemes of this nature, Councillors decided to consider the potential for residents. The Healthier Communities and Older People Overview and Scrutiny Panel recognised that Homeshare could offer solutions to a number of challenges which the council is facing.

The Homeshare scheme contributes to the Council's commitment to early intervention and prevention as the best way to maintain health and wellbeing. Homeshare helps those who fall below the criteria for social care support and have moderate needs. This can not only improve quality of life for those in this category but also may delay the need for critical care.

Having support at home can help to tackle loneliness and help older people maintain independence and stay in their own homes for longer, rather than go into residential care. For the homesharer it also offers much needed affordable housing in London.

Senior officers within the council also agreed that the opportunities presented by Homeshare should be looked at in detail.

Background on Homeshare scheme

Homeshare is a reciprocal arrangement that matches older people with a spare room, who also have low level support needs, with a younger person, student or public service worker who needs accommodation and is able to provide additional care.

For the homeowner this will mean help with tasks such as shopping, cooking and cleaning. This helps older people to remain in their own home, keep their independence and feel more secure with live-in support. In return, the homesharer will receive cheaper accommodation as well as a chance to provide support to someone, which can be personally enriching.

The organisations that run this scheme fall under the "Shared Lives Plus" umbrella. Homeshare schemes recruit and assess participants, they provide DBS checks and regular monitoring of both parties. They support participants when Homeshare arrangements come to an end, or in some cases, break down. Some organisations work with families to support successful outcomes. Key components of the organisation include:

- Homeshare is governed by a carefully worded agreement to avoid creating a contract of employment or tenancy rights.
- Homesharers do not pay rent but will contribute to household bills and food costs.
- Homeshare is not a regulated service and cannot include the provision of personal care.
- Organisations are required to sign up to agreed quality standards.

Potential benefits of Homeshare for Merton

This task group believes that the current and projected demographic changes in Merton would be beneficial for a scheme of this nature, whilst the task group accept it will have a small scale impact, the Homeshare scheme has the potential to support a number of the council's priorities:

Ageing population and increase in people living with long term conditions

The population in Merton is ageing: the number of people aged 65 or over is projected to increase by 13% (from 25,200 in 2017 to 28,400 in 2025). One of the key concerns is the increase in older people living alone. Alongside the many benefits of having older people in the community, it also brings the challenges associated with caring for people living with multiple long term conditions such as heart disease, diabetes, cancer, mental health conditions, and dementia. Although Homeshare cannot provide personal support, it can work alongside domiciliary care and carry out the tasks that could otherwise mean people could no longer live independently and would need residential care or longer stays in hospital[1]. Furthermore, the overall health of people aged 65 and over in Merton is better than

[1] Merton Story 2016

the England average, therefore there is likely to be a higher demand for those who require moderate support. [2]

Loneliness and social isolation

Loneliness and social isolation has been identified as being as detrimental to health as smoking 15 cigarettes a day. This issue was found by a previous scrutiny task group review on '*Tackling loneliness and social isolation'* to be a problem in the borough. In Merton there are an estimated 5,900 people aged over 75 living alone. Many would like more social contact; with around 40.4% of users reporting that they had as much social contact as they would like (2015/16). This is significantly lower than the average for England (45.4%), although similar to the average for London[3]. Homeshare set out an agreement for when the homesharer will be in the home to provide that much needed social contact through sharing meals or watching television. In addition the homesharer is usually required to sleep at home for the majority of the week.

Preventing falls amongst older people

Having a homesharer can assist with identifying hazards around the home as well as carrying out potentially dangerous tasks for an older person such as gardening, lifting or climbing up a ladder. In 2015/16 Merton had 757 emergency admissions for injuries due to falls among people of aged 65 years & over. Falls are the leading cause of older people being admitted to hospital as an emergency[4].

Dementia

The task group was informed that homeshare arrangements have been set up for people who are diagnosed with varying levels of dementia. An estimated 1,686 older people (65 years and over) have dementia in Merton; and 74.4% have received a formal diagnosis. This is higher than both the London (71.1%), and England (66.4%) averages[5].

There is a high level of housing need among Merton residents, access to suitable affordable housing is difficult. The demand for social housing far exceeds supply. Merton's social housing stock is amongst the lowest in London at 14% of total stock. The London average is around 22%. The Homeshare scheme can offer a much needed respite from the housing crisis. Key workers can access cheaper accommodation in London which can help with longer term plans to save for a deposit to rent or buy a property.

Considering a delivery model for Merton

The task group discussed the possibility of managing an in-house Homeshare scheme. They discussed this with the manager of the Maintaining Independent

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[2] Merton Joint Strategic Needs Assessment 2015
[3] Merton Story 2016
[4] Merton Story 2016
[5] Merton Joint Strategic Needs Assessment 2015

Living Team at the London borough of Sutton. He highlighted that significant resources are needed to run the scheme, particularly in putting in place the relevant safeguards and ensuring background checks are carried out. The success of the placement involves identifying the right match and managing the relationship between the homeowner and sharer.

The task group agreed that setting up a scheme of this nature would put significant pressure on resources. They agreed that identifying suitable candidates and signposting people to existing provision would be preferable.

The Adult Social Care Commissioning Manager at Merton agreed with the task group that it is an area in which the council would benefit if it had greater involvement. Merton is not in a position to provide in-house homeshare services especially given that local services already exist in the community.

Potential Homeshare Scheme in Merton –Task Group's issues and concerns

On the surface this scheme seemed to offer a win-win situation but the task group wanted to look at the proposals in detail given that it involved vulnerable residents. Task group members identified a number of concerns about the scheme.

They were concerned that the relationship between the homeowner and sharer presented a number of problems, such as what happens when disputes arise.

Given that the scheme is not subject to the Care Quality Commission inspection regime, councillors also wanted to reassure themselves that vulnerable residents would not be put at risk.

The task group discussed their concerns with the directors and founders of Share and Care, an organisation that falls under the Homeshare umbrella. The task group was told that they self regulate and adhere to codes of practice. They are recognised as a reputable organisation and receive referrals from GPs, social workers and other local councils.

Share and Care arrange about 150 matches a year. The matching process takes place on a practical level, e.g. they look for people who have the same interests and hobbies. They aim to find out as much as possible about how they live to provide a good match. In London there are a significant number of people who want to be sharers.

Share and Care also work closely with the family to arrange a share, so that the families of the homeowner play an important role throughout the process. Families can refer relatives to the scheme, and find peace of mind having the homesharer providing support to their relative.

The directors said that young people who were attracted to the scheme tended to be key public service workers, those who wanted to save for a deposit to buy a property. Ages can vary as the scheme also attracts middle age people who may for example have gone through a divorce and are making a fresh start. The homeowner may have varying levels of dementia and benefit from support such as sharing meals, practical help with cooking cleaning and shopping. This scheme can work alongside formal social care support.

It was highlighted that some professions can find it more challenging to participate into the scheme such teachers who may need a break during the summer months and nurses who work shifts. The homeowners often request stable regular company during the evening.

The task group were informed there is a monthly charge to the Homeshare agency. The average cost for the homesharer is £160.00 a month and for the householder, £120.00 a month. There is also a potential loss in welfare benefits including the council tax single person's discount. Tenants in social housing may need consent from their landlord before participating in the scheme.

Share and Care Homeshare was set up in 2006. The organisation is based in Wimbledon but offers services nationally. They are currently running sixty homeshare arrangements across the UK. They carefully screen and match sharers with older people and maintain contact with both parties to ensure the relationship works smoothly. The longest share has been running for seven years.

Promoting homeshare schemes

The task group met with the Adult Social Care Commissioning Manager to discuss the role Homeshare could play. He agreed that there is definitely a gap in the market for this type of service. It is suitable for those who have moderate to substantial social care needs and may not meet the council's criteria for support. Important tasks such as shopping and cleaning are no longer provided as part of the adult social care package. People can begin to decline if they cannot manage with everyday tasks. Therefore this scheme has a preventative role and can help people to maintain independence in their own homes for longer.

The council could use its resources to advertise Homeshare, through avenues such as My Merton, a magazine that is sent to all households in the borough and Merton-I, (the council's online portal). It will also be important for frontline staff to be aware of the scheme and be able to refer people as the opportunity arises.

The council is a community leader working in partnership with a wide range of organisations. It also holds a depth of knowledge about the borough which can be useful when promoting schemes such as this. The council can also be used to help to broker a relationship with other organisations. As a respected partner it can help to identify the best approach and role for partner organisations. It can help to build the trust in the Homeshare scheme. Faith communities could also play an important role in referring people to a scheme.

The voluntary and community sector also work closely with the local communities they serve and will be essential in identifying suitable people for Homeshare schemes. Recent correspondence[6] with Age UK Merton, Wimbledon Guild and Merton Seniors Forum, found that all of these organisation are aware of these schemes but have limited involvement with them. However they were enthusiastic to learn what provision is available.

Before the council is able to signpost to a local organisation it will need to carry out some rigorous checks to see how their scheme works. Senior council officers will need to see a successful track record and an operating model from a potential existing scheme.

The Director of Community & Housing agreed that a Homeshare scheme in Merton could be a valuable addition to the services that promote independence. Merton has an ageing population, many of whom both under-occupy their homes and would welcome day-to-day practical support with shopping, housework etc.

To be successful a scheme needs to be able to identify and match homeowners and potential sharers. They will need robust procedures for assessing potential customers, assessing compatibility and managing the risks. They will need to have resources and procedures for managing problems and disputes.

They will need to have effective and timely monitoring and safeguarding procedures. It is in the nature of the scheme that the householders, and some sharers, may be vulnerable. We will want to see evidence of good cooperation with local authority safeguarding teams, timely investigation and intervention, involvement of the safeguarded person in decision making and a clear focus on protecting the vulnerable person.

They must have an established performance and quality monitoring methodology, which would include regularly seeking the views of householders and sharers.

In identifying a potential scheme provider, Community & Housing would look for an organisation that has a strong track record on delivering a safe and effective service. We would also look for good knowledge of Merton and current or potential local presence. We would look to establish a small oversight group to monitor scheme development, safety and performance.

In the early stages of a scheme, we would look for referrals from our staff and partners of people less likely to be vulnerable. Only once we were satisfied with the scheme, would we consider referring those with higher levels of need, such as those eligible for social care services.

[6] Scrutiny officer conducted desk top research on behalf of the task group and contacted the organisations by email and held telephone conversations.

Recommendations

1. Adult Social Care to identify and work with a local homeshare scheme which the council could endorse and make referrals to where appropriate.

2. Adult Social Care to work with local voluntary organisations to identify how they make best use of Homeshare schemes.

3. Adult Social Care to lead on raising awareness of an approved Homeshare scheme amongst council frontline staff.

4. Adult Social Care to promote the Homeshare scheme on the Merton Council website and its publications.

The task group discussed ways to ensure the borough was supportive and had a conducive environment for Homeshare schemes. The directors of Share and Care told the task group that one of the biggest issues they face is homeowners losing their council tax single persons discount. The task group asked if this would be the case in Merton and what options would be available in this situation. The Head of Revenues and Benefits said that residents would lose any single person discount that had been awarded and could also lose out on council tax support (which is means tested) if they have someone moving into their property.

Under the council tax legislation the council can introduce any discount it wishes to so in theory could grant a discount in these instances. Any local discounts like this would have to be funded by the council.

A similar issue could arise in relation to social housing as taking in an additional person could have an impact on tenancy rights. The Head of Housing need told the task group that every housing association tenant will have a tenancy agreement which will set out the conditions of that tenancy. Housing Associations cannot deny a tenant letting out a room in the tenant's home but the implications for a social housing tenant might lead to a reduction in housing benefit and council tax benefit if they have someone living with them.

The directors of Share and Care said they are lobbying councils to ask for exemptions, for example the homesharer could be regarded as a carer. They highlighted that the scheme provides long term benefits to councils.

The task group believes there is an important role for GPs in promoting Homeshare. Merton is currently participating in a social prescribing pilot as a means of enabling primary care services to refer patients with social, emotional or practical needs to a range of local, non-clinical services, often provided by the voluntary and community sector. They could refer people to Homeshare as part of this scheme or within the wider cohort of local people who may benefit.

Recommendations

5. Public health team to promote the approved Homeshare scheme amongst GPs and to look for opportunities within other local projects.

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Committee: Cabinet

Date: 19 February 2018

Agenda item:

Wards: All Wards

Subject: Air Quality in Merton – Final report and recommendations of the scrutiny task group review.

Lead officer: Stella Akintan, Scrutiny Officer

Lead member: Councillor Daniel Holden, Task Group Chair.

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

Recommendations:

A. That Cabinet considers the report and recommendations (attached in Appendix A) arising from the scrutiny review of Air Quality in Merton.

B. That Cabinet agrees to the implementation of the recommendations through an action plan being drawn up by officers working with relevant local partner organisations and Cabinet Member(s) to be designated by Cabinet.

C. That Cabinet decides whether it wishes to formally approve this action plan prior to it being submitted to the Sustainable Communities Overview and Scrutiny Panel.

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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

D. To present the scrutiny review report on Air Quality in Merton for endorsement and seek approval to implement the review recommendations through an action plan being drawn up.

2. DETAILS

2.1 In July 2016 the Sustainable Communities Overview and Scrutiny Panel agreed to undertake a scrutiny review of air quality in Merton. Poor air quality is the largest environmental risk to public health, particularly amongst vulnerable groups such as the elderly, young children and those with existing respiratory conditions.

2.2 This review focussed on the Merton Air Quality Action Plan and measures to improve air quality at construction sites, which has a significant impact across the borough. The findings and recommendations of the review are set out in Appendix A.

3. ALTERNATIVE OPTIONS

3.1 The Sustainable Communities Overview and Scrutiny Panel can select topics for scrutiny review and for other scrutiny work as it sees fit, taking into account views and suggestions from officers, partner organisations and the public.

3.2 Cabinet is constitutionally required to receive, consider and respond to scrutiny recommendations within two months of receiving them at a meeting.

3.3 Cabinet is not, however, required to agree and implement recommendations from Overview and Scrutiny. Cabinet could agree to implement some, or none, of the recommendations made in the scrutiny review final report.

4. CONSULTATION UNDERTAKEN OR PROPOSED

4.1 In carrying out its review, the task group questioned senior council officers and considered best practice from other local authorities.

4.2 **TIMETABLE**

4.3 The final report was approved by the Panel on 16 September 2017 where it was agreed to present the report to Cabinet.

5. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

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

7. LEGAL AND STATUTORY IMPLICATIONS

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

8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1 It is a fundamental aim of the scrutiny process to ensure that there is full and equal access to the democratic process through public involvement and engaging with local partners in scrutiny reviews. Furthermore, the outcomes of reviews are intended to benefit all sections of the local community.

9. CRIME AND DISORDER IMPLICATIONS

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

10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1 None for the purposes of this report.

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

11.1 Appendix 1 – Task group report on "Air Quality in Merton"

12. BACKGROUND PAPERS

Final Report and Recommendations arising from the Air Quality Task Group

Membership

Councillor Daniel Holden (Chair)
Councillor Michael Bull
Councillor David Chung
Councillor Abigail Jones
Councillor Abdul Latif

Introduction

Although air quality has improved in recent years, greater public awareness of the impact means that it has moved up the political and public agenda. There is greater urgency to tackle air pollution given it is the largest environmental risk to public health, particularly amongst vulnerable groups such as the elderly, young children and those with existing respiratory conditions. [1] Air pollution is the most significant factor impacting on public health after smoking. [2]

Poor air quality also damages the environment and contributes to climate change. No_2 contributes to acidification of soil and water which impacts on animal and plants and biodiversity. [3]

The pollutants of concern are mainly from road transport; and include nitrogen oxides NO_2 and particles PM_{10} and $PM_{2.5.}$ It is thought that these pollutants contribute to an additional 9,400 premature deaths in London alone. Reducing these emissions is one of the biggest environmental challenges the UK is facing, as many locations in the UK currently fail to meet the statutory targets. Merton along with almost all London Boroughs is also failing these national objectives.

Since there is both a national and local focus on reducing emissions and encouraging sustainable travel, this review decided to focus on improving air quality at construction sites which has a significant impact across the borough.

Merton also began refreshing its Air Quality Action Plan (AQAP). This task group used this opportunity to examine the future strategic direction to be taken to improve air quality in the borough. The AQAP was subject to a public consultation and the task group wanted to ensure that the views of local residents were at the centre of this updated approach.

[1] Every breath we take: the lifelong impact of air pollution. Royal College of Physicians, February 2016.
[2] Lethal and Illegal London's Air Pollution Crisis, Institute of Public Policy Research, July 2016
[3] Improving air quality in the UK: tackling nitrogen dioxide in our towns and cities, Department for Environment Food and Rural Affairs May 2017.

Recommendations

1. The Sustainable Communities and Overview and Scrutiny Panel to conduct pre-decision scrutiny on the scope of any reviews to parking levies.

2. An Air Quality Officer to be appointed to help to implement the Air Quality Action Plan and provide expertise across the council. This will be appointed from existing resources, such as the diesel surcharge.

3. The task group supports the use of Local Implementation Plan funding to deliver the Air Quality Action Plan.

4. Better use should be made of 106 monies to support air quality measures.

5. That the Environmental Health team conduct a review of the impact of emissions from bonfires held in private gardens and on construction sites with a view to tighter restrictions, excluding cultural events..

6. The task group supports the rollout of electric charging points across the borough, including utilising additional funding where available.

7. Ensure that air quality measures are embedded in the Local Plan and that council adopts the Draft Air Quality Supplementary Planning Guidance for Merton.

8. In recognition for Merton's work to coordinate a South London wide construction emission initiative, Merton should award certificates recognising good practice to developers that comply with the council's standard.

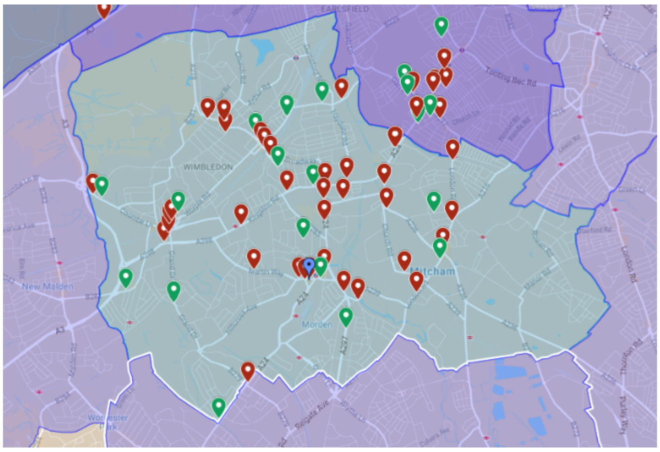
9. The Environmental Health team to provide training for colleagues in planning team and Councillors on the planning committee on air quality issues, so that informed decisions on planning applications can be made where there is an air quality component.

Early successes for the task group

The task group was pleased that as it embarked upon this review it was able to raise the profile of air quality issues in the council. As a result of highlighting concerns, the following measures were implemented before this task group review was completed:

- A new air quality monitor was installed at the civic centre. This will ensure the council meets its statutory obligations to measure emissions across the borough; and
- The Environmental Health team has increased the number of ‘diffusion tubes and locations throughout the borough’. This will mean we are more effective at capturing the level of pollutants better across the borough

Diffusion tube locations in Merton 2017



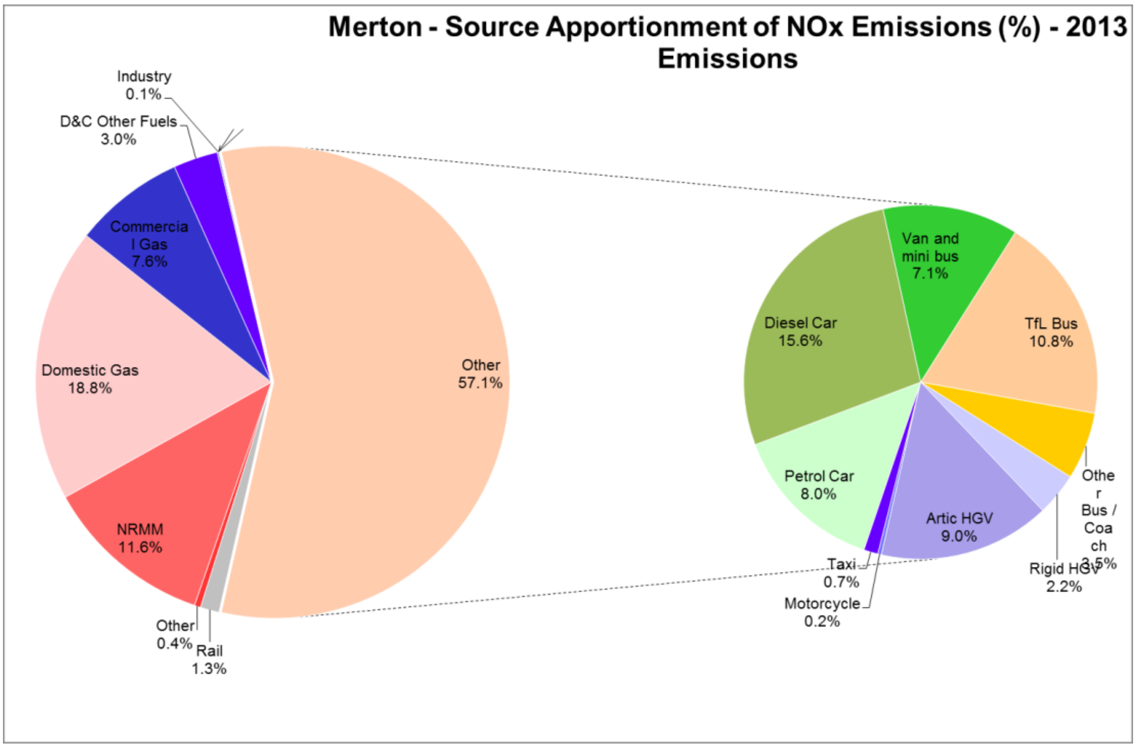
Air Quality in Merton

Pollution in Merton comes from a variety of sources. This includes pollution from sources outside the borough, and, in case of particulate matter, a significant proportion comes from outside of London and even the UK. Obviously for these sources the council has limited control; however, local sources are primarily from road transport and from buildings. [4]

In 2013, 6.4% of mortality was attributable to particular air pollution in Merton slightly lower than London (6.7%) as an outer London borough, but higher than England (5.3%). Current monitoring indicates that the annual mean nitrogen dioxide objective continues to be exceeded at roadside and nearby locations. [5]

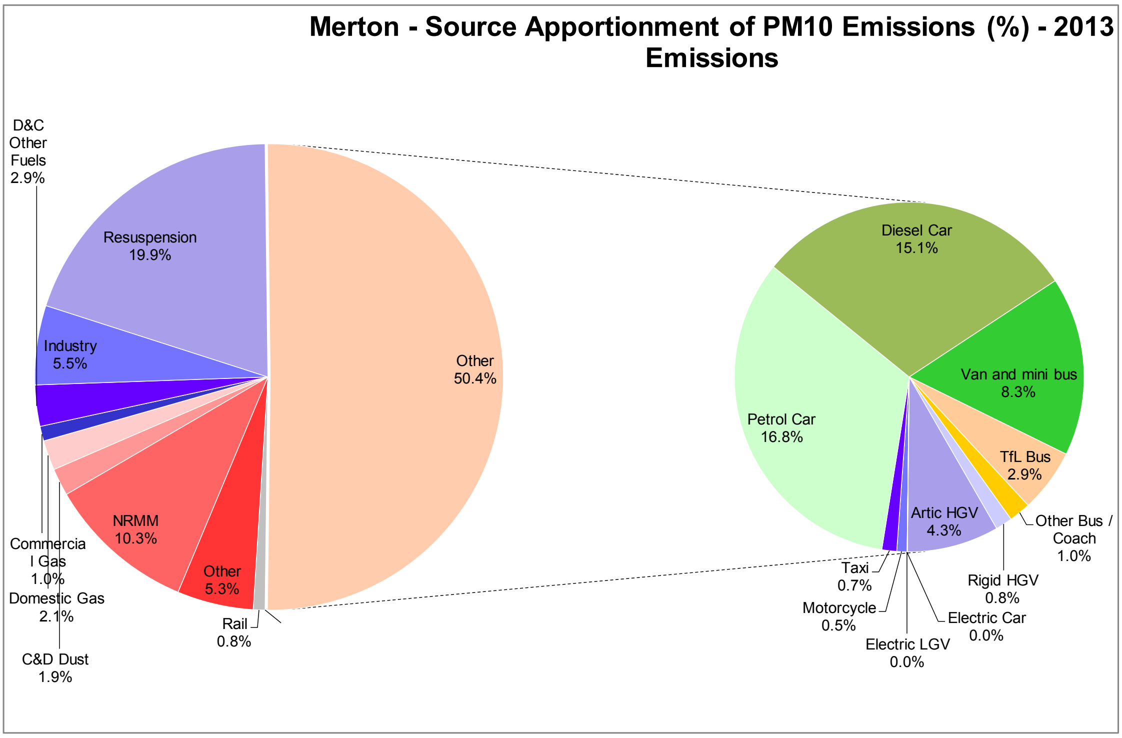
All of Merton has been designated an air quality management area (AQMA) due to poor air quality. These AQMAs were declared in 2003 and 2000 respectively.

Sources of NOx in Merton

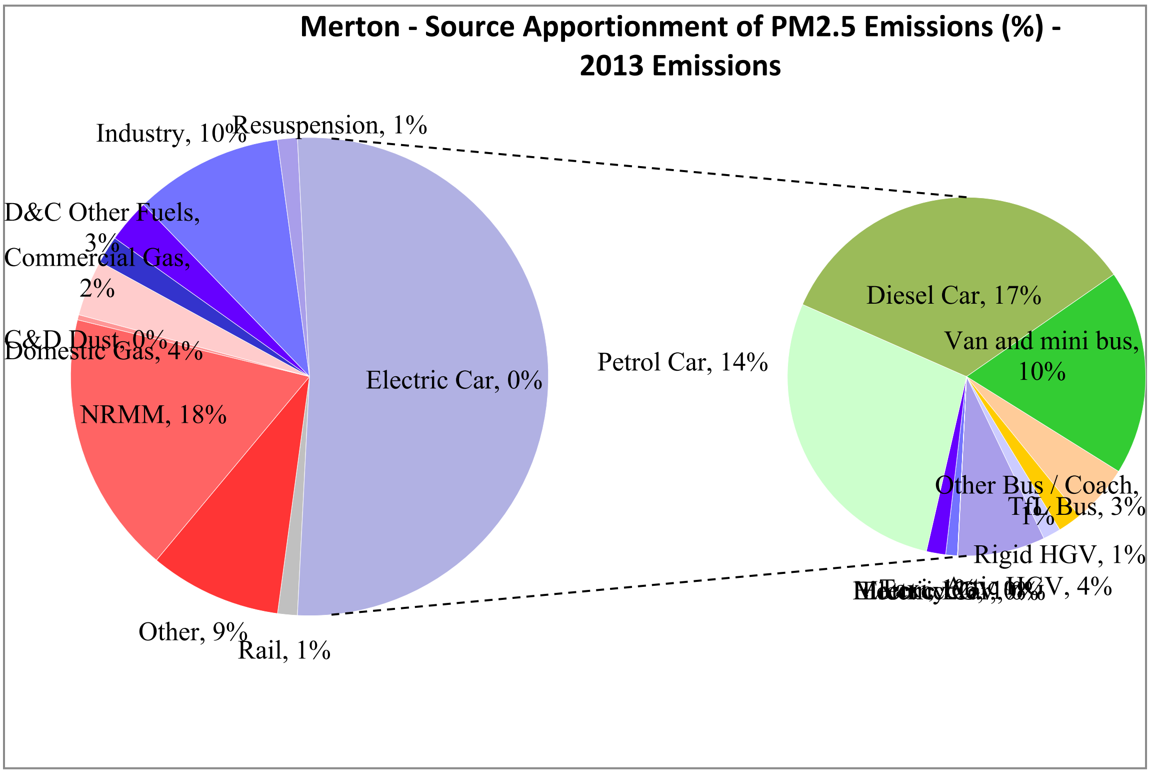


[4] Merton Air Quality Action Plan 2017-2022
[5] Merton Joint Strategic Needs Assessment 2015

Sources of PM10 in Merton



Sources of PM2.5 in Merton



The Air Quality Strategy for England, Scotland, Wales and Northern Ireland

The Air Quality Strategy for England, Scotland, Wales and Northern Ireland (2007) sets out air quality objectives and policy options to improve air quality in the UK. The objectives are policy targets often expressed as a maximum ambient concentration not to be exceeded, either without exception or with a permitted number of exceedances, within a specified timescale. Local authorities have a legal duty to work towards achieving these air quality objectives.

National Air Quality Plan

The Government's 2015 Air Quality Plan to achieve the EU limit values for nitrogen dioxide (NO_2) introduced a programme of mandatory and voluntary Clean Air Zones (CAZs) outside London.

London Local Air Quality Management Framework

The air quality objectives, set out in the Air Quality (England) Regulations 2000 as amended by the Air Quality Regulations 2002, provide the statutory basis for the air quality objectives under the local air quality management (LAQM) system.

Air quality in London is devolved to the Mayor of London, who has powers to intervene and direct local authorities in Greater London. In support of these devolved powers, the Mayor established the London LAQM system (LLAQM) in 2016 for the coordinated discharge of the Mayor's and Boroughs' responsibilities.

Defra and the Greater London Authority require local authorities to report on the pollutants of greatest concern to the health of Londoners. These are NO_2, particulate matter (PM_{10} and $PM_{2.5}$) and sulphur dioxide (SO_2).

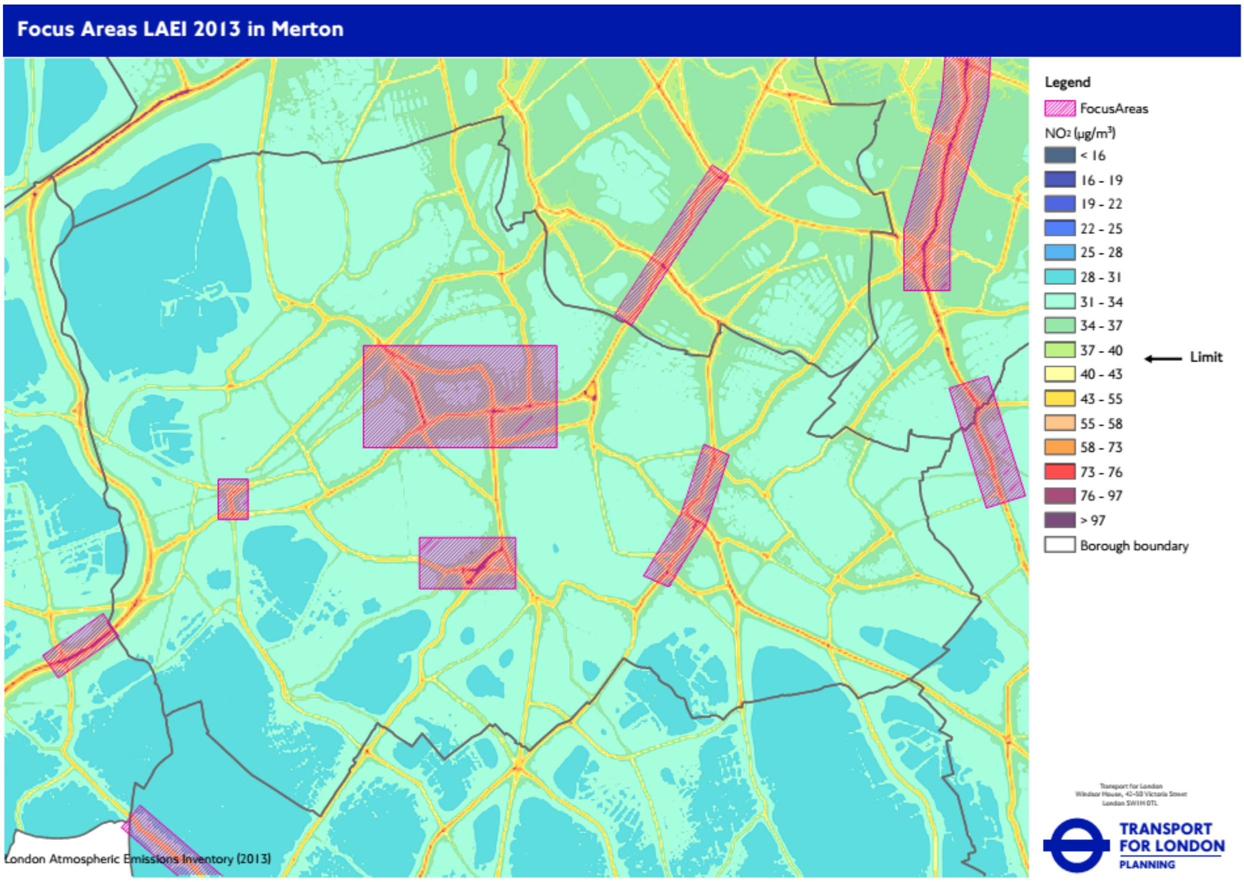
The Greater London Authority (GLA) identified Air Quality Focus Areas in 2014. These are locations that not only exceed the EU annual mean limit value for NO_2 but are also locations with high human exposure. The Focus Areas were defined to address concerns raised by boroughs within the Local Air Quality Management process and forecasted air pollution trends. This is not an exhaustive list of London's hotspot locations, but where the GLA believe the problem to be most acute.

On the 11th August the Mayor of London, launched his draft Environment Strategy for consultation

The Mayor's office states that for the first time these plans combine strategies for each aspect of London's environment, including air quality, into one holistic document. Alongside air quality, this draft strategy also addresses green infrastructure, climate change mitigation and energy, waste, adapting to climate change, and ambient noise.

When finalised, this strategy will replace the 2010 Mayor's Air Quality Strategy produced by Boris Johnson.:

Merton's Air Quality Focus areas



Task group comments on the Air Quality Action Plan

One of the main aims of this task group was to oversee the development of the new Air Quality Action Plan (AQAP). This covers the period 20187-2023 and it aims to reduce concentrations and exposure to pollution. The task group met with officers to discuss the draft plan before it went to consultation. This was an opportunity to raise issues of concern and highlight additional measures that task group members wished to see in the AQAP. As a result of these early discussions task group members highlighted the importance of:

- New and innovative ways to tackle air pollution such as re-routing cars from pollution hotspots using phone apps and electronic signage
- Identifying opportunities to increase the numbers electric charging points especially within new developments
- Use of school travel plans to tackle air quality

The task group met with the Environmental Health Pollution Manager to discuss the results of the consultation. They were informed that the consultation ran for a period of six weeks and there were a total of 155 responses. Officers reported that although they had hoped for a higher response rate, some of the replies were from organisations rather than individuals therefore this reflects the views of a larger group.

Task group members were pleased to note that responders were overwhelmingly positive about the measures within the AQAP. Although a task group member highlighted that the question on "extending use of an emissions based parking levy for residential and business permits in Merton" attracted the highest number of people 'strongly disagreeing' .

The task group discussed each of the measures in turn and unanimously supported the majority of the actions. However, there were some concerns regarding action points 15, 19 and 20. These are set out in the table below:

AQAP – Specific actions to be considered

Action ID	**Description**	**Comments**
Action 15	Mini Ultra-Low Emission Zone status for Air Quality Focus Areas and in pollution hotspots in Merton	This could follow from the above measure and will also be dependent on the Mayors project
Action 19	Emissions based parking levy for residential and business parking permits in Merton.	There is a commitment to review parking in as many ways possible to reduce vehicle use and reduce emissions. The present parking surcharge and possibly extend the scheme to incorporate all vehicles parked in the borough
Action 20	Provision of infrastructure to support walking and cycling across the borough	This is currently underway but needs to be publicised in the AQAP

Action 15

Some task group members emphasised the importance of implementing measures that incentivise and encourage people to help reduce air pollution. There are already strategies in place to tackle pollution over the longer term. Any new emission zone could contribute to difficulties in driving around London.

Action 19

Some task group members welcomed a review of this policy to see how effective it had been and if it needed to be amended. It was highlighted that the Sustainable Communities Overview and Scrutiny Panel had called for a review of the diesel levy given that it had attracted some controversy and it was a new council policy.

Some task group members did not support this measure as they felt the wording of the comment suggested this could lead to additional charges for petrol cars. It was thought that increasing costs would be punitive and would not serve to reduce emissions from cars nor would it motivate people to buy new cars to avoid the permit charges. Task group members expressed concern about penalising car users as an approach but believe the emphasis should be on promoting new technologies such as electric cars. New measures are encouraging transition to emission friendly transport which, over time will have the desired impact. It was thought that the council should not put additional burdens on car users.

Commented [JA1]: Not sure I agree with this as increasing charges for Polluting activities is an established approach of emission management, the important thing is that this is effective and as fair as possible.

Other task group members felt that parking permit charges are one of the tools councils can use to influence behaviour change and inform decisions when buying their next car. The task group were able to come to a consensus on this issue and agreed that they wished to consider the scope of the review at the Sustainable Communities Panel.

Recommendation

1. The Sustainable Communities and Overview and Scrutiny Panel to conduct pre-decision scrutiny on the scope of any reviews to parking levies.

Action 20

Some task group members expressed concerns about infrastructure to support walking and cycling as they felt there should be additional resource for extra cycle lanes rather than reduce the existing road infrastructure.

Funding for the air quality action plan

The task group wanted reassurance that there will be sufficient funding to deliver the projects within the AQAP. Therefore they supported the suggestions put forward by officers, such as making use of Local Implementation Funding and Section 106 monies. The task group also support proposals to recruit an air quality officer to carry out this work and provide advice and support on air quality across the council, particularly to help planning officers.

Recommendations

2. An Air Quality Officer to be appointed to help to implement the Air Quality Action Plan and provide expertise across the council. This will be appointed from existing resources, such as the diesel surcharge.

3. The task group supports the use of Local Implementation Plan funding to deliver the air quality action plan.

4. Better use should be made of 106 monies to support air quality measures.

The task group supports concerns from the public outlined in the AQAP regarding the impact of bonfires and while they emphasised their support for the councils annual cultural events, they were concerned that there needs to be more guidance on the pollutants from bonfires as well as the impact of burning different fuel sources. The Environmental Health Pollution Manager said that a number of other councils in

South London are conducting a review of bonfires and Merton could join this process as well as consider its own local issues.

Recommendations

5. That the Environmental Health team conduct a review of the impact of emissions from bonfires held in private gardens and on construction sites with a view to tighter restrictions excluding cultural events

Electric vehicle rollout

Merton should be at the forefront of the electric vehicle roll out by increasing the number of charging points. The task group was pleased to be informed that the council will roll out twenty-five new points this year and twenty five points next year. There are various funding pots that the council should seek to benefit from such as the £8 million Transport for London Source London charging point roll out scheme. In the recent budget the Chancellor announced funding for electric vehicle charging points, once the details become clearer the council should maximise these opportunities.

The task group is pleased the draft Supplementary Planning Guidance calls for all new developments to incorporate the electric vehicle charging requirements set out in the London Plan. This sets out percentages for charging facilities in residential developments, employee parking and shopping facilities.

Recommendation

6. The task group supports the rollout of electric charging points across the borough, including utilising additional funding where available.

Improving air quality at construction sites

Construction activities which affect air pollution include preparation, demolition excavation, as well as tunnelling works building operations structural alteration and maintenance and transportation of materials from site to site. These activities produce dust, smoke and other pollutants, including those arising from diesel engines. The aim of air quality measures is to protect site workers as well as the local community from the impact[6].

The task group met with the Development Control Section Manager to discuss how planning regulations ensure measures are in place to improve air quality at construction sites. He reported that monitoring pollution requires expensive equipment as small particles are harmful but are barely visible and difficult to measure unlike other pollutants such as bonfire smoke. Responsibility for these costs should be made explicit in the planning documents.

Officers highlighted that the success of improving air quality in this area is dependent on joint collaboration between planning and environmental health teams. The task group believe that councillors on the planning committee, and in the planning team would benefit for training on air pollution issues.

The task group was told by the Environmental Health team they had received funding from the GLA to run an audit of pollution on construction sites across South London boroughs. The audit looks at the diesel engines of the heavy construction equipment, records emissions and makes recommendations about acceptable levels. The audit acts as a form of enforcement as well as providing advice and consultancy. Compliance levels varies between sites, some are defined as cold and are not adhering to air pollution regulations, while other sites are more aware and aim to comply.

The audit is aiming to encourage construction sites to become compliant before more stringent enforcement measures are introduced by the GLA in 2020. The audit is having an impact, environmental issues are rising up the agenda, compliance is currently at 80%. Audits are serving as a good way to educate people without using enforcement. The task group believes that good practice should be recognised and would like developers to be given a certificate of achievement if they meet the required standards.

The Environmental Health Pollution Manager reported that all the concerns regarding air pollution at constructions sites can be addressed through the Local Plan and the Air Quality Supplementary Planning Guidance (SPG).

The Local Plan sets out the priorities for the development of the borough and will be used for making decisions on planning applications. Merton is currently consulting on the development of a new Local Plan. This task group supports the approach taken by Richmond Council that ensured air quality measures are fully embedded in the Local Plan. Merton should take this approach and the council will then be able to incorporate the SPG within this document.

A task group member was concerned that the SPG it is not as influential as full planning guidance and can be challenged by a developer. It was reported that the

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[6] Merton Code of Practice 2017

guidance is in line with is the GLA and will not present an additional burden on developers.

Recommendations

7. Ensure that air quality measures are embedded in the Local Plan and that council adopts the Draft Supplementary Planning Guidance for Merton.

8. In recognition for Merton's work to coordinate a South London Wide construction emission initiative, Merton should award certificates recognising good practice to developers that comply with the council's standard.

9. The Environmental Health team to provide training for colleagues in the planning team and Councillors on the planning committee on air quality issue, so that informed decisions on planning applications can be made where there is an air quality component.

Committee: Cabinet

Date: 19 February 2018

Wards: All

Subject: **Reference from the Overview and Scrutiny Commission – pre decision scrutiny of the Business Plan 2018-22**

Lead officer: Julia Regan, Head of Democracy Services

Lead member: Councillor Peter Southgate, Chair of the Overview and Scrutiny Commission

Contact officer: Julia Regan; Julia.regan@merton.gov.uk; 020 8545 3864

Recommendations:

1. That Cabinet, in taking decisions relating to the Business Plan 2018-22, takes into account the comments and recommendations made by the Overview and Scrutiny Commission (set out in paragraphs 2.5 to 2.12 below) and the outcomes of consideration by the Overview and Scrutiny Panels (set out in Appendix 1).

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. To inform Cabinet of the recommendations and comments resulting from pre decision scrutiny of the Business Plan 2018-22 by the Overview and Scrutiny Commission and Overview and Scrutiny Panels at their meetings in January 2018.

2 DETAILS

2.1. Each of the Overview and Scrutiny Panels has examined the budget and business plan proposals relating to the service areas within their remit as well as scrutinising the draft service plans.

2.2. The Overview and Scrutiny Commission has received and discussed the findings of the Panels and has discussed the savings proposals and the capital programme relating to Corporate Services and Safer Merton. The Commission has scrutinised the medium term financial strategy in some detail and has made recommendations on this to Cabinet.

2.3. <u>Comments and recommendations from the Overview and Scrutiny Panels</u>

2.4. The Commission agreed to forward to Cabinet the comments and recommendations made by the overview and scrutiny panels. These are set out in Appendix 1. The Commission also agreed that the minutes of the Panels' discussions of the Business Plan should be forwarded to Cabinet in full. These are attached in Appendix 2.

2.5. <u>Comments and recommendations on corporate services savings proposals</u>

2.6. The Commission scrutinised each of the Corporate Services deferred savings, replacement savings and new savings proposals. Members asked

3.1. detailed questions in order to fully understand the basis on which the savings had been put forward. Members also asked questions about some of the assumptions made and other details in the draft service plans.

2.7. Comments and recommendations on the Business Plan

2.8. The Commission discussed the proposed capital programme and commented on the size of the programme for 2018/19. The Director of Corporate Services explained that there were a number of major spend items for 2018/19, outlined these and answered questions about other items.

2.9. The Commission discussed the Medium Term Financial Strategy. Members scrutinised the November and January reports to Cabinet and noted the adjustments that had been made in response to the government settlement and other pertinent changes, including in relation to the permitted level of council tax.

2.10. The Commission RESOLVED to forward the following comments and recommendations to Cabinet:

1. The Commssion would like to commend officers, in particular the Director of Corporate Services, for their initiative in recent years in producing a four year Medium Term Financial Strategy that enables the council to take a longer term view;

2. The Commission notes that in looking ahead, it is clear that there will be a substantial budget gap in 2020/21 and beyond;

3. The Commission accepts that in identifying proposed savings for future years there will be a need for some of these to be revised for a variety of reasons as the implementation date gets closer;

4.The Commission recommends that Cabinet should encourage officers to be entrepreneurial and pursue innovative solutions, subject to an acceptable level of risk, as a preferable alternative to simply ceasing to provide services;

5. The Commission recommends that Cabinet should anticipate and start to plan for 2020/2021 now, through scenario planning that will evolve over the course of the next four years. The Overview and Scrutiny Commission is keen to support this process;

6. The Commission recommends that Cabinet recognise the importance of effective and appropriately planned project management to ensure the council achieves projects on time and maximises the potential savings from these projects.

3 ALTERNATIVE OPTIONS

3.1. Cabinet is required under the terms of the constitution to receive, consider and respond to recommendations from Overview and Scrutiny.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. The Constitution outlines the requirements for consulting scrutiny on the budget.

5 TIMETABLE

5.1. Round two of scrutiny of the Business Plan was undertaken as follows:-

- Sustainable Communities Overview & Scrutiny Panel: 16 January 2018
- Children & Young People Overview & Scrutiny Panel: 17 January 2018
- Healthier Communities & Older People Scrutiny Panel:11 January 2018
- Overview and Scrutiny Commission: 25 January 2018

5.2. The responses from round two will be presented to Cabinet on 19 February 2018. A meeting of full Council will then take place on 28 February 2018.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. These are detailed in the substantive reports elsewhere on this agenda.

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. The process for developing the budget and business plan is set out in Part 4C of the Council's Constitution. The role of the Overview and Scrutiny Commission and panels with regard to the development of the budget and business plan is set out in Part 4E of the Constitution.

7.2. The legal and statutory implications relating to the budget and business plan are contained in the reports elsewhere on this agenda.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. It is a fundamental aim of the scrutiny process to ensure that there is full and equal access to the democratic process through public involvement and engagement.

9 CRIME AND DISORDER IMPLICATIONS

9.1. These were examined by the Commission and were taken into account in making their recommendations to Cabinet.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. None for the purposes of this report.

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

- Appendix 1 – Comments and recommendations made by the Overview and Scrutiny Panels at meetings in January 2018
- Appendix 2 – Draft minutes of the discussion of the Business Plan at each of the Scrutiny Panel meetings, January 2018

12 BACKGROUND PAPERS

12.1. None

Appendix 1

References/Comments from Scrutiny Panels to the Overview & Scrutiny Commission 25 January 2018 - Scrutiny of the Business Plan 2018-2022

Healthier Communities and Older People O&S Panel: 11 January 2018

The Healthier Communities and Older People Overview and Scrutiny Panel discussed the proposed savings and had no comments that they wished to draw to the attention of Cabinet.

Sustainable Communities Overview and Scrutiny Panel: 16 January 2018

The Chair has approved this note of the Panel's discussion :

Following an update on the business plan for 2018 – 2022 provided by Caroline Holland, Director of Corporate Services, the Panel enquired about the increased taxi card and concessionary fares budget. It was explained that this reflects an inflationary increase. Additionally, the Panel asked about the Council's exposure to Carillion. Caroline Holland clarified that the Council has no contracts with Carillion but that there may be exposure through supply chains. Additionally, it is being investigated whether the Council's pension scheme has any investments in Carillion.

Having already discussed amendments to previously agreed savings from Environment and Regeneration at the November 2017 meeting, the Panel focused on amendments to previously agreed savings from housing and new savings proposals from Environment and Regeneration. Each was introduced by the relevant director giving members the opportunity to ask detailed questions.

On housing, the Director, Hannah Doody, explained it is no longer possible to achieve the proposed saving because of the new duties arising out of the Housing Reduction Act. These are currently being modelled to better understand the resource implications.

The new savings presented by Chris Lee, Director for Environment and Regeneration are from the following areas: the Regulatory Service, wood recycling, the Polka theatre, the Merantun Development, letting of vacant greenspace facilities and increasing greenspaces tenancy income. Members took the opportunity to question officers on these proposals to understand if they are realistic and whether they could achieve a greater saving.

The Panel learned that there are a number of ways the Regulatory Service might generate a commercial income. Examples given include from air quality monitoring, polluted land assessments and mentoring for those wishing to improve their food hygiene rating. It was established that there is no financial penalty resulting from the thermal treatment of wood waste and that the initial income allocated to the Merantun Development is recharging for services and staff that are provided by the Council. Income from greenspaces reflects that Idverde doesn't need to use all the available greenspace facilities. The department is keen to utilise all the assets available and hence is seeking to let these. Similarly, the increase in greenspaces tenancy income reflects the desire to maximise the return from all assets especially as rents haven't been increased for what was described as many years.

Members took the opportunity to look at service plans. As a result it was agreed that the Panel should take an update item on car clubs operating in the borough to establish if these are assisting the Council with both greater uptake of electric vehicles and income generation. The Panel highlighted that currently the service plans don't reflect any uplift in staff salary costs as mentioned in the business plan update and that this needs to be rectified.

Children and Young People Overview and Scrutiny Panel: 17 January 2018

Following an update on the business plan for 2018 – 2022 provided by Caroline Holland, Director of Corporate Services, the Panel sort to clarify whether the protection the Children, Schools and Families (CSF) Department has had from budget savings will continue over the medium to longer term, (especially in the light of the success that has been achieved as indicated by the Ofsted combined inspection judgement and attainment in Merton's schools). Yvette Stanley, Director of CSF, explained to Panel members that it is very difficult to make cuts to services without potentially impacting on vulnerable children and young people with the resulting focus therefore on efficiency.

Given the need for efficiency, members wanted to know about the use of agency workers within the CSF Department. This has reduced from around 40% two – three years ago, down to 20%. This reflects some maternity and long term sick leave but is also generated by the need to ensure safe caseloads amongst social workers. Currently there are 32 vacant posts within the Department with 10 of these already under offer. Members explored whether there would be benefit in Merton running its own agency for temporary staff; this has recently been explored as an alternative option to renewing the Council's employment agency contract. It was found this was unlikely to be a cost effective option, with no other London Borough using this approach, and therefore it had not been pursued.

Members then explored the success of the CSF Department in generating income and whether it is possible to increase the buying back of services from the Council by schools, extending the services offered or to sell services to schools in other boroughs. All but four of Merton's schools are currently buying back services but this year, anticipated income growth from service buy back is not as aspirational as in previous years; this is the first year schools will be operating under the new funding model and there is a need to understand how this will impact on their purchasing of services.

Deferred and replacement savings were reviewed by the Panel. The data review and centralisation is happening but is taking longer than planned and the review of the CSF staffing structure is happening but is taking longer to work through. The Panel heard how savings will be made from the implementation of preventative services through the Social Impact Bond and the Family Drug and Alcohol Court by preventing children returning to care. Evidence suggests that these approaches can reduce the chances of children returning to care from 60% to 40%.

Councillor Holmes proposed a motion (seconded by Cllr Chirico): Recognising the excellent progress already made by the Children, Schools and Families Department in revenue generation, officers should explore additional opportunities for revenue generation in the same way as they are exploring opportunities for cost savings.

Four Councillors voted for the motion, one against and five abstained meaning the motion was carried.

HEALTHIER COMMUNITIES AND OLDER PEOPLE OVERVIEW AND SCRUTINY PANEL
11 JANUARY 2018

(7.15 pm - 9.15 pm)

PRESENT: Councillor Brian Lewis-Lavender (in the Chair), Councillor Mary Curtin, Councillor Brenda Fraser, Councillor Suzanne Grocott, Councillor Sally Kenny, Councillor Abdul Latif, Di Griffin, Saleem Sheikh and Councillor John Dehaney

ALSO PRESENT: Councillor Mark Allison (Deputy Leader and Cabinet Member for Finance) Councillor Tobin Byers(Cabinet Member for Adult Social Care and Health)

Hannah Doody (Director of Community and Housing) and Caroline Holland (Director of Corporate Services) Dr Karen Worthington (Clinical Director of Transforming Primary Care) Andrew McMylor (Director of Transforming Primary) Stella Akintan (Scrutiny Officer)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Councillor Laxmi Attawar gave apologies for absence

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

none

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

The Minutes were agreed.

4 MERTON CLINICAL COMMISSIONING GROUP - PRIMARY CARE STRATEGY (Agenda Item 4)

The Director of Transforming Primary Care gave an overview of the report highlighting their plans to improve access to primary care. The Director said they were pleased to report that many of these objectives had been achieved and in some cases exceeded, 50,000 appointments had been delivered and they had increased on their ambition from last year. There are now flexible opening times at surgeries with some from 7am some open until 8pm and open on Saturday, same day appointments are also available.

The Clinical Director of Transforming Primary Care added that the Wideway and Wilson hubs are receiving positive feedback from service users. The use of primary care is increasing but it is not at full capacity at the present time. They are training reception staff to signpost people to relevant service which will also improve access. A panel members asked if there would be additional hubs in north and south Merton given that the current hubs have been so successful. The Director of Transforming Primary Care said the structure is right at the moment as they are not at full capacity. The Clinical Director of Transforming Primary Care added that patients can choose which hub they want to attend.

A number of panel members thanked Merton Clinical Commissioning Group (MCCG) for their work, highlighting that the hubs are working well and services are improving. Local residents, particularly older people, are finding telephone appointments very useful.

A panel member welcomed receptionist training and highlighted that it is important to prioritise GP training for people in the UK. They are also concerned that although twelve hour appointment day is excellent, this should not result in GPs and medical professionals working long hours. The Clinical Director of Transforming Primary Care practices in Merton do support local medical training; however this will not provide enough GPs over the next twenty years so we need to look internationally. GPs work shifts at the surgeries so they can manage their work-life balance.

A panel member asked how the 111 service is advertised. The Clinical Director of Transforming Primary Care said some concerns had been raised about this national helpline. MCCG do promote the service and would welcome ideas about how to advertise further.

A panel member asked when the Princes Surgery will be re-located as a move has been planned for the last 18 months. The Director of Transforming Primary Care said they aim to move to the Patrick Doody building by April this year.

RESOLVED
The Vice -Chair thanked MCCG for their work.

5 BUSINESS PLAN UPDATE 2018-2022 (Agenda Item 5)

The Director of Corporate Resources said the budget was reported to Cabinet in December and outlined the assumptions in the Medium Term Financial Strategy as well as provided an update on the business rates. A report will go back to Cabinet in February looking at how the financial position has changed in light of the budget settlement.

A panel member asked about the likely consequences if the deficit is not reduced. It was asked if staff reduction is the main way to the reduce budget gap. The Director of Corporate Resources said the council is required to set a balanced budget. Services can be re-designed without cutting staff, therefore a range of options need to be considered. Refreshing the Target Operating Models will assist with this process.

The Chair invited Lyla Adwan – Kamara, Chief Executive, Merton Centre for Independent Living to address the Panel

The Chief Executive welcomed the opportunity to have a dialogue with the Panel. She commented that the replacement savings seemed sensible. She was of the view that there had been a failure to consult with the local community on some of the new and replacement adult social care savings proposals. This is despite the fact the council identified consultation as an important equality objective. Particular concern was raised about *CH55; 987,000 – less third party payments through promoting independence.* The Chief Executive believed that this saving had been agreed but was not included in the current savings pack. This highlighted a concern about the medium term budget planning process which can result in some items not being discussed. The Chief Executive added that she felt service users would provide a useful and constructive response to savings proposals and they are keen to be involved.

The Director of Community and Housing said adult social care is operating in very challenging financial climate and this has been well documented both locally and nationally. There has also been a significant change in the landscape since 2015 with the introduction of the Health and Social Care Act and additional duties placed upon local authorities.

The Director highlighted that having been in post for six months she is reviewing current spend and savings proposals in the context of this borough. Savings are routinely reviewed throughout the year to ensure they are deliverable within the current environment. The Director will engage with the wider sector to discuss how to provide the best services and value for money. This early phase of engagement and meaningful discussion is distinct from a formal consultation. Appropriate consideration will be given to the consultation process if there is significant change to service delivery. CH55, will be reviewed in line with legislative changes with the implementation of the Health and Social Care Act.

A Panel member highlighted that this Panel has raised concerns about adult social care during previous budget rounds.

6 SAVINGS PROPOSALS CONSULTATION PACK (Agenda Item 6)

Panel members considered each of the savings for adult social care and public health along with the service plans.

A panel member asked for regular updates on changes to budget savings. The Director of Corporate Resources reported that this is available in the monthly Monitoring Report, regular updates are also provided quarterly to the Financial Monitoring Task Group.

A panel member highlighted that the adult social care service plan highlighted that there is likely to be an overspend of £2-3 million. The Director of Community and Housing reported that spending is under control at the moment, however the market is volatile therefore the department plan where possible, make use of early intelligence and monthly monitoring all of which helps the section to stay within budget.

Councillor Suzanne Grocott asked that the minute record her concern about the current savings shortfall of £382,000 in adult social care.

RESOLVED
The Chair thanked officers for their work.

7 SCRUTINY REVIEW OF HOMESHARE SCHEMES - DRAFT FINAL REPORT AND RECOMMENDATIONS (Agenda Item 7)

Councillor Sally Kenny, task group chair gave an overview of the report and stated it can support the council's financial challenges. The task group found that the scheme could have great potential but will take time to establish within the borough.

A Panel member raised concerns about a scheme of this nature due to the potential safeguarding implications. The task group chair said the Homeshare agency will play a full role in supporting the relationship between the homeowner and home sharer.

RESOLVED
The Chair thanked the task group for their work and the panel agreed for the report to go to cabinet.

8 WORK PROGRAMME (Agenda Item 8)

The work programme was noted

SUSTAINABLE COMMUNITIES OVERVIEW AND SCRUTINY PANEL
16 JANUARY 2018

(7.18 pm - 9.35 pm)

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

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), Peter Southgate, Martin Whelton (Cabinet Member for Regeneration, Environment and Housing), Hannah Doody (Director of Community and Housing), Paul Foster (Head of the Regulatory Services Partnership), Caroline Holland (Director of Corporate Services), Anthony Hopkins (Head of Library and Heritage Services), Graeme Kane (Assistant Director of Public Space, Contracting and Commissioning), Chris Lee (Director of Environment and Regeneration), James McGinlay (Assistant Director for Sustainable Communities), Paul Walshe (Parking Services Manager) and Annette Wiles (Scrutiny Officer)

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 PRE-DECISION SCRUTINY: BUSINESS PLAN UPDATE 2018-2022 (Agenda Item 3)

Caroline Holland, Director of Corporate Services, provided an update on the business plan for 2018 – 2022. This includes changes made since the business plan was presented in late 2017. For example, there is allowance made for a two year pay award which would increase pay by 2.7% in 2018/19 and 2.8% in 2019/20. However, it is unclear how this will proceed with the outcome of an employers meeting and the Unite response to the proposal awaited.

Additionally, there has been an increase in the Council Tax base which was more than expected. Merton has signed-up to the business rate pilot for London proposed for 2018/19. Under the pilot, responsibilities previously funded by the Revenue Support Grant will be expected to be met by business rates.

Funding received from the New Homes bonus is lower than expected and there has been a further slippage on the capital programme budget of around £12m which is largely accounted for by the schedule of works for the leisure centre development and the timetable for the property company.

It was highlighted that whilst the budget for 2018/19 is balanced there are gaps in subsequent years (increasing from just over £3.7m in 2019/20 up to around £18.2m in 2021/22). These budget gaps need to be reduced and therefore the Council cannot be complacent.

In response to member questions, the Director clarified:

- the increased taxi card and concessionary fares budget reflects an inflationary increase on a £9m budget; and
- the Council has no contracts with Carillion but there may be exposure through supply chains. Additionally, it is being investigated whether the Council's pension scheme has any investments in Carillion (confirmed subsequent to the meeting as less than £5K).

4 PRE-DECISION SCRUTINY: SAVINGS PROPOSALS CONSULTATION PACK (Agenda Item 4)

It was noted that the Panel discussed amendments to previously agreed savings from Environment and Regeneration at the November 2017 meeting. It was therefore agreed that the Panel would focus on amendments to previously agreed savings from housing and new savings proposals from Environment and Regeneration.

Hannah Doody, Director for Community and Housing, explained it is no longer possible to achieve the proposed savings (staff reductions in Housing Services and a reduction in staff for the in-house unit). This is because of the new duties arising out of the Housing Reduction Act. These are currently being modelled to better understand the resource implications.

Chris Lee, Director for Environment and Regeneration, presented the new departmental savings proposals with members asking questions in turn for clarification:

- <u>Regulatory Services Partnership (E1)</u>: savings will be achieved over three years as the services builds on its success by further expanding to include Wandsworth and achieve even greater economies of scale. The Director is confident these savings can be achieved because it is building on the prior success of the service which has already realised cost savings. There are a number of ways the Regulatory Service might generate a commercial income. Examples given include from air quality monitoring, polluted land assessments and mentoring for those wishing to improve their food hygiene rating. In response to whether it would be possible to increase the targets for a commercial income from regulatory services, officers thought it more prudent to start with a realistic target;
- <u>Waste Services (E2)</u>: As there is a cost attached to recycling wood, it has been decided to turn this into wood pellets for burning. It was established that there is no financial penalty resulting from the thermal treatment of wood waste. It was

clarified that China's recently imposed ban on the importation of plastics for recycling is not causing significant alarm with the risk being spread by the plastics contractor. There are no plan to reduce recycling and burn other waste;

- Leisure and Culture Development Team (E3): work to improve the financial viability of the Polka Theatre will allow the Council to reduce its grant funding over time. The Panel discussed whether there would be financial benefit to the Council from increasing available parking in Wimbledon town centre to allow better usage of venues/attractions such as the Polka. Use of the P4 site was suggested. The Director noted that there is already car parking available for users of the Polka theatre with no ability for this to be increased and that it is the stated policy of the Council to dispose of the P4 site to benefit from a capital receipt. An analysis of parking in Merton has found that there is an over supply and it is not consistent with the Council's policy on parking and air quality;
- Sustainable Communities (E4): this is the initial income from the Merantun Development Company which will become clearer as development starts with more detail being provided next year. At least initially, this income will reflect recharging for services and staff that are provided by the Council. Whilst the Ealing Council property company of was cited as loss making, it was noted that many other authority property companies are successfully making a profit. It was noted that whilst the development will be of property mainly for residential use some commercial property will be included at the margins (ie: on the ground floor of residential blocks). Also, whilst some staff are being seconded from the Council to the property company, the implications of this are not considered to be significant. Staff will be seconded with some back filling needed;
- Greenspaces (E5): the additional income target for greenspaces reflects that Idverde doesn't need to use all the available greenspace facilities. The department is keen to utilise all the assets available and hence is seeking to let these;
- Greenspaces (E6): similarly, the increase in greenspaces tenancy income reflects the desire to maximise the return from all assets especially as rents haven't been increased for many years. It was recommended that this would provide a better return for the Council compared to trying to sell these assets and benefit from a capital receipt given it is expected that this review will achieve close to a market rent.

Members took the opportunity to look at the service plans of the Environment and Regeneration Department with the following clarification provided in response to questions:

- DC/Building control income target: the downturn in the number of planning applications has been a key driver in why the building control income target hasn't been achieved. However, it was also noted that the Government is in the process of relaxing restrictions on planning fees giving Councils the ability to increase these by up to 20%;
- Charging points for electric cars: it was noted that these aren't anticipated to provide a commercial income. Whilst there is a licence fee from which the Council benefits it is not seen as in the interests of the Council to increase the costs associated with electric car ownerships given there is a desire that this increase. Members explored if this was something that should be considered in

the future as it is assumed commercial providers will gain an income from their provision through service stations etc;

- New homes allowance: this hasn't provided the income predicted. This is because it tapers more quickly (reducing from six to four years) with adjustments made for affordable and empty housing;
- Parking: it was explored if it is possible to increase the income from parking by changing the number of employees and/or increasing the use of automation to issue enforcement notices. It was highlighted that the Government changed the law two years ago to prohibit the use of mobile vans with cameras installed as a means of enforcement; parking enforcement has to be through the issuing of a ticket. The Director highlighted that balance between the number of enforcement employees and revenue is optimal at current levels. It was noted that increasing parking to benefit revenue would also drive up air pollution and impact on the objective of having viable town centres;
- Green flags: the costs of gaining additional green flags for Merton's parks are not seen as prohibitive. This will depend on which parks. The Director indicated that he would be very happy to meet to explore the role of friends groups in helping to sustain Merton's parks;
- Parks events: it was accepted that the number of events in Merton's parks that generate a commercial income could increase but would be limited to a certain degree by factors such as the weather;
- Wage growth: it was agreed that the service plans would have to be amended to reflect potential wage growth; and
- Free Christmas parking: it was noted that this costs £60K per annum and that a consultation on this is currently ongoing. This will be brought forward for budget setting next year.

RESOLVED: it was resolved that the Panel would take an update report, including consideration of commercial income, on electric car clubs operating in the borough (to be included in next year's work programme).

Cllr Bull proposed a motion (seconded by Cllr Holden): "The Panel investigate the potential for the Council to raise revenue from electric cars and through widening the electric charging point scheme".

Two members voted for the motion (Cllr Bull and Holden). It was apposed by Cllrs Anderson, Braund, Chung and Makin. Cllr Sargeant abstained. The motion therefore fell.

Cllr Bull proposed a further motion (seconded by Cllr Holden): "The Panel investigate substantially increasing parking in Merton in order to increase revenues".

Two members voted for the motion (Cllr Bull and Holden). It was apposed by Cllrs Anderson, Braund, Chung and Makin. Cllr Sargeant abstained. The motion therefore fell.

5 CABINET MEMBER PRIORITIES (STREET CLEANLINESS AND PARKING)

(Agenda Item 5)

Cllr Ross Garrod, Cabinet Member for Street Cleanliness and Parking, highlighted that this current priorities are the contract with Veolia and the implementation of wheeled bins across the borough as well as the air quality action plan and the diesel levy.

In response to member questions, Cllr Garrod clarified that it is currently difficult to assess the impact of the diesel levy as renewals are processed monthly and as yet there isn't a full year of data available. However, there has been an increase in the take-up of CPZs which may be indicative of a response to the diesel levy. Currently, there are no plans to look at a price increase for the levy.

6 ANNUAL REPORT: ADULT LEARNING (Agenda Item 6)

Anthony Hopkins, Head of Library, Heritage & Adult Education Service, introduced the item highlighting that there has been a shift to a commissioning model in order to ensure the service is financially sustainable. The new commissioning model has now been subject to inspection by Ofsted. The inspection covers a two year period even though the new model has only been in place for a year. The outcome of the inspection was a requires improvement judgement. Despite this, the service is on an upward trajectory with work ongoing to secure further improvement.

In response to member questions, further clarification was provided:

- All provision continues to be in venues within the borough;
- Whilst the Ofsted inspection praised the community provision, the quality of teaching in particular at Merton College needs to improve;
- It is a duty on the Council to implement the *Prevent* duty through its adult learning provision. This is happening but needs to be developed further; the duty is weaved into courses and teaching;
- If a student leaves a course before completion, whether funding will be affected will depend on the type of course. For example, accredited learning is funded by attendance with a further payment if the student achieves their accreditation. Currently, student retention is good;
- The Ofsted judgement on outcomes might be considered harsh. This was based on a decline in student results but there has been a national decline resulting from the introduction of new qualifications. English and Mathematics GCSE results were highlighted as strengths. There had been a decline in some ESOL and functional skills provision but this is now showing improvement;
- There has been a change in the contractor for the provision of family learning and employability training as the former didn't meet the requirements. The new contractors are starting this month and have experience in provision to other authorities. Therefore there is confidence in their abilities;
- The Advisory Panel to provide independent input and scrutiny of the service is now meeting termly;
- The Council was routinely overspending between £250-£500K per annum on the adult learning service. Now the service is on budget representing a considerable cost saving with a small income being achieved through the service;

- The service has undertaken a mock inspection and there is confidence that it is close to a good judgement; and
- Unfortunately, inspectors weren't able to attend all of the classroom based learning that had been scheduled for their visit.

RESOLVED: members recommended that the Panel look at the *Prevent* duty in adult learning as part of its work programme during the new municipal year.

7 DRAFT FINAL REPORT: AIR QUALITY TASK GROUP (Agenda Item 7)

Cllr Holden, in his capacity as chair of the air quality task group, introduced the draft final report highlighting that air quality is now a major concern for residents and therefore it is good news that Merton isn't breaching its quotas as previously.

Noted that the Council is in the process of creating an air quality action plan into which the task group has fed its ideas and that this action plan had just been approved by Cabinet. Given the level of complexity involved in the issue of air quality the task group has focused its efforts specifically on air quality issues around building sites as there is potential for enforcement through building control with support coming forward for stronger planning guidance and a scheme for sharing best practice. Suggested that there would be a need for training for members of the planning committee and officers.

Thanks were given to officers Stella Akintan and Jason Andrews for their support of the task group.

In response to member questions, it was clarified that the focus on bonfires at building sites reflects feedback received from individual Cllrs. Efforts to address issues around wood burning stoves would be more of a matter for the Mayor of London.

RESOLVED: the Panel agreed the report of the air quality task group that will now progress to Cabinet.

8 ACTION PLAN REVIEW: COMMERCIALISATION TASK GROUP (Agenda Item 8)

James McGinlay, Assistant Director of Sustainable Communities, introduced the review of progress against the recommendations of the commercialisation task group. It was highlighted that a review of the Council's property portfolio has been commissioned and will report in April/May 2018. Also, that the development of Morden town centre is ongoing with approval received from Cabinet to negotiate with Transport for London (TfL) and for involvement in the joint venture. Advice is now being taken on establishing an energy service company (ESCO) around the development of housing in Morden.

In response to member questions, it was further clarified:
- Development of an ESCO is being discussed with TfL and will be built into the revised target operating model for the department. Following specialist advice, it

has become clear that a major housing development is required in order to make an ESCO financially and logistically viable;

- Outline planning applications are now being developed for the Morden regeneration; and
- The Council has a land interest in the Morden town centre development and needs to understand if the development proposals are attractive to the commercial market in order to gain investment.

9 PRESENTATION OF ACTION PLAN: CARE LEAVER ACCOMMODATION REFERENCE (Agenda Item 9)

RESOLVED: The Panel thanked officers for the care leaver accommodation action plan which it endorsed.

10 PERFORMANCE MONITORING (Agenda Item 10)

Chris Lee, Director of Environment and Regeneration, introduced the item highlighting three performance measures:

- **Veolia's performance**: this is top of the agenda for the Cabinet Member and officers with senior level meetings being held to apply every pressure. Noted that some areas are improving but others are getting worse. There is a specific focus on communal waste collection and street cleaning. Twenty percent of payments to Veolia is being withheld in order to impose reductions. Veolia has recently invested in additional caged vehicles to help improve the service;
- **Planning performance and fees**: as previously noted, the Government has relaxed the restrictions around charges for planning fees. The department is now working with Capita to ensure adequate resourcing of the planning team. Noted that the figures in the report are incorrect and that there is confidence that the target will be reached; and
- **ANPR**: highlighted the success of the automated number plate recognition system. However, currently this doesn't seem to be generating greater compliance amongst drivers.

Cllr Holden, as performance monitoring lead for the Panel, reported back on his discussions with officers prior to the meeting. Highlighted that it seems unlikely street cleaning will get back on track this year. Noted that figures for temporary accommodation are good compared to other boroughs and that the Council is achieving the air pollution targets. Requested that more challenging targets be set for the library service and that the number of failures on under age test sales be shared. Reported that PATAS performance figures are to be streamlined and requested that the Panel received month-on-month data in order that the trend be established and performance monitoring is made easier.

In response to member questions, it was further clarified:

- Veolia's performance hasn't reached a level where it could be considered a breach of contract;

- With permission, it would be possible to share performance data for Veolia from other boroughs to provide a comparison and to see if there is anything that can be learned from the experience of others. Noted that Veolia's performance in other boroughs may be better because of specific circumstances (fly tipping is much worse in Merton) and in other instances the contract is much more long standing;
- Alternative contractors were explored through the Phase C tendering process which resulted in Veolia securing the contract; and
- Unaware of any authorities in England where collections are every four weeks.

11 WORK PROGRAMME (Agenda Item 11)

The Panel noted the work programme.

CHILDREN AND YOUNG PEOPLE OVERVIEW AND SCRUTINY PANEL
17 JANUARY 2018

(7.15 pm - 9.50 pm)

PRESENT: Councillors Dennis Pearce (in the Chair), Linda Taylor OBE, Agatha Mary Akyigyina OBE, Mike Brunt, Pauline Cowper, Charlie Chirico, Edward Foley, Joan Henry, James Holmes and Brenda Fraser

Co-opted Member Helen Forbes

ALSO PRESENT: Councillors Peter Southgate, Mark Allison (Deputy Leader and Cabinet Member for Finance), Katy Neep (Cabinet Member for Children's Services), Caroline Cooper-Marbiah (Cabinet Member for Education), Paul Angeli (Assistant Director Childrens' Social Care and Youth Inclusion), Hilina Asrress (Senior Public Health Principal), Julia Groom, Caroline Holland (Director of Corporate Services), Yvette Stanley (Director, Children, Schools & Families Department), Sara Williams (Programme Manager, futureMerton) Annette Wiles (Scrutiny Officer), Alison Roberts, Deputy Director of Commissioning, MCCG and Christa Blankenberg, CAMHS Project Manager, MCCG

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies were received from Colin Powell and Cllr Neil (with Cllr Fraser substituting for the latter).

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of pecuniary interest.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

The minutes of the previous meeting were accepted as a true and accurate record.

Matters arising

The following items were raised by members, on which clarification was provided by officers subsequent to the meeting:

1. **Lettings of Merton Hall under the management of Elim Church**
Officers have had written correspondence with Elim Church representatives regarding their lettings and this was provided in Appendix 6 of the Sustainable Communities Overview and Scrutiny Panel call-in report dated 10 January 2018. In summary, Elim confirmed in writing that it will be offering the church site to the local community for groups and individuals to hire when it is available. Current activities that will move with Elim's current premises to Merton Hall include use by other church

groups, Slimming World (Thursday), Sun Group (Counselling Group), Pilates (Monday), Mums and Tots (Monday), Foodbank (Monday, Tuesday and Thursday) and Youth group (Friday). With regard to the specific question of use by the LBGT+ community which has been the main concern raised, Elim confirmed there would be no restriction on these groups accessing services, meetings, clubs etc. However, as with any organisation they would consider bookings of their premises on a case by case basis and would take bookings that did not conflict with the Constitution of their charity. This is provided in the conditions of hire form which was also provided to the council.

2. **Wimbledon Harris nodal points**

As stated in the 8 November 2017 CYP Overview and Scrutiny Panel report the admissions priority for 2018 entry is based on 'nodal points' - distance from Merton Abbey Primary School (33%), Colliers Wood Station (33%) and Haydons Road Station (33%). This will also apply for 2019 entry. The next time for any change will be next year for September 2020 entry. This is because all admissions authorities of open schools are required to consult annually on any change to their admissions policy by the end of January in the preceding year (so end of January 2019 for September 2020 entry). This is to allow sufficient time for any appeals to the School's Adjudicator and policies to then be finalised for the autumn when the applications process opens for the following year.

4 CABINET MEMBER PRIORITIES (Agenda Item 4)

Cllr Caroline Cooper-Marbiah, Cabinet Member for Education, provided members with an update, highlighting the following:

- **Ofsted inspections**: a number of schools have now received the outcome of their Ofsted inspections. Sherwood, St Marks, St John's Fisher and Abbotsbury have all retained their good judgements. Cricket Green has retained its outstanding judgement. Ricards has moved from good to outstanding and Goring Park from requires improvement to good. As a result, all of the secondary schools supported by the Council are good or outstanding and 91% of all the Council supported schools are good or outstanding. This means 93% of pupils are at good or outstanding schools in Merton. The school improvement team is working with those schools where education requires improvement;
- **Secondary school applications**: an additional 268 applications have been received this year compared to last for secondary school places. Of these 209 are from Merton residents and 255 list one of Merton's schools as their first choice. This matches the predictions made by officers. The increased demand will be met by the development of Harris Wimbledon; and
- **Harris Wimbledon**: work is currently ongoing with the Education Funding Agency (EFA) and the Harris Federation to ensure the temporary school at Whately Avenue is ready to be opened in September 2018. However, the focus is also on building the new school on the permanent site in High Path. One obstacle has been overcome with the completion of the call-in process on the Cabinet's decision to award the contract for the development of Merton Hall. The additional obstacles of the application to Historic England to list Merton Hall, the application to have it recognised as an Asset of Community Value and the Judicial Review

are all being dealt with as the new school is very much needed as demonstrated by this year's secondary school application numbers.

In response to member questions, the following clarification was provided:

- The application for a Judicial Review with regard to Merton Hall has been brought by a resident and relates to the planning consent received to redevelop Merton Hall for use by the Elim Church. Yvette Stanley, Director for Children, Schools and Families stated that she would brief members as soon as it is possible to make more information available. (As provided: the Claimant withdrew their Judicial Review. This followed the Decision of the Secretary of State for Digital, Culture, Media and Sport not to add Merton Hall to the List of Buildings of Special Architectural or Historic Interest.);
- The school improvement team works with all the Merton family of schools but increases engagement with those that require improvement. This involves both support and challenge focused around the issues highlighted by Ofsted and the action detailed in the Ofsted action plan. This has been shown to work through the example of Goring Park which has recently moved from requires improvement to good; and
- Merton is on par with the rest of England and just behind the rest of London with regard to Ofsted judgements for its schools. The difference with the rest of London reflects the split between inner and outer London schools and the additional funding received by inner London schools.

Cllr Katy Neep, Cabinet Member for Children's Services, provided members with an update, highlighting the following:

- **Care leaver housing**: welcomed that this had been subject to a cross Panel conversation but noted there is more work to do especially as the duty on the Council is increasing and over-crowding is becoming more of an issue. Highlighted to the link to the *Think Family* policy, work on which is being accelerated as a result of these changing conditions;
- **Knife crime**: highlighted that 20% of knife crime incidents in London have a connection to Merton even though these occur outside the borough. Highlighted the need to work with adolescents and the importance of contextualised safeguarding;
- **Education, Health and Care Plans (EHCPs)**: these continue to be a focus. Feedback from families about this process is good but they take time which is causing pressure on resources; and
- **Local Government Chronical awards**: celebrated that the Children, Schools and Families Department is one of five shortlisted for an award from the Local Government Chronical. Regardless of the outcome, this is a successful achievement in its own right.

5 HEALTH AND WELLBEING STRATEGIES FOR CHILDREN AND FAMILIES (Agenda Item 5)

Childhood obesity

Hilina Asrress, Senior Public Health Principal, provided an introduction:

- 34.7% (2016/17) of Merton's children are currently judged to be overweight in Year 6 which means this figure has been reduced below the Health and Wellbeing target, is on par with England and better than London;
- However, there remains a ten percentage point difference between childhood obesity levels in the east and the west of the borough. The target is to reduce this to a 9.2% difference through targeted activity in the east of the borough;
- Further work continues in reducing childhood obesity overall as currently there are an estimated 4,500 children who are either overweight or obese equating to around 150 primary classes. The Child Healthy Weight Action Plan seeks to achieve this through communication and engagement, tackling the food environment, increased physical activity and health promoting physical environments and working with children in early years and schools; and
- Priorities for 2018 include reducing sugar intake (signing up to the Local Authority Declaration on Sugar reduction), better use of parks and playgrounds to increase physical activity, working to make Merton more baby friendly to increase breastfeeding rates and the introduction of the Merton Mile to encourage daily physical activity (including marking out a mile in parks to encourage activity as a family taking the Daily Mile in schools out into the community). Partnership working with key stakeholders including the voluntary and community sector is supporting the delivery of these priorities.

In response to member questions, it was further clarified:

- The National Child Measurement Programme (NCMP) focuses on Reception and Year 6. We know that there is a significant increase in obesity rates between Reception and Year 6 therefore many interventions are targeted at younger children. Intervention work also tends to be focused on younger children because this is when the greatest affect on long term health and well-being habits can be achieved;
- In addition to the initiatives identified within the paper to address the obesity gap, practical activities are being provided in the east of the borough such as a health and well-being awareness raising day where information on physical activity, opportunities to be active and nutritional information were provided. To support this, the Child Healthy Weight Action Plan will be refreshed in due course taking into account achievements as well a resident feedback from the Merton Great Weight Debate;
- The target for reducing the gap between the east and west of the borough (from 10% to 9.2%) does represent a significant ambition because it's predicated on the gap increasing to around 13% if no action is taken. Also the longer term target is to reduce the gap to 8% by 2020;
- The figure for the rate of childhood obesity in Merton is robust because it is calculated based on the NCMP that occurs in Reception and Year 6 and involves around 95% of children being measured. There are some schools in the east of the borough where 50% of the Year 6 cohort are either overweight or obese; and

- Whilst some children may have medical conditions causing them to be overweight/obese, they will still be included in the data given in the NCMP as this is a population level analysis.

<u>Child and Adolescent Mental Health Services (CAMHS)</u>

Alison Roberts, Deputy Director of Commissioning and Christa Blankenberg, CAMHS Project Manager, both from the Merton Clinical Commissioning Group (MCCG), provided an introduction:

- Waiting times for a tier 3 CAMHS referral are within the eight week target and are reducing further;
- There is still pressure on waiting times for the neurodevelopment assessment service mainly due to increasing referrals for Autism Spectrum Disorder (ASD) assessments. Waiting times are reducing and currently only 7% of referrals are waiting over 12 weeks in Merton. Across south west London, the six clinical commissioning groups are working together to review the service and have in 17/18 invested to reduce waiting times. The aim is to commission together, to benefit from efficiencies and develop a standardised service across all participating boroughs to ensure accessibility to appropriate services;
- The psychiatric service for those with eating disorders is receiving increased funding and is meeting its targets;
- Work is ongoing to increase access to self harm interventions. This deals with around 140 young people annually. It is hoped that a pilot project will lead to a longer term procurement; and
- There is also focus on services for those with anxiety and depression, work force development and training, maintaining a local mental health network for workers, training school staff to recognise and respond to pupil mental health issues, and developing a support offer for families with an ASD diagnosis.

In response to member questions, it was further clarified:

- The CCG representatives acknowledged the request from members for waiting times to be reduced further. Highlighted that targets are set nationally but that the objective is always to achieve under these times; also stressed that the CAMHS Single Point of Access aims to triage and assess all children and young people within two weeks of referral.
- Whilst it isn't possible to comment on the experience residents may have had several years ago, the additional investment into services aims to continue to improve waiting times;
- The pilot project looking at a counselling service for young people with depression and anxiety who do not meet thresholds for specialist CAMHS services is to be extended to June 2018 and it is hoped will provide the basis for commissioning a longer term service;
- The seven school pilot projects mentioned in the report are fairly small scale, giving one off funding to improve the offer provided. Learning from the projects will be shared across schools;
- The CCG representatives will share data on user satisfaction with services, this data is routinely collected and reviewed; and

- There has been a rise in diagnosis of ASD reflecting an increased awareness, a population increase and better guidance being available.

Given lack of time, the meeting agreed that the update item on the autism strategy will be taken when the consultation is complete and school readiness will be covered in the schools annual report which will come to the Panel in March 2018.

6 BUSINESS PLAN UPDATE 2018-2022 (Agenda Item 6)

Caroline Holland, Director of Corporate Services, provided an update on the business plan for 2018 – 2022. This includes changes made since the business plan was presented in late 2017. For example, there is allowance made for a two year pay award which would increase pay by 2.7% in 2018/19 and 2.8% in 2019/20. However, it is unclear how this will proceed with the outcome of an employers meeting and the Unite response to the proposal awaited.

Additionally, there has been an increase in the Council Tax base which was more than expected. Merton has signed-up to the business rate pilot for London proposed for 2018/19. Under the pilot, responsibilities previously funded by the Revenue Support Grant will be expected to be met by business rates.

Funding received from the New Homes bonus is lower than expected and there has been a further slippage on the capital programme budget of around £12m which is largely accounted for by the schedule of works for the leisure centre development and the timetable for the property company.

In response to member questions, it was further clarified:

- It is difficult for the Department for Children, Schools and Families (CSF) to make cuts to services without potentially impacting on vulnerable children and young people, given this is where the majority of the spend happens, with the resulting focus therefore on efficiency;
- It is clear that at least initially, the business rate pilot will not be sufficient to cover all of the funding provided by the Revenue Support Grant (estimated at £5m compared to £2.4m from the business rate pilot). However, it is thought that funding from the business rate pilot will grow over time, until revaluation and rebasing;
- The use of agency workers by CSF Department has reduced from around 40% two – three years ago, down to 20%. This reflects some maternity and long term sick leave but is also generated by the ongoing need to ensure safe caseloads amongst social workers. Currently there are 32 vacant posts within the Department with 10 of these already under offer;
- Within the Department those on long term sick leave number around half a dozen with 8.3 sick days on average taken by employees every year. These figures are monitored monthly at the Departmental Management Team meetings;
- Merton running its own agency for temporary staff has recently been explored as an alternative option to renewing the Council's employment agency contract. It was found this was unlikely to be a cost effective option or attractive offer for

agency workers. Also no other London Borough is using this approach. It was therefore decided not pursue this option; and

- All but four of Merton's schools are currently buying back services but this year, anticipated income growth from service buy back is not as aspirational as in previous years. This is the first year schools will be operating under the new funding model and there is a need to understand how this will impact on their purchasing of services.

7 SAVINGS PROPOSALS CONSULTATION PACK (Agenda Item 7)

Yvette Stanley, Director for Children, Schools and Families (CSF), introduced the deferred and replacement savings. The data review and potential centralisation is happening but is taking longer than planned due to the need to fully embed the new MOSAIC system and define future departmental needs. The review of the CSF staffing structure is happening and has been implemented in phases with the loss of an Assistant Director in April 2017 and further changes in administrative support happening in April this year. The Panel heard how savings will be made from the implementation of preventative services through the Social Impact Bond and the Family Drug and Alcohol Court. Evidence suggests that these approaches can reduce the chances of children staying in or returning to care from 60% to 40%.

In response to member questions, it was clarified:

- Merton's involvement in the Family Drugs and Alcohol Court is just coming into effect so it is too early to say how this is working. It is hoped that this will also have an effect on the wider local economy beyond reducing the costs of children services. This will be achieved through successes such as better health outcomes, less engagement with the police and progression into work;
- It is not lawful to means test and charge for travel to school for students with special educational needs. This is a statutory duty on the council; and
- It would be possible for the Panel to consider having a more detailed review of the income generation of the CSF Department. This might be something to consider for the scrutiny work programme for the next municipal year.

RESOLVED: Councillor Holmes proposed a motion (seconded by Cllr Chirico): Recognising the excellent progress already made by the Children, Schools and Families Department in revenue generation, officers should explore additional opportunities for revenue generation in the same way as they are exploring opportunities for cost savings. Four Councillors voted for the motion, one against and five abstained meaning the motion was carried.

8 DEPARTMENT UPDATE REPORT (Agenda Item 8)

In response to member questions, it was clarified:

- **Foster carers**: whilst Merton has been relatively successful in recruiting foster carers, a number are retiring and there have been some resignations. Officers are therefore taking a very detailed approach to recruitment of foster carers. Merton is working as part of a local consortium to increase carer numbers with a specific focus on increasing capacity for the foster care of young people/adolescents; and

- **<u>Special Educational Need (SEN) school expansion</u>**: the expansion in SEN provision reflects a changing profile of needs which would have been impossible to have predicted 20 years ago as this has resulted from significant medical advances. The Children, Schools and Families Department has worked to reduce the need for SEN residential care and is now working to do the same for day care in the independent sector which is cost prohibitive and to benefit children and young people with care closer to home.

9 ACTION PLAN: CARE LEAVER ACCOMMODATION REFERENCE (Agenda Item 9)

Paul Angeli, Assistant Director for Social Care and Youth Inclusion, thanked the Panel for its interest in care leaver accommodation and the workshop jointly hosted with the Sustainable Communities Overview and Scrutiny Panel in September 2017. This has helped move things forward. A HMO (house of multiple occupation) has now been established and six young people are now taking advantage of the *Staying Put* policy.

In response to member questions, it was confirmed that the effect of the *Staying Put* policy does mean that some foster carers are not available for other placements whilst young people remain with them. However, it is thought that these arrangements are each likely to last for around a year to 18 months after which foster carers will again be available for new placements.

10 ACTION PLAN: VULNERABLE COHORTS INTO EMPLOYMENT TASK GROUP RECOMMENDATIONS (Agenda Item 10)

Sara Williams, Economy Manager, futureMerton, provided members with an overview of the progress made to date on the recommendations. Several have been met (recommendations 1 and 3) whilst others are still work in progress.

In response to member questions, it was agreed that the officer will explore further why it’s not possible to ensure through standard contract terms that contractors and service providers offer apprenticeships for Merton residents. It was agreed that the recommendations would be further reviewed by the Panel in six months time.

It was explained that more information is being made available on apprenticeships and other training opportunities through a dedicated webpage that is currently being designed as part of the Young Merton offer. It was also clarified that the *Economic Wellbeing Group* is a forum for local training providers to share information and offer signposting.

11 WORK PROGRAMME (Agenda Item 11)

Members were informed that performance monitoring updates will again be provided once the data becomes available following the implementation of the new Mosaic information management system by the Children, Schools and Families Department. This is in progress and it is hoped that at least some initial data will be available at the next meeting (1 February 2018).

Panel members agreed that they should write collectively to the Borough Commander to express their concern that no senior member of the local force is able to attend the next meeting at which the Merton Safeguarding Children Board annual report will be the substantive item.

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Cabinet

Date: 19 February 2018

Subject: Financial Report 2017/18 – December 2017

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £0.6million, 0.4% of the gross budget.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the financial monitoring report for period 9, 31st December 2017 presented in line with the financial reporting timetable.

This financial monitoring report provides:-

- The income and expenditure at period 9 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2017/18;
- Progress on the delivery of the 2017/18 revenue savings

2. THE FINANCIAL REPORTING PROCESS

2.1 The budget monitoring process in 2017/18 will continue to focus on adult social care and children's social care as these areas overspent in 2016/17 and continue to have budget pressures.

2.2 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within budgets which are overspending is being actively and vigorously controlled and where budgets are underspent, these underspends are retained until year end. Any final overall overspend on the General Fund will result in a call on balances as has been the case for the last two financial years, however this action is not sustainable longer term.

2.3 2017/18 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 9 to 31st December 2017, the year end forecast is a net £0.6m overspend compared to the current budget or 0.4% of the gross budget.

Summary Position as at 31st December 2017

	Current Budget 2017/18 £000s	Full Year Forecast (Dec) £000s	Forecast Variance at year end (Dec) £000s	Forecast Variance at year end (Nov) £000s	Outturn variance 2016/17 £000s
Department					
3A.Corporate Services	11,582	11,048	(533)	(417)	(1,287)
3B.Children, Schools and Families	53,915	56,049	2,134	2,000	1,154
3C.Community and Housing	64,424	65,506	1,082	1,351	10,124
3D.Public Health	0	(0)	(0)	0	16
3E.Environment & Regeneration	23,379	22,567	(812)	(775)	1,011
Overheads	0	0	0	0	12
NET SERVICE EXPENDITURE	**153,301**	**155,170**	**1,869**	**2,159**	**11,030**
3E.Corporate Items					
Impact of Capital on revenue budget	13,415	13,398	(17)	(150)	193
Other Central budgets	(21,583)	(22,911)	(1,327)	(914)	(8,329)
Levies	933	933	0	0	0
TOTAL CORPORATE PROVISIONS	**(7,235)**	**(8,580)**	**(1,344)**	**(1,064)**	**(8,136)**
TOTAL GENERAL FUND	**146,065**	**146,590**	**525**	**1,095**	**2,894**
FUNDING					
Revenue Support Grant	(15,520)	(15,520)	0	0	0
Business Rates	(35,483)	(35,483)	0	0	0
Other Grants	(10,733)	(10,651)	82	0	(537)
Council Tax and Collection Fund	(84,329)	(84,329)	0	0	0
FUNDING	**(146,065)**	**(145,983)**	**82**	**0**	**(537)**
					0
NET	**0**	**607**	**607**	**1,095**	**2,357**

The current level of GF balances is £12.778m and the minimum level reported to Council for this is £12.27m. This means that another reserve or further savings will need to be found to offset the remaining £0.1m overspend.

Chart 1 below shows the forecast year end variance for departmental expenditure with a comparison against prior years.

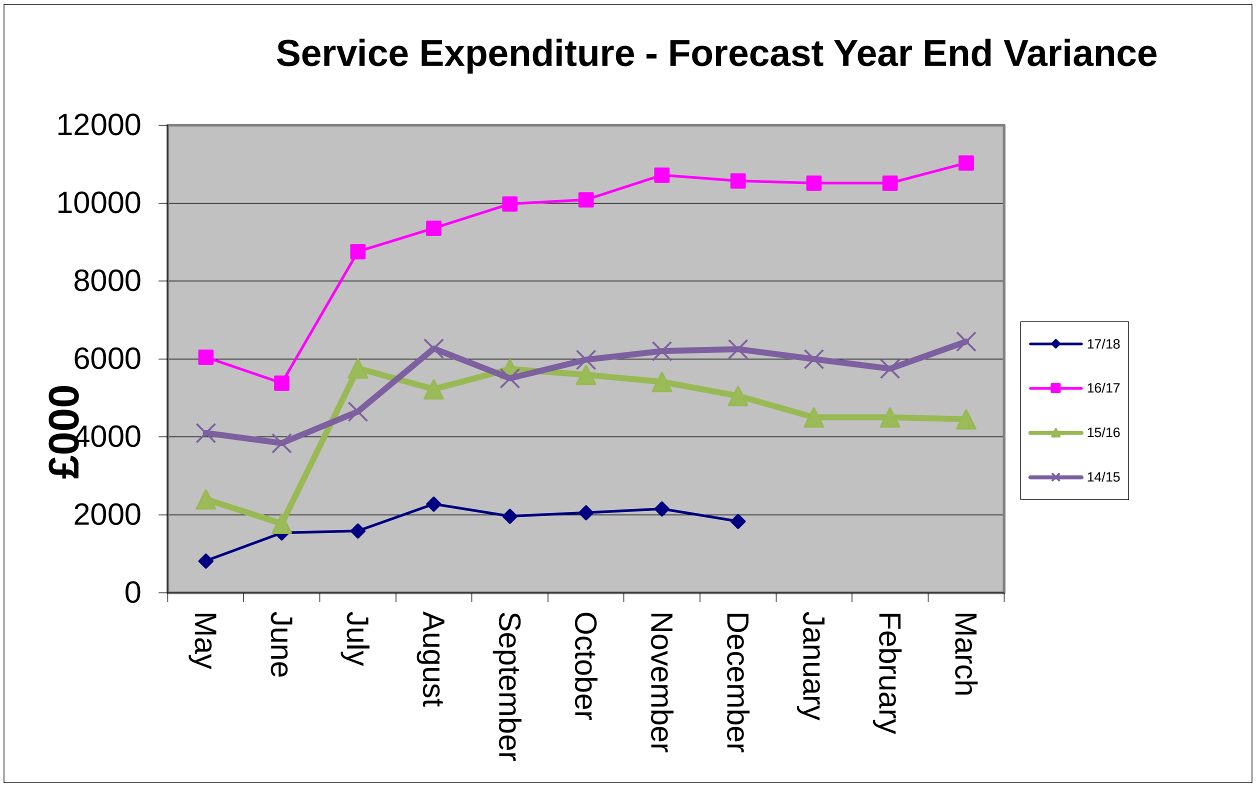
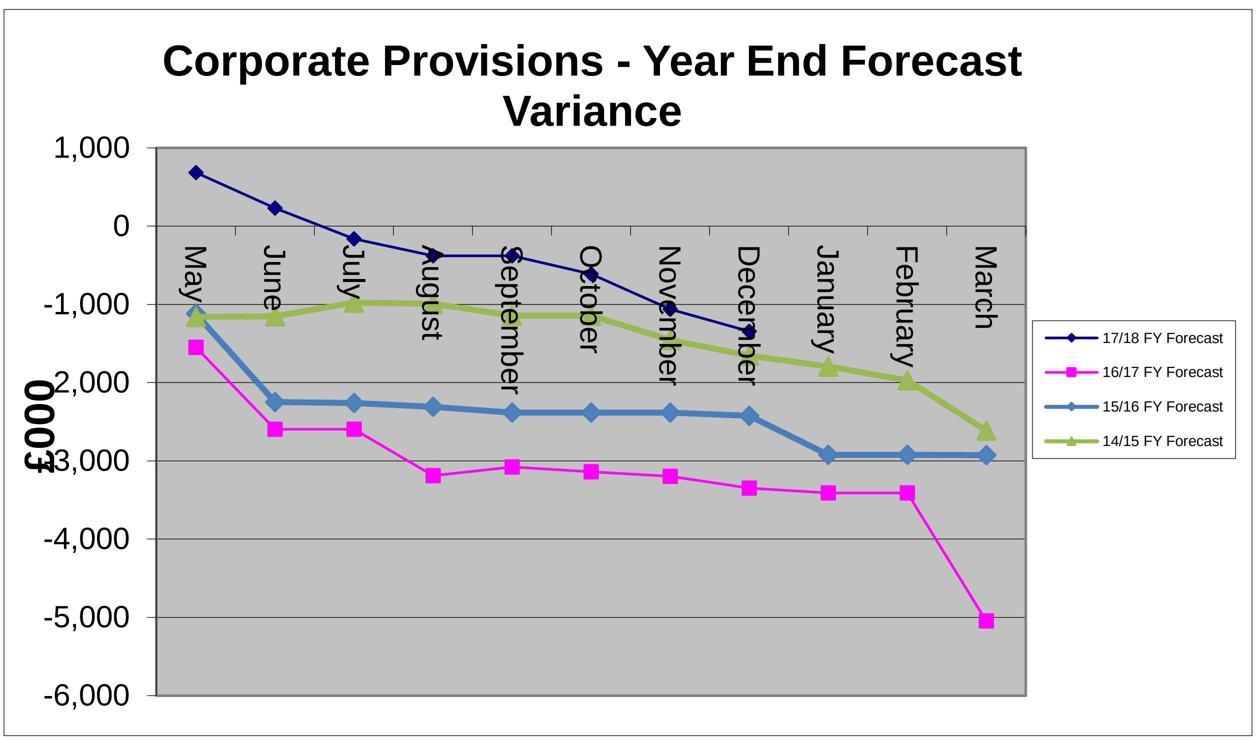


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against prior years.



2.4 Commitment Update

There have been ongoing issues with commitments within e5 since Go Live which needed fixes by the supplier, Advanced. There has been significant progress in identifying and fixing the problems and the e5 team are working with Advanced to understand the underlying issue.

The issues with commitments may cause some variances in period 10 monitoring which will be reviewed and reported.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

	2017/18 Current Budget £000	Full year Forecast December £000	Forecast variance at year end December £000	Forecast variance at year end November £000	2016/17 Outturn Variance £000
Business Improvement	3,129	3,099	-30	-42	-54
Infrastructure & Transactions	9,544	9,608	64	45	-431
Resources	6,496	6,522	26	178	-314
Human Resources	1,948	1,923	-26	-38	-34
Corporate Governance	2,491	2,408	-83	-86	-330
Customer Services	2,328	2,040	-288	-241	-164
Corporate Items including redundancy costs	1,002	806	-196	-233	40
Total (controllable)	26,939	26,406	-533	-417	-1,287

Overview

At the end of period 9 (December) the Corporate Services (CS) department is forecasting an underspend of £533k at year end. This is an increase of £116k from the underspend reported at the end of November. The increase is mainly due to a reduction in the forecast for the costs of support to the new financial system and a reduction in the forecast salary costs of benefit administration.

Business Improvement - £30k under

The systems and projects team is forecasting an underspend of £54k. This is due to vacant posts and recharges to CHAS. This underspend is offset by a projected shortfall on saving CSD42 which is not expected to be fully achieved in 17/18.

Infrastructure & Transactions - £64k over

There are budget pressures in several teams.

The professional development centre (Chaucer Centre) is expected to under-achieve on income by £100k. The number of bookings so far this year is lower than in previous years.

The transactional services team are forecasting an overspend of £115k mainly because saving CS70 which is to charge for paper copies of invoices is unachievable due to delays in the implementation of e5, SharePoint and EDRMS.

The Garth Road income target is forecast to under-achieve by approximately £60k and there is a projected overspend in the Commercial Services team on staffing costs of £80k. This team is currently being restructured and therefore agency staff are in post until the vacant posts are recruited into. This team is essential in driving and delivering procurement savings across the Council.

These forecast overspends are partly offset by income relating to the new rental agreement with CHAS 2013 Limited for occupancy of half of the 14th floor in the Civic Centre.

Resources - £26k over

The forecast overspend has reduced significantly from period 8 due to a reassessment of the likely costs for support to the new financial system and the deletion of the business partner roles in advance of the agreed saving for 2018/19.

The forecast overspend is due to staffing, including one case of long term sickness. There are ongoing additional staffing costs of e5 being funded within the division as system changes are identified and implemented. Some additional support days were necessary from the provider for system changes. The bank reconciliation function has also had additional consultancy days from the provider to increase automation.

There were some additional costs for the external audit which were due to the implementation of the new financial system, as discussed at the Standards & General Purposes Committee in September. The closing of accounts process for 2016/17 and the external auditors have highlighted a few areas of concern in meeting the early closure deadlines for next year. Some additional short-term resources are required to address these issues and a project plan has been developed.

Human Resources – £26k under

There are a number of vacant posts within the division.

Corporate Governance - £83k under

The forecast underspend is partly due to a £21k underspend in Internal Audit and £23k in Benefits Investigation where a 18/19 saving has been captured early.

There are other forecast underspends on non salary budgets across the division.

The South London legal partnership (SLLp) has budget pressures on staffing costs but this is being recovered by hard charging to the five boroughs in the partnership. There are numerous agency staff as recruitment is becoming increasingly difficult in certain teams. This is being closely monitored and is reported to all partnership boroughs.

Customer Services - £288k under

The Merton Bailiff Service is forecasting over-achieving income by £350k but this is offset by a forecast £70k under-achievement of income in the Shared Bailiff Service.

The Communications Service is under-achieving on the advertising income target which is partially offset by underspends elsewhere in the service. The team are working to address the likely failure to achieve income targets through a review of the strategy. A task and finish group has been established to take this forward with the aim of a refreshed strategy and agreed targets being drafted by the financial year end.

Corporate Items - £196k under

Redundancy costs are forecast to be approximately £400k over budget based on year to date actuals. This is being offset by a reduction in the housing benefit provision.

Merton's share of the coroners' court is expected to overspend by £150k. Further information has been requested from Westminster, the lead borough.

Unbudgeted expenditure of £60k is forecast to address cyber security issues following recent security threats. Credit card charges which are currently passed on to customers will also cease in January 2018 and the forecast part year costs are approx. £25k. The additional cost of Microsoft Enterprise licenses of £140k is also being met from this budget.

The budget monitoring process will focus on pressures to ensure remedial action is taken and underspends can be held to offset any overspends.

Environment & Regeneration

Environment & Regeneration	2017/18 Current Budget £000	Full year Forecast (Dec) £000	Forecast Variance at year end (Dec) £000	Forecast Variance at year end (Nov) £000	2016/17 Outturn Variance £000
Public Protection	(10,514)	(12,225)	(1,711)	(1,646)	1,290
Public Space	15,232	16,072	840	753	510
Senior Management	1,015	1,016	1	(3)	(44)
Sustainable Communities	12,221	12,279	58	121	(745)
Total (Controllable)	**17,954**	**17,142**	**(812)**	**(775)**	**1,011**

Description	2017/18 Current Budget £000	Forecast Variance at year end (Dec) £000	Forecast Variance at year end (Nov) £000	2016/17 Variance at year end £000
Overspend within Regulatory Services	627	172	182	(34)
Underspend within Parking & CCTV Services	(11,617)	(1,849)	(1,787)	1,442
Underspend within Safer Merton	476	(34)	(41)	(118)
Total for Public Protection	**(10,514)**	**(1,711)**	**(1,646)**	**1,290**
Overspend within Waste Services	13,979	327	259	168
Underspend within Leisure & Culture	898	(127)	(85)	(72)
Overspend within Greenspaces	1,307	552	386	206
Overspend within Transport Services	(952)	88	193	342
Total for Public Space	**15,232**	**840**	**753**	**510**
Overspend within Senior Management & Support	1,015	1	(3)	(44)
Total for Senior Management	**1,015**	**1**	**(3)**	**(44)**
Underspend within Property Management	(2,604)	(272)	(267)	(564)
Overspend within Building & Development Control	(332)	370	434	(157)
Underspend within Future Merton	15,157	(40)	(46)	(158)
Total for Sustainable Communities	**12,221**	**58**	**121**	**(789)**
Total Excluding Overheads	**17,954**	**(812)**	**(775)**	**1,011**

Overview

The department is currently forecasting an underspend of £812k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste Services, Greenspaces, Property Management, and Building & Development Control.

Public Protection

Regulatory Services overspend of £172k

The forecast overspend is as a result of a few factors. Firstly, a 2017/18 saving (E&R14) of £100k relating to further expansion of the Regulatory Services Partnership to include the London Borough of Wandsworth, will not be achieved this year, as it is expected that the expansion will not commence until April 2018. Secondly, it was necessary for the Partnership to engage the services of a project manager to develop the expanded Shared service business model. The funding of this was split between the participating authorities and Merton's share of this was £28k. Thirdly, an underachievement of Licensing income of £27k is forecast, which is associated with a 2016/17 saving (E&R13) of £50k. Finally, the section is liable for any Mortuary costs, which is not within their control. An overspend of £27k related to this service is being forecast.

Parking & CCTV Services underspend of £1,849k

The underspend is mainly as a result of the protracted timeframe for the implementation of the ANPR system across the borough. The section did not have a fully functional system until February 2017, but the necessary upgrades and camera performance reviews conducted by the contractor and officers from the team have now been completed. The positive effects of this fully functional system e.g.

improved traffic flow are expected to be realised during the year. The later start of the ANPR enforcement has resulted in a delay in motorist compliance with traffic regulations and the revenue generated reflecting this. It is difficult to predict when compliance will begin to set in and how this will affect revenue but this will be closely monitored and future forecasts amended accordingly.

Included within this forecast is an employee related overspend of c£346k due to a combination of savings not yet implemented and increased demand. Due to the implementation of the diesel surcharge and the delay in fully implementing ANPR the section has been forced to delay implementing certain savings, whilst needing to recruit additional agency staff to manage PCN and permit demands. This pressure is being offset by an over-recovery in permit revenue (£314k).

Public Space

Waste Services overspend of £327k
The forecast overspend relates mainly to the Phase C contract (£645k), which has been rolled out successfully delivering in the region of £1.3m savings. However, as part of the approved MTFS savings, the budget has been reduced by in excess of £1.9m.This budget pressure is mitigated next year when the new wheelie bin service is rolled out along with reduced frequency of collection, which will deliver additional savings in the contract cost for the service.

As with any contract of this size and complexity, there are still some elements of the service, and related costs, which are being discussed with the contractor. This also includes the costs associated with transferred staff from LBM to the contractor. Depending on the outcome of these discussions, there may be additional one-off or annual on-going costs. These will be confirmed as they become clear.

This overspend is being partially mitigated from in-year underspends on disposal costs (£363k).

Greenspaces overspend of £552k
Although significant savings have already been realised, owing to one-off redundancy costs in this first year of the contract and costs relating to the tree service, the section is forecasting to overspend on its Phase C contract by around £200k. This overspend is not expected to repeat next year. The redundancy costs to LBM are part of the procurement process; these calculations, and subsequent discussions with the contractor, are currently being undertaken. The final costs are not yet known but will be confirmed as soon as they become clear.

The arboriculture service is forecast to overspend by c£171k as a result of work required on the borough's trees in order to avoid accidents or damage. The team is undertaking a review of work to ensure only essential work is completed for the remainder of the year. From April next year, this work is expected to be carried out by IDVerde and will benefit from the lower rates available through the Phase C arrangements.

The section is also currently forecasting to underachieve on its income expectations in the following areas. Firstly, on events related income (£66k), whereby related savings of £170k have been implemented in the last two years, and whilst one event boosted the income, work continues to identify how income from events in parks, including developing working partnerships with external event production companies, can be generated.

Secondly, due to a delay in the implementation of 2016/17 saving E&R26 (£60k) i.e. P&D within certain parks. This is due to be partially implemented this autumn leading to an expectation that only £1k of the associated saving will be achieved this year. The revised income figure is, in part, a consequence of the outcome of the formal consultation on the parking scheme that occurred during summer 2017. The consequence of this consultation was that the parking charge proposals at one location, and at all other locations on Saturdays, were dropped by the Council, meaning that the initial income expectations of £60k thereby became unrealistic.

These forecast overspends are being partially mitigated from other grants and contributions.

Sustainable Communities

Building & Development Control overspend of £370k
The section is forecasting to underachieve on income by £443k, in particular within Building Control. This reflects the continued reduction in the Authority's market share. This downward trend has also impacted on the section's ability to meet some of its associated 2017/18 savings, notably ENV20, D&BC1, D&BC2, D&BC3, D&BC5, and D&BC6 i.e. Increased income from building control services, fast tracking of householder applications, commercialisation of the service, and removal of the Planning Duty service. Replacement savings have been agreed by Cabinet that will help mitigate this pressure from 2018/19.

The section is also forecasting a reduction, when compared to 2016/17, in development control income of around £406k due to a downturn of around 10% in planning applications and fewer planning performance agreements being secured so far this year. This results in only an underachievement against budget of £20k, but is a considerable decrease in expected income levels.

The planning fees were increased by 20% on 17th January in line with the Government's regulations. This increase has been included within the above income projections. However, given the limited remainder of the financial year, it will not have a significant impact this financial year.

Property Management underspend of £272k
The main reason for the forecast underspend is as a result of exceeding their commercial rental income expectations by £437k mainly due to conducting the back log of rent reviews in line with the tenancy agreements. £316k relates to ongoing rental income but £121k is back rent due this year only.

This overachievement of income is being partially offset by an overspend within Employees (£29k), buildings and grounds maintenance (£66k), and supplies & services (£72k).

Children Schools and Families

Children, Schools and Families	2017/18 Current Budget £000	Full year Forecast (Dec) £000	Forecast Variance at year end (Dec) £000	Forecast Variance at year end (Nov) £000	2016/17 Variance at year end £000
Education	16,431	15,963	(468)	(498)	(874)
Social Care and Youth Inclusion	20,752	23,809	3,057	2,924	3,259
Cross Department budgets	1,668	1,590	(78)	(78)	(271)
PFI	7,916	7,693	(223)	(193)	(549)
Redundancy costs	2,083	1,928	(155)	(155)	(411)
Total (controllable)	**48,850**	**50,983**	**2,133**	**2,000**	**1,154**

Overview

At the end of December Children Schools and Families had a forecast overspend of £2.133m on local authority funded services. Although the department received £1m growth which was allocated against placement budgets, there were pressures over and above the growth allocated to the department some of which were offset by planned underspends and management action in year. Whilst some planned underspends continued, the majority of the underspend used to offset cost pressures last year were either non-recurrent management action or one-off windfalls which are not guaranteed or expected in the current financial year.

The forecast overspend also includes the cost for agency staff (£480k) which was funded from the Corporate Contingency for the last three years to enable the department to maintain safe caseloads as part of our agreed approach and service model.

Due to the volatile nature of placement and SEN transport budgets and the current volume of CSC activity and EHCP requests we are exercising appropriate demand management balancing our education and social care statutory duties with careful and considered oversight of spend.

Local Authority Funded Services

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

Description	Budget £000	Dec £000	Nov £000	2016/17 £000
Procurement & School organisation	592	(334)	(361)	(448)
SEN transport	4,131	567	591	394
Early achievement of savings	200	(200)	(200)	0
SEN statement support team	394	(82)	(78)	(7)
My futures team	517	(109)	(110)	(35)
Staffing underspends across Early Years services	1,477	(147)	(170)	(333)
Other small over and underspends	9,120	(163)	(170)	(445)
Subtotal Education	**16,431**	**(468)**	**(498)**	**(874)**
Fostering and residential placements (ART)	5,226	443	419	611
Supported lodgings/housing	1,645	154	111	1,110
Un-accompanied asylum seeking children (UASC)	626	767	826	579
Community Placement	0	500	500	0
No Recourse to Public Funds (NRPF)	21	345	345	484
Social Work staffing	4,714	595	549	282
Family and Adolescent Services	43	31	31	0
MOSAIC implementation support	0	86	86	0
Other small over and underspends	8,477	136	57	288
Subtotal Children's Social Care and Youth Inclusion	**20,752**	**3,057**	**2,924**	**3,259**

<u>Education Division</u>

Procurement and school organisation budgets are forecast to underspend by £334k as a result of lower spend on revenuisation budgets. This budget relates to construction projects that cannot be classified as capital. The majority of this is required for temporary classrooms due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecasting to overspend by £567k at the end of the financial year. A full review of the routes purchased from taxi providers was conducted prior to the summer procurement programme and this identified routes to be prioritised for tendering. Those where it was considered not to be sensible to re-procure at the time for reasons related to the needs of the individual service user or where savings could be achieved by re-negotiating the existing service agreement e.g. by adding or removing clients and adjusting the cost accordingly. A further full review is being undertaken in January to determine whether existing routes should be re-tendered although any benefit would largely be in the next financial year.

Education savings was brought forward by a year which will result in a one-off in-year underspend of £200k.

The SEN support team is forecasting a £82k underspend on staffing due to difficulties in recruiting appropriate staff to vacancies. Recruitment continues to ensure we can meet our statutory duties in relation to EHCP timeliness.

The My Futures team is estimated to underspend by £109k due to vacancies held during the year while team was restructured.

As part of management action, where possible, recruitment to vacancies in some early years service areas was delayed with the aim to reduce the overall in-year departmental overspend. This is estimated to result in an overall underspend of £147k.

There are various other small over and underspends forecast across the division netting to a £163k underspend. These combine with the items described above to arrive at the total reported divisional underspend of £468k.

Children's Social Care and Youth Inclusion Division

While the numbers of Looked after Children (LAC) remain relatively stable, and indeed Merton maintains relatively low levels of children in care, the complexity of a significant proportion of cases is causing cost pressures as detailed below. Placement costs are reviewed on a monthly basis and assumptions reviewed quarterly to ensure that projections of spend are as accurate as possible.

Service	Budget £000	Forecast spend £000	Variance Dec £000	Variance Nov £000	Placements Dec Nr	Placements Nov Nr
Residential Placements	2,239	2,302	63	(5)	11	12
Independent Agency Fostering	1,789	1,885	96	107	45	46
In-house Fostering	964	1,165	201	217	57	59
Secure accommodation	134	4	(130)	(130)	0	0
Mother and baby	100	313	213	230	2	2
Total	**5,226**	**5,669**	**443**	**419**	**113**	**119**

The ART service seeks to make placements with in-house foster carers wherever possible and in line with presenting needs, however, the needs of some looked after children mean that placements with residential care providers or independent fostering agencies are required. Some specific provision is mandated by the courts.

- The residential placement expenditure is forecast to overspend by £63k. The increase from last month relates to new respite placements which increases the cost but not the number of placements being provided.

- The agency fostering placement expenditure is expected to overspend by £96k. This change is due to a placement reduction of 1. This is a very volatile budget and therefore subject to fluctuation during the year.
- The in-house foster carer expenditure is forecast to overspend by £201k. This is a reduction from last month resulting from a net reduction in cases with 3 new cases and 5 placements ending.
- We had one young person in secure accommodation for a few days. He has now left.
- There were no new Mother and Baby placement in December but one placement will leave earlier than previously forecast.

The budget for semi-independent and supported lodgings/housing placements are estimated to overspend by £154k. The cost increase is due to 4 new cases supported during December. These are for young people who require semi-independent provision and for Care Leavers through to independence or, in some cases, through to the age of 21 (older in exceptional circumstances), as part of our statutory duties. There were 68 semi-independent placements for young people at the end of December 2017.

The UASC placements are expected to overspend by £767k this year.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Dec £000	Nov £000	Dec Nr	Nov Nr
Independent Agency Fostering	369	189	(180)	(138)	7	8
In-house Fostering	0	407	407	365	18	15
Supported lodgings/housing	257	797	540	599	29	29
Total	**626**	**1,393**	**767**	**826**	**54**	**52**

At the end of December we had 54 UASC placements with a number of young people aged 18+ with no recourse to public funds in semi-independent accommodation. The cost reduction is due to additional grant announced by Central Government for UASC.

We are forecasting an additional £500k overspend on a community placement from this month. This provision relates to a complex case currently under discussion between the CCG and the local authority. Although we have been aware of this case since late last year, we have to date only been including costs for adaptations, equipment, a commissioning officer and direct payments paid by Merton. The forecast overspend relate to nursing care which has recently been claimed for by the CCG at a much higher cost than originally expected and is currently being disputed. The figure is our best estimate at this stage but is subject to change.

The NRPF budget is expected to overspend by £345k in the current financial year. The NRPF worker is working closely with housing colleagues to manage cases as they arise and is also reviewing historic cases to identify ones where claimant circumstances has changed and can therefore be stepped down from services. We continue to use the Connect system to progress cases and continue to review open cases with the aim to limit the cost pressure on the council.
The Director and AD continue to forensically scrutinise activity in this area. Strong gate keeping has resulted in a reduction of overall numbers from a peak of about 30 to an estimated case load of 15 at the end of this financial year which should impact positively on next year's overspend.

The Central Social Work, MASH, First Response, CASA, Bond Road and CWD team's staffing costs are expected to overspend by £595k. The majority of this is due to additional social work capacity required to manage safe caseloads, previously funded by the council's contingency, and are kept under regular review as they are covered by agency. On top of the additional staff, the team also has to cover vacancies with agency staff due to difficulty in recruiting permanent members of staff.

The Family and Adolescent Services staffing budget is expected to overspend by £31k. This is due to the head of service post which had been deleted as part of the 2017/18 savings being covered by an agency member of staff due to short term service requirements. These arrangements ceased in September.

Following the implementation of MOSAIC, some changes and service support is still required which is now funded from the departmental budgets rather than from the project. The support is expected to be required until the end of December and the estimated cost of £86k is expected to increase towards year-end.

There are various other small over and underspends forecast across the division netting to a £106k overspend. These combine with the items described above to arrive at the total reported divisional overspend of £3,027k.

Dedicated Schools Grant

DSG funded services is forecast to overspend by £2.289m. These budgets are not within the council's general fund and cannot be offset against the local authority funded budgets. Any overspend will be funded from the DSG reserve and applied after consultation with Schools Forum. Variances between individual subjectives have been shown in the overall departmental analyses.

The main reasons for the forecast relates to an estimated overspend of £1.156m on Independent Day School provision,£116k on Independent residential School provision, £363k on EHCP allocations to maintained primary and secondary schools and £521k on additional school business rate adjustments primarily due to the revaluation of properties in the beginning of 2017.

The main reason for the increase in forecast from last month was due to the increase in independent residential SEN provision. This was due to a forecasting error and the December forecast in now back in line with the previous forecast. However, in light of the error, a more forensic exercise is being undertaken on this area of expenditure.

There are various other smaller over and underspends forecast across the DSG netting to a £133k overspend which, combined with the items above, equates to the net overspend of £2.289m.

We continue to keep abreast of proposed changes to the National Funding Formula, especially in relation to risks associated with services currently funded by de-delegated elements of the DSG.

Management Action

<u>New burdens</u>
There are a number of duties placed on the Local Authority which have not been fully funded or not funded at all through additional burdens funding from Central Government. £1m growth was added by the council in 2017/18 to the supported housing/lodgings budget. Excluding the cost of these duties would leave a net departmental overspend of £718k, however that figure masks substantial once off windfalls and non-recurrent and recurrent management action. The table below highlights the continued estimated overspends relating to these unfunded duties:

Description	Budget £000	Dec overspend forecast £000	Nov overspend forecast £000
Supported lodgings/housing	1,645	154	111
Un-accompanied asylum seeking children (UASC)	626	767	826
No Recourse to Public Funds (NRPF)	21	345	345
Total	**2,292**	**1,266**	**1,282**

Following changes introduced through the Children & Social Work Act, local authorities will take on new responsibilities in relation to children in care and care leavers. Local authorities will be required to offer support from a Personal Adviser to all care leavers to age 25. New burdens funding will be provided to support implementation of this change.

Further new burdens are expected for 2018/19 including:

- Social Care Act requirement for new assessment process for all social workers
- SEND tribunals will cover elements of children care packages and therefore cost
- New requirement of social work visits to children in residential schools and other provision.

<u>Staffing</u>
Agency cost continues to be a cost pressure for the department as permanent social worker recruitment continues to be challenging. We are operating, however at our lowest level of agency staff in 3 years. The continued recruitment drive including recruitment of NQSWs, temporary to permanent initiatives and retention payments will all have a positive impact on the current financial year and we will continue to take action to bring down anticipated overspends on agency/staffing costs. We are expecting ten permanent appointments between now and the end of the financial year which should positively impact on next year's costs.

<u>Placements</u>
Our strong management oversight enables us to ensure that an appropriate entry to care threshold is well-maintained. The impact of increased numbers of UASC is in particular affecting our LAC and care leaver numbers and we remain in the lowest rate of care range in London.

Work continues to ensure we lever in appropriate health contribution to children with complex needs and our ART service is driving down placement costs including through regional partnership commissioning.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements. This continues to enable a reduction in more expensive agency foster placements, but there is a time lag.

Our ART Placement service is working with providers to establish more local provision and offer better vaue placements to the Council. There is now an established agreed cost framework for semi-independent providers and this has resulted in more appropriately priced placements for Care Leavers and older LAC.

We have contracted with a provider to block purchase five independent units for care leavers aged 18+. This will act as a step down into permanent independent living. For the total 5 placements in the provision, this cost is £1,400 per week. This is a significantly better financial deal than using the semi-independent market for our care leavers. We have three young people already living there and a fourth joined in December. The fifth young person will join early in the New Year. Many of these young people will also be eligible to claim Housing Benefit.

We have updated our Staying Put policy for young people aged 18+ to enable them to remain with their foster carers as recommended following our Ofsted inspection. We currently have 6 young people remaining with in house foster carers. Financially this is a more cost effective offer than semi-independent provision. However, the increased use of Staying Put for young people aged 18+ impacts on available placements for younger teenagers and therefore there is a likelihood of an increase in the use further IFA placements in the near future. We continue to focus our foster carer recruitment on carers for teenagers to mitigate these potential additional costs.

All semi-independent placements are being reviewed over the coming weeks and all residential placements are regularly reviewed. The fostering recruitment strategy is being refreshed in light of the new Staying Put requirement.

General

The department continues to scrutinise all budgets to see how we can offset the above costs pressures and others created by growing demographics and new burdens. Where possible we will use grant and income flexibly to bring our anticipated spend in line with available budgets.

Community and Housing Current Summary Position

Overview

Community and Housing is now forecasting an overspend of £1.1m as at December 2017. This is a reduction of £270k since period 8 (November). This is due to a reduction in activity in Adult Social Care during December and the impact of the recently formed outcomes forum.

The main variances are in the Adult Social Care and Housing divisions. As previously reported, part of the Adult Social Care pressure arose in the last quarter of 2016/17 when placements costs rose by £700k and the impact of the 2016/17 Better Care Fund risk share (£275k).
The Better Care Fund agreement with the CCG, which contributes £5.5m to social care budgets, was dependent on a further risk share agreement.

Negotiations and our improved performance have removed the threat of hospital fines and are continuing with regard to the risk share. The risk share is based on the performance on non-elective admission of people over 55. However, the cancellation of some elective surgery before Christmas and all non-urgent elective since changes the landscape compared to the original agreement. The context now is there is nothing the council can do to improve performance. The discussions are unlikely to be resolved until year end.

Community and Housing	2017/18 Current Budget £'000	Full Year Forecast (Dec) £'000	Forecast Variance (Dec) £'000	Forecast Variance (Nov) £'000	2016/17 Outturn Variance £'000
Access and Assessment	46,799	47,813	1,014	1,227	9,432
Commissioning	4,233	4,225	(8)	(20)	67
Direct Provision	4,373	4,157	(216)	(203)	(169)

Directorate	755	874	119	110	(274)
Adult Social Care	**56,160**	**57,069**	**909**	**1,114**	**9,056**
Libraries and Heritage	1,975	1,988	13	(4)	(88)
Merton Adult Education	0	0	0	0	501
Merton Adult Education- Commissioning Model	48	42	(6)	(6)	0
Housing General Fund	1,937	2,102	165	249	655
Sub-total	**60,120**	**61,201**	**1,081**	**1,352**	**10,124**
Public Health	**0**	**0**	**0**	**0**	**16**
Grand Total	**60,120**	**61,201**	**1,081**	**1,352**	**10,140**

Adult Social Care

The collaborative focus on spend has continued to stabilise and improve the forecast outturn. Spend is being pulled wherever this is possible, which has resulted in a further £205k reduction in the forecasted outturn. Planned meeting with Mental Heath is due to take place shortly to address current placement overspend issues.

Access & Assessment - £1m overspend

The forecast outturn has reduced by £213k. The key reason for this is the newly formed Outcome Forum having an impact. Placements spend has reduced by a further £80k as a result. The Outcome Forum focusses on challenging and improving practice in assessment and support planning. A full review of staff costs has resulted in some changes in the forecast, and funding from the Better Care Fund (agreed with Merton CCG) has been applied to local budgets.

This section is forecasting an over spend which made up of under and overspends as follows:-

Access & Assessment	Forecast Variances (Dec) £00	Forecast Variances (Nov) £000
Underspend on Concessionary Fares	(92)	(92)
Overspend on Better Care Fund Risk Share for 2016/17	275	275
Other	(139)	(4)
Placements	2,354	2,434
Income	(1,384)	(1,386)
Total	**1,014**	**1,227**

Commissioning - £8k underspend

The forecast outturn as worsened by £10k due to the costs of implementing a new direct payment card.

Direct Provision - £216k underspend

The over spend on residential staff is decreasing and there is a continued focus on reducing this further. Work is taking place to change rotas and working arrangements at Riverside Drive.

Directorate - £119k overspend

The directorate forecasted expenditure has increased by £9k due to the extension of current contracts to facilitate the completion of the procurement project.

C&H-Other Services

Libraries- £13k overspend

The library service is currently forecasting an over spend by £13k. This is an increase since November due to increase in utilities cost and an issue surrounding miscoded income which require further investigation.

The newly refurbished (Donald Hope) about to be re-named as Colliers Wood Library is about to be opened shortly.

Merton Adult Learning - £6k underspend

The Adult Learning forecast remained unchanged since September budget monitoring report.

The £6k underspend is from fees collected by the service for the in house Learning Difficulties and Disabilities provision provided.

Housing - £165k overspend

Housing expenditure continues to be contained, numbers presenting recently has decreased.

This is a statutory led service and is demand led. There continues to be budget pressures on the service and an over spend is currently forecast reflective of continued cost pressures, including temporary accommodation subsidy arrangement.

However, despite this being such a volatile service the service continues to prevent homelessness, thus avoiding expensive placements into temporary accommodation and as at the end of December there had been a slight reduction of the numbers placed. There were 175 Households in Temporary Accommodation as at the end of December compared to 178 in November.

The service also continues to maximise income collection for clients living in temporary accommodation by collecting personal contributions from clients, Housing Benefit and Universal Credit. A total of £585K has been collected directly from clients. This does not include Housing Benefit contributions

The service is currently working towards implementing the Homeless Reduction Act and will proceed with a planned restructure to meet the new legislative requirements, duties and any savings which are required

Housing	Forecast Variances (Dec) £'000	Forecast Variances (Nov) £'000	Forecast Variances (Oct) £'000
Temporary Accommodation-Expenditure	812	992	981
Temporary Accommodation-Client Contribution	(585)	(611)	(611)
Temporary Accommodation-Housing Benefit Income	(350)	(361)	(361)
Temporary Accommodation-Subsidy Shortfall	593	582	582

Temporary Accommodation- Grant	(406)	(406)	(406)
Total Temporary Accommodation	64	196	185
Housing Other- Over(under)spends	101	53	78
Total	**165**	**249**	**263**

Public Health – Forecasting a breakeven position

Public Health is reporting a cost neutral position as at December 2.

Corporate Items

The details comparing actual expenditure up to 31 December 2017 against budget are contained in Appendix 2. The main areas of variance as at 31 December 2017 are:-

Corporate Items	Current Budget 2017/18 £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s	2016/17 Year end Variance £000s
Impact of Capital on revenue budget	**13,415**	**13,398**	**(17)**	**(150)**	**193**
Investment Income	(1,186)	(784)	402	386	(176)
Pension Fund	3,350	3,350	0	0	(498)
Pay and Price Inflation	736	386	(350)	(250)	(739)
Contingencies and provisions	4,406	3,026	(1,379)	(1,050)	(3,495)
Income Items	(1,152)	(1,152)	0	0	(330)
Appropriations/Transfers	(5,419)	(5,419)	0	0	(3,091)
Central Items	**735**	**(593)**	**(1,327)**	**(914)**	**(8,329)**
Levies	933	933	0	0	0
Depreciation and Impairment	(22,318)	(22,318)	0	0	0
TOTAL CORPORATE PROVISIONS	**(7,235)**	**(8,580)**	**(1,344)**	**(1,064)**	**(8,136)**

There are several changes in the forecast since November:-

- Capital financing and investment income forecasts have been amended following a review of the capital programme and treasury management strategy.

- With three quarters of the year gone and a review of contingencies against expected requirements, it is anticipated that £50k from the provision for excess inflation, £50k from the utilities inflation provision and £250k from the corporate contingency can be released.

- It is anticipated that the balance of £79k set aside for potential loss of Housing Benefit Administration Grant can be released..

The net impact of these proposed changes is an increase in the projected underspend on corporate items of £280k since November.

4. CAPITAL PROGRAMME 2017-21

4.1 The table below summarises the position in respect of the Capital Programme as at December 2017. The detail is shown in Appendix 5a

Merton Summary Capital Report – December 2017 Monitoring

Departments	Actuals to December	Profiled Budget to December	Variance	Final Budget	Final Forecast	Full Year Variance
Corporate Services	1,799,087	3,398,461	(1,599,374)	13,468,250	13,615,015	146,765
Community and Housing	581,113	980,219	(399,106)	1,801,580	1,734,590	(66,990)
Children Schools & Families	3,968,583	6,612,340	(2,643,757)	7,062,350	7,037,350	(25,000)
Environment and Regeneration	9,659,997	15,225,358	(5,565,360)	17,707,050	16,886,242	(820,808)
Total	**16,008,780**	**26,216,378**	**(10,207,597)**	**40,039,230**	**39,273,197**	**(766,033)**

a) Corporate Services – Currently officers are projecting an overspend on Customer Contact /EDRMS of £713k, Social Care IT System £173k. The split between capital and revenue budgets is currently being finalised. There are currently five projected underspends/slippage, the Acquisitions Budget (£500k), ePayments System (£83k), (£41k) SCIS/FIS Scanning Solution, (£90k) on IT Systems Projects and (£25k) on Works to Other Buildings.

b) Community and Housing – Officers are projecting a full spend on all remaining budgets except on Disabled Facilities Grant (DFG) with a projected underspend of (£62k) and (£5k) on ASC IT Equipment.

c) Children, Schools and Families – This department is showing a £25k slippage on Children's Safeguarding. Full spend projected on remaining budgets.

d) Environment and Regeneration – There are currently four projected underspends/slippage, (Mitcham regeneration) Canons - Parks for People of (£639k), (£176k) on (Parks) Canons - Parks for People, (£26k) Tackling Traffic Congestion and (£13k) on CCTV Investment. Officers are projecting overspends on three areas, Colliers Wood Area regeneration £14k, £13k GPS Vehicle tracking Equipment and £6k Alley Gating Scheme.

4.2 The table below compares capital expenditure (£000s) to December 2017 to that achieved over the last few years:

Depts.	Spend To December 2014	Spend To December 2015	Spend To December 2016	Spend to December 2017	Variance 2014 to 2017	Variance 2015 to 2017	Variance 2016 to 2017
CS	458	713	348	1,799	1,341	1,086	1,451
C&H	1,041	1,345	1,386	581	(460)	(764)	(805)
CSF	14,568	11,159	9,684	3,969	(10,599)	(7,191)	(5,715)
E&R	3,415	5,553	7,834	9,660	6,245	4,107	1,826

Total Capital	**19,482**	**18,770**	**19,252**	**16,009**	**(3,473)**	**(2,761)**	**(3,243)**
Outturn £000s	36,869	29,327	30,626				
Budget £000s				40,039			
Projected Spend November 2017 £000s				39,241			
Percentage Spend to Budget				39.98%			
% Spend to Outturn/Projection	52.84%	64.00%	62.86%	40.80%			
Monthly Spend to Achieve Projected Outturn £000s				5,808			

4.3 The table shows that spend during December 2017 was considerably below this target. Officers will be undertaking a detailed review of profiles and year end projections as part of December Monitoring to improve in year budget profiling and year end projection:

Department	Spend To November 2017 £000s	Spend To December 2017 £000s	Increase £000s
CS	1,538	1,799	261
C&H	473	581	109
CSF	3,575	3,969	394
E&R	7,768	9,660	1,892
Total Capital	13,354	16,009	2,655

4.4 The figures in the above table exclude £5m spend in December 2017 on the purchase of Battle Close. Currently budget managers are projecting a £39m outturn requiring an average £5.8m monthly spend to year-end. Compiling the MTFS, Financial Officers are expecting a financial outturn of circa £31.5m. This assumes a more realistic £2.2m accruals and a monthly spend of approximately £2.7m.

5. DELIVERY OF SAVINGS FOR 2017/18

Department	Target Savings 2017/18	Projected Savings 2017/18	Period 9 Forecast Shortfall	Period 8 Forecast Shortfall	Period Forecast Shortfall (P9)	2018/19 Expected Shortfall
	£000	**£000**	**£000**	**£000**	**%**	**£000**
Corporate Services	1,484	1,248	236	236	15.9%	158
Children Schools and Families	1,110	1,079	31	31	2.8%	0
Community and Housing	2,673	1,997	676	655	25.3%	250
Environment and Regeneration	3,050	1,408	1,642	1,642	53.8%	0

Total	**8,317**	**5,732**	**2,585**	**2,564**	**31.1%**	**408**

Appendix 6 details the progress on savings for 2017/18 by department.

<u>Progress on savings 2016/17</u>

Department	**Target Savings 2016/17**	**2016/17 Shortfall**	**2017/18 Projected shortfall**	**2018/19 Projected shortfall**
	£000	**£000**	**£000**	**£000**
Corporate Services	2,316	288	30	30
Children Schools and Families	2,191	0	0	0
Community and Housing	5,379	1,727	**C&H Savings in 16/17 is mitigated by growth received in 17/18.**	0
Environment and Regeneration	4,771	2,269	643	240
Total	**14,657**	**4,284**	**673**	**270**

Appendix 7 details the progress on savings for 2016/17 by department and the impact on the current year.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1 The emphasis placed on the delivery of revenue savings within the financial monitoring report will be enhanced during 2016/17, the risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

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

Appendix 1-	Detailed position table
Appendix 2 –	Detailed Corporate Items table
Appendix 3 –	Pay and Price Inflation
Appendix 4 –	Treasury Management: Outlook
Appendix 5a –	Current Capital Programme 2017/18
Appendix 6 –	Progress on savings 2017/18
Appendix 7 –	Progress on savings 2016/17

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

– Name: Roger Kershaw

– Tel: 020 8545 3458

– email: roger.kershaw@merton.gov.uk

APPENDIX 1

Summary Position as at 31st December 2017

	Original Budget 2017/18 £000s	Current Budget 2017/18 £000s	Year to Date Budget (Dec) £000s	Year to Date Actual (Dec) £000s	Full Year Forecast (Dec) £000s	Forecast Variance at year end (Dec) £000s	Forecast Variance at year end (Nov) £000s	Outturn variance 2016/17 £000
Department	-	-	-	-	-	-	-	-
3A.Corporate Services	10,865	11,582	(3,871)	20,294	11,048	(533)	(417)	(1,287)
3B.Children, Schools and Families	52,579	53,915	138,479	22,154	56,049	2,134	2,000	1,154
3C.Community and Housing	-	-	-	-	-			-
Adult Social Care	59,401	59,465	35,998	41,217	60,373	908	1,113	9,056
Libraries & Adult Education	2,693	2,739	1,449	1,904	2,747	8	(11)	413
Housing General Fund	2,222	2,221	1,410	1,135	2,386	166	249	655
3D.Public Health	0	0	(84)	(1,964)	(0)	(0)	0	16
3E.Environment & Regeneration	23,183	23,379	13,164	(6,309)	22,567	(812)	(775)	1,011
Overheads	0	0	0	0	0	0	0	12
NET SERVICE EXPENDITURE	**150,942**	**153,301**	**186,547**	**78,432**	**155,170**	**1,869**	**2,159**	**11,030**
3E.Corporate Items	-	-	-	-	-	-		-
Impact of Capital on revenue budget	13,415	13,415	5,027	4,172	13,398	(17)	(150)	193
Other Central items	(19,224)	(21,583)	(6,046)	2,542	(22,911)	(1,327)	(914)	(8,329)
Levies	933	933	769	769	933	0	0	0
TOTAL CORPORATE PROVISIONS	**(4,876)**	**(7,235)**	**(250)**	**7,484**	**(8,580)**	**(1,344)**	**(1,064)**	**(8,136)**
TOTAL GENERAL FUND	**146,066**	**146,065**	**186,297**	**85,916**	**146,590**	**525**	**1,095**	**2,894**
-	-	-	-	-	-	-		-
Funding								
- Business Rates	(35,483)	(35,483)	(7,060)	(7,060)	(35,483)	0	0	0
- RSG	(15,520)	(15,520)	(12,908)	(12,908)	(15,520)	0	0	0
- Section 31 Grant	(1,035)	(1,035)	(932)	(932)	(1,035)	0	0	5
- New Homes Bonus	(4,150)	(4,150)	(3,131)	(3,131)	(4,068)	82	0	(542)
- PFI Grant	(4,797)	(4,797)	(3,598)	(3,598)	(4,797)	0	0	0
- Adult Social Care Grant 2017/18	(751)	(751)	(874)	(874)	(751)	0	0	0
Grants	**(61,736)**	**(61,736)**	**(28,503)**	**(28,503)**	**(61,654)**	**82**	**0**	**(537)**
Collection Fund - Council Tax Surplus(-)/Deficit	(1,386)	(1,386)	0	0	(1,386)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	(380)	(380)	0	0	(380)	0	0	0
Council Tax						0	0	0
- General	(82,244)	(82,244)	0	0	(82,244)	0	0	0
- WPCC	(318)	(318)	0	0	(318)	0	0	0
Council Tax and Collection Fund	**(84,329)**	**(84,329)**	**0**	**0**	**(84,329)**	**0**	**0**	**0**
FUNDING	**(146,065)**	**(146,065)**	**(28,503)**	**(28,503)**	**(145,983)**	**82**	**0**	**(537)**
NET	**1**	**0**	**157,794**	**57,412**	**607**	**607**	**1,095**	**2,357**

Appendix 2

3E.Corporate Items	Council 2017/18 £000s	Original Budget 2017/18 £000s	Current Budget 2017/18 £000s	Year to Date Budget (Dec.) £000s	Year to Date Actual (Dec.) £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s	Outturn Variance 2016/17 £000s
Cost of Borrowing	13,415	13,415	13,415	5,027	4,172	13,398	(17)	(150)	193
							0	0	0
Impact of Capital on revenue budget	**13,415**	**13,415**	**13,415**	**5,027**	**4,172**	**13,398**	**(17)**	**(150)**	**193**
Investment Income	**(1,186)**	**(1,186)**	**(1,186)**	**(890)**	**(346)**	**(784)**	**402**	**386**	**(176)**
Pension Fund	**3,350**	**3,350**	**3,350**	**0**	**3,338**	**3,350**	**0**	**0**	**(498)**
Provision for excess inflation	451	451	436		0	286	(150)	(100)	(439)
Utilities Inflation Provision	300	300	300		0	100	(200)	(150)	(300)
Pay and Price Inflation	**751**	**751**	**736**	**0**	**0**	**386**	**(350)**	**(250)**	**(739)**
Contingency	1,500	1,500	1,500		0	750	(750)	(500)	(821)
Single Status/Equal Pay	100	100	100		4	100	0	0	(60)
Bad Debt Provision	500	500	500		0	500	0	0	(271)
Loss of income arising from P3/P4	400	400	400		0	0	(400)	(400)	(400)
Loss of HB Admin grant	200	200	179		0	0	(179)	(100)	(200)
Reduction in Education Services Grant	819	819	0		0	0	0	0	0
Apprenticeship Levy	450	450	450	263	195	400	(50)	(50)	0
Revenuisation and miscellaneous	889	889	1,276		661	1,276	0	0	(1,743)
Contingencies and provisions	**4,858**	**4,858**	**4,406**	**263**	**860**	**3,026**	**(1,379)**	**(1,050)**	**(3,495)**
Other income	0	0	0	0	(12)	0	0	0	(280)
CHAS IP/Dividend	(1,152)	(1,152)	(1,152)		0	(1,152)	0	0	(50)
Income items	**(1,152)**	**(1,152)**	**(1,152)**	**0**	**(12)**	**(1,152)**	**0**	**0**	**(330)**
Appropriations: CS Reserves	(667)	(667)	(1,328)	(1,328)	(661)	(1,328)	0	0	0
Appropriations: E&R Reserves	4	4	(450)	(450)	(143)	(450)	0	0	2
Appropriations: CSF Reserves	283	283	2	2	2	2	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(150)	(150)	(46)	(150)	0	0	0
Appropriations:Public Health Reserves	(600)	(600)	(600)	(600)	0	(600)	0	0	0
Appropriations:Corporate Reserves	(2,443)	(2,443)	(2,893)	(2,893)	(450)	(2,893)	0	0	(3,093)
Appropriations/Transfers	**(3,528)**	**(3,528)**	**(5,419)**	**(5,419)**	**(1,298)**	**(5,419)**	**0**	**0**	**(3,091)**
Depreciation and Impairment	**(22,318)**	**(22,318)**	**(22,318)**	**0**	**0**	**(22,318)**	**0**	**0**	**0**
Central Items	**(5,809)**	**(5,809)**	**(8,168)**	**(1,019)**	**6,715**	**(9,513)**	**(1,344)**	**(1,064)**	**(8,136)**
Levies	**933**	**933**	**933**	**769**	**769**	**933**	**0**	**0**	**0**
TOTAL CORPORATE PROVISIONS	**(4,876)**	**(4,876)**	**(7,235)**	**(250)**	**7,484**	**(8,580)**	**(1,344)**	**(1,064)**	**(8,136)**

Pay and Price Inflation as at December 2017

In 2017/18, the budget includes 1% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.451m which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 3.0% and RPI at 3.9% this budget will be held and it will only be released when it is certain that it will not be required.

Pay:

The local government pay award for 2017/18 was agreed last year covering 2016/17 and 2017/18. For the lowest paid (those on spinal points 6-17) this agreed a pay rise of between 6.6% and 1.01% in the first year, and between 3.4% and 1.3% in 2017/18. Those on spinal points 18-49 received 1% in year one and the same again in 2017/18. The offer also included a joint review of the NJC pay spine and term-time working for school support staff. Departmental budgets include provision for the 2017/18 pay award.

Prices:

The Consumer Prices Index (CPI) 12-month rate was 3.0% in December 2017, down from 3.1% in November 2017.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.7% in December 2017, down from 2.8% in November 2017.

The downward effect on both the CPIH and CPI rates came mainly from air fares, along with a fall in the prices of a range of recreational goods, particularly games and toys.

The downward contributions were partially offset by an increase in tobacco prices, reflecting duty increases that came into effect following the Autumn Budget, along with an increase in petrol and diesel prices.

The RPI 12-month rate for December 2017 stood at 4.1%, up from 3.9% in November 2017.

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 13 December 2017, the MPC voted unanimously to maintain Bank Rate at 0.5%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion. The November 2017 Inflation Report was published on the 2 November 2017. The next announcement on the Bank Base Rate will be on 4 February 2018.

In the November 2017 Inflation Report, the MPC noted that "CPI inflation rose to 3.0% in September. It is expected to peak at 3.2% in October, as increases in imported costs — stemming from the past fall in sterling and a more recent pickup in global energy prices — are passed on to consumer prices. Inflation is then expected to fall back as past rises in energy prices drop out of the annual comparison and as the pass-through of rises in other import prices progresses. Alongside that moderation in external pressures, however, domestic inflationary pressures are likely to build to more normal levels."

In the minutes to its December 2017 meeting the MPC commented that "CPI inflation was 3.1% in November. It remains the case that inflation has been pushed above the target by the boost to import prices that resulted from the past depreciation of sterling. The MPC judges that inflation is likely to be close to its peak, and will decline towards the 2% target in the medium term. In line with the procedure set out in the MPC's remit, the Governor will be writing an open letter to the Chancellor of the Exchequer, accounting for the overshoot relative to the target and explaining the MPC's policy strategy to return inflation sustainably to the target. This letter will be published alongside the minutes of the February 2018 MPC meeting and the accompanying Inflation Report."

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

Table 11: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (January 2018)			
2017 (Quarter 4)	Lowest %	Highest %	Average %
CPI	2.7	3.2	3.0
RPI	3.6	4.0	3.9
LFS Unemployment Rate	3.9	4.4	4.3
2018 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.8	3.0	2.4
RPI	2.6	3.9	3.2
LFS Unemployment Rate	3.8	4.9	4.4

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 2017 to 2021 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (November 2017)					
	2017	2018	2019	2020	2021
	%	%	%	%	%
CPI	2.7	2.6	2.2	2.1	2.0
RPI	3.6	3.5	3.1	3.2	3.1
LFS Unemployment Rate	4.4	4.4	4.5	4.4	4.5

Treasury Management: Outlook

At its meeting ending on 13 December 2017, the MPC voted unanimously to maintain Bank Rate at 0.5%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion. The next announcement on the Bank Base Rate will be on 4 February 2018.

In the minutes to the December meeting, the MPC noted that it "remains of the view that, were the economy to follow the path expected in the November Inflation Report, further modest increases in Bank Rate would be warranted over the next few years, in order to return inflation sustainably to the target. Any future increases in Bank Rate are expected to be at a gradual pace and to a limited extent. The Committee will monitor closely the incoming evidence on the evolving economic outlook, including the impact of last month's increase in Bank Rate, and stands ready to respond to developments as they unfold to ensure a sustainable return of inflation to the 2% target."

The MPC also commented that "although it was too early to arrive at a comprehensive view of the effect of November's rise in Bank Rate on the economy, the impact on interest rates faced by households and firms had been consistent with previous experience. The latest Bank of England/TNS Inflation Attitudes Survey, which had been conducted in the days immediately following the November rate increase, had contained encouraging signs that the general public accepted the case for higher interest rates, and believed that interest rates were likely to rise further. "

In the Bank of England's quarterly Inflation report for November 2017, the MPC set out its most recent assessment of the outlook for inflation and activity and outlined its view on the long-term outlook for interest rates. The MPC's view is that the Brexit negotiations are weighing heavily on the UK economic outlook and that "the overshoot of inflation throughout the forecast predominantly reflects the effects on import prices of the referendum-related fall in sterling. Uncertainties associated with Brexit are weighing on domestic activity, which has slowed even as global growth has risen significantly. And Brexit-related constraints on investment and labour supply appear to be reinforcing the marked slowdown that has been increasingly evident in recent years in the rate at which the economy can grow without generating inflationary pressures."

In terms of prospects for future changes to the Bank Base Rate the MPC in the November 2017 Inflation Report state that "Over the past few months, market expectations for the path of Bank Rate have risen. The MPC's projections are conditioned on a path that implies a gradual rise in Bank Rate to 1.0% by the end of 2020, and is around ¼ percentage point higher than that in the August 2017 Report."

Any future increases in Bank Rate are expected to be at a gradual pace and to a limited extent. The MPC's forecasts of Bank Base Rate in recent Quarterly Inflation Reports which were made pre-Brexit up to May 2016 are summarised in the following table:-

	End Q,4 2017	End Q.1 2018	End Q.2 2018	End Q.3 2018	End Q.4 2018	End Q.1 2019	End Q.2 2019	End Q.3 2019	End Q.4 2019	End Q.1 2020	End Q.2 2020	End Q,3 2020	End Q.4 2020
Nov.'17	0.4	0.5	0.6	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0
Aug.'17	0.3	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.8	
May '17	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.5		
Feb'17	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.7			
Nov.'16	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4				
Aug.'16	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2					
May '16	0.5	0.6	0.6	0.6	0.7	0.7	0.8						
Feb. '16	0.8	0.8	0.9	1.0	1.0	1.1							
Nov '15	1.0	1.1	1.1	1.2	1.3								
Aug.'15	1.5	1.6	1.7	1.7									
May '15	1.3	1.3	1.4										
Feb.'15	1.1	1.1											
Nov '14	1.7												

Source: Bank of England Inflation Reports

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

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

- The MPC sets policy to achieve the 2% inflation target, and, subject to that, to support the Government's economic policies, including those for growth and employment.
- Despite the sharp fall in unemployment, there remains scope to absorb spare capacity further before raising Bank Rate.
- When Bank Rate does begin to rise, the appropriate path so as to eliminate slack over the next two to three years and keep inflation close to the target is expected to be gradual.
- The actual path of Bank Rate over the next few years will, however, depend on economic developments.
- Even when the economy has returned to normal levels of capacity and inflation is close to the target, the appropriate level of Bank Rate is likely to be materially below the 5% level set on average by the Committee prior to the financial crisis.
- The MPC intends to maintain the stock of purchased assets at least until the first rise in Bank Rate.
- Monetary policy may have a role to play in mitigating risks to financial stability, but only as a last line of defence if those risks cannot be contained by the substantial range of policy actions available to the Financial Policy Committee and other regulatory authorities.

Changes to the Bank Base Rate will depend on how quickly the economy recovers and will be set to achieve the inflation target of 2%.

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

Appendix 5a

Capital Budget Monitoring December 2017

Please note totals are now at the top of activity rather than the bottom

Description	Year to Date			Final Budget	Full Year Forecast	
	Actuals	Budget	Variance		Final Forecast	Full Year Variance
Capital	16,008,780	26,216,378	(10,207,597)	40,039,230	39,273,197	(766,033)
Corporate Services	**1,799,087**	**3,398,461**	**(1,599,374)**	**13,468,250**	**13,615,015**	**146,765**
Business Improvement	**287,663**	**613,692**	**(326,029)**	**1,810,280**	**2,606,315**	**796,035**
Customer Contact Programme	34,390		34,390	1,006,420	1,719,435	713,015
IT Systems Projects	165,441	294,537	(129,096)	405,460	315,000	(90,460)
Social Care IT System	87,831	319,155	(231,324)	398,400	571,880	173,480
Facilities Management Total	**727,917**	**487,499**	**240,418**	**2,658,030**	**2,633,030**	**(25,000)**
Works to other buildings	201,739	367,500	(165,761)	457,500	432,500	(25,000)
Civic Centre	938	174,999	(174,061)	275,000	275,000	0
Invest to Save schemes	506,871	(335,000)	841,871	1,478,720	1,478,720	0
Water Safety Works	20,539	105,000	(84,461)	153,990	153,990	0
Asbestos Safety Works	(2,170)	175,000	(177,170)	292,820	292,820	0
Infrastructure & Transactions	**781,358**	**1,200,000**	**(418,642)**	**2,268,190**	**2,268,190**	**0**
Disaster recovery site	93,030	315,000	(221,970)	513,790	513,790	0
Planned Replacement Programme	687,328	885,000	(197,672)	1,754,400	1,754,400	0
Room and Space Management	1,000		1,000			0
Resources	**2,150**	**147,800**	**(145,650)**	**165,870**	**41,600**	**(124,270)**
Financial System	(1,450)		(1,450)	18,070	18,070	0
ePayments System	3,600	106,800	(103,200)	106,800	23,530	(83,270)
Invoice Scanning SCIS/FIS		41,000	(41,000)	41,000	0	(41,000)
Corporate Items		**949,470**	**(949,470)**	**6,565,880**	**6,065,880**	**(500,000)**
Acquisitions Budget			0	5,580,410	5,080,410	(500,000)
Housing Company		949,470	(949,470)	949,470	949,470	0
Multi Functioning Device (MFD)			0	36,000	36,000	0

Description	Year to Date			Final Budget	Full Year Forecast	
	Actuals	Budget	Variance		Final Forecast	Full Year Variance
Community and Housing	**581,113**	**980,219**	**(399,106)**	**1,801,580**	**1,734,590**	**(66,990)**
Adult Social Care	**22,483**	**70,258**	**(47,775)**	**39,850**	**35,350**	**(4,500)**
ASC IT Equipment	22,483	26,508	(4,025)	39,850	35,350	(4,500)
Telehealth		43,750	(43,750)			0
Housing	**518,999**	**208,761**	**310,238**	**962,490**	**900,000**	**(62,490)**
Disabled Facilities Grant	519,215	208,761	310,454	962,490	900,000	(62,490)
Major Projects - Social Care H	(216)		(216)			0
Libraries	**39,631**	**701,200**	**(661,569)**	**799,240**	**799,240**	**0**
Library Enhancement Works	12,964	200,000	(187,036)	200,000	200,000	0
Major Library Projects	26,387	551,200	(524,813)	599,240	599,240	0
Libraries IT	280	(50,000)	50,280			0

Capital Budget Monitoring December 2017

Please note totals are now at the top of activity rather than the bottom

Description	Year to Date			Final Budget	Full Year Forecast	
	Actuals	Budget	Variance		Final Forecast	Full Year Variance
Children Schools & Families	**3,968,583**	**6,612,340**	**(2,643,757)**	**7,062,350**	**7,037,350**	**(25,000)**
Primary Schools	**130,615**	**873,920**	**(743,305)**	**1,188,140**	**1,188,140**	**0**
West Wimbledon	45,379	43,910	1,469	50,000	50,000	0
Hatfeild	13,205	29,870	(16,665)	43,200	43,200	0
Hillcross	35,559	40,310	(4,751)	40,310	40,310	0
Joseph Hood	11,337	21,000	(9,663)	23,720	23,720	0
Dundonald	(120,771)	70,000	(190,771)	136,070	136,070	0
Merton Abbey	45		45			0
Merton Park	10,469	10,900	(431)	10,900	10,900	0
Pelham	(18,780)	41,800	(60,580)	41,800	41,800	0
Poplar	(8,569)		(8,569)	1,000	1,000	0
Wimbledon Chase	69,654	82,600	(12,946)	82,600	82,600	0
Wimbledon Park		24,500	(24,500)	24,500	24,500	0
Malmesbury		32,000	(32,000)	32,000	32,000	0
Morden	82,310	110,000	(27,690)	110,000	110,000	0
Liberty		16,360	(16,360)	16,360	16,360	0
Links	16,103	16,050	53	16,050	16,050	0
Singlegate	136,448	3,710	132,738	153,000	153,000	0
St Marks	87,712	93,300	(5,588)	105,900	105,900	0
Lonesome	57,682	38,400	19,282	99,900	99,900	0
Sherwood	5,167	82,510	(77,344)	82,510	82,510	0
Stanford	14,319	48,000	(33,681)	48,000	48,000	0
William Morris	26,000	40,200	(14,200)	41,820	41,820	0
Unlocated Primary School Proj	(316,315)		(316,315)			0
St Mary's (RC)	(16,338)	28,500	(44,838)	28,500	28,500	0
Secondary School	**2,646,538**	**4,261,870**	**1,615,332**	**3,621,700**	**3,621,700**	0
Harris Academy Merton	2,286,193	2,104,400	181,793	2,840,940	2,840,940	0
Rutlish	71,910	(8,000)	79,910	80,000	80,000	0
Harris Academy Wimbledon	288,435	2,165,470	(1,877,035)	700,760	700,760	0
SEN	**918,509**	**1,191,370**	**(272,861)**	**1,758,630**	**1,758,630**	**0**
Perseid	729,447	930,300	(200,853)	1,377,560	1,377,560	0
Cricket Green	159,701	273,140	(113,439)	273,140	273,140	0
Secondary School Autism Unit		20,000	(20,000)	30,000	30,000	0
Unlocated SEN	29,361	(32,070)	61,431	77,930	77,930	0
CSF Schemes	**272,921**	**272,580**	**341**	**493,880**	**468,880**	**(25,000)**
Children's Safeguarding		30,000	(30,000)	30,000	5,000	(25,000)
School Equipment Loans			0	100,000	100,000	0
Devolved Formula Capital	272,921	242,580	30,341	363,880	363,880	0

Capital Budget Monitoring December 2017

Please note totals are now at the top of activity rather than the bottom

Description	Year to Date			Final Budget	Full Year Forecast	
	Actuals	Budget	Variance		Final Forecast	Full Year Variance
Environment and Regeneration	**9,659,997**	**15,225,358**	**(5,565,360)**	**17,707,050**	**16,886,242**	**(820,808)**
Public Protection and Developm	**182,132**	**145,718**	**36,414**	**203,240**	**190,000**	**(13,240)**
CCTV Investment	171,172	134,218	0	191,740	179,000	(12,740)
Public Protection and Developm	10,960	11,500	36,954	11,500	11,000	(500)
Street Scene & Waste	**(70,887)**	**1,574,580**	(540)	**1,498,080**	**1,517,080**	**19,000**
Fleet Vehicles	142,302	350,000	**(1,645,467)**	208,000	208,000	0
GPS Vehical Tracking Equipment	71,778	109,990	(207,698)	159,990	172,990	13,000
Alley Gating Scheme	31,444	30,000	(38,212)	40,000	46,000	6,000
Smart Bin Leases - Street Scen			1,444	5,500	5,500	0
Waste SLWP	(316,412)	1,084,590	0	1,084,590	1,084,590	**0**
Sustainable Communities	**9,548,752**	**13,505,060**	**(3,956,307)**	**16,005,730**	**15,179,162**	**(826,568)**
Street Trees	7,656	52,300	(44,644)	60,000	60,000	0
Highways & Footways	3,370,145	4,535,167	(1,165,022)	4,507,430	4,507,430	0
Cycle Route Improvements	487,686	676,420	(188,734)	972,090	971,640	(450)
Mitcham Transport Improvements	2,735	182,023	(179,288)	233,880	233,880	0
Electric Vehicle Infrastructur		15,000	(15,000)	15,000	15,000	0
Tackling Traffic Congestion	335,016	345,256	(10,240)	410,950	385,000	(25,950)
Industrial Estates	689	(225,870)	226,559			0
Colliers Wood Area Regeneratio	161,124	188,610	(27,486)	188,610	202,960	14,350
Mitcham Area Regeneration	1,410,378	1,174,052	236,326	2,082,260	1,443,480	(638,780)
Borough Regeneration	91,441	114,870	(23,429)	557,960	557,960	0
Morden Leisure Centre	3,437,460	5,646,782	(2,209,322)	6,068,350	6,068,348	(2)
Sports Facilities	32,054	365,960	-333,906	424,460	424,460	0
Parks	212,369	380,600	-168,231	430,850	255,114	(175,736)
Mortuary Provision		53,890	-53,890	53,890	53,890	0

APPENDIX 6

Department	Target Savings 2017/18	Projected Savings 2017/18	Period 9 Forecast Shortfall	Period 8 Forecast Shortfall	Period Forecast Shortfall (P9)	2018/19 Expected Shortfall
	£000	£000	£000	£000	%	£000
Corporate Services	1,484	1,248	236	236	15.9%	158
Children Schools and Families	1,110	1,079	31	31	2.8%	0
Community and Housing	2,673	1,997	676	655	25.3%	250
Environment and Regeneration	3,050	1,408	1,642	1,642	53.8%	0
Total	**8,317**	**5,732**	**2,585**	**2,564**	**31.1%**	**408**

APPENDIX 6

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18-Dec 2017

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Savings £000	Shortfall £000	RAG	2017/18 Mitigated by Growth £000	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
	Adult Social Care											
CH38, CH1	**Placements** (replaces three original savings proposals). Given ongoing market pressures and extensive work already undertaken to review OP packages, the savings can only be achieved by more targeted work to manage demand. There will be a focus on three areas: 1) demand coming through transition into adulthood, 2) maximising reablement opportunities to reduce long term needs, 3) Reviewing equity of access and resource in areas such as 1:1 care, night cover, double-up care, 15 min daytime visits and multiple provisions.	827	827	0	G		827	0	G	**Richard Ellis**	There is a focus on learning disabilities where package costs tend to be much higher and direct payments. 622 reviews have been carried out across all care package groups, savings £523k to the end of October. The Outcomes Forum is now also reviewing all requests for package increases.	Y
CH20, CH58, CH54, CH 37, CH59	**Staff savings**: most were brought forward to 2016/17. These represent the residual savings in Direct provision	100	100	0	G		100	0	G	**Andy Ottaway-Searle**	Achieved	Y
CH57	**Staff savings:** transfer of savings from housing	50	0	50	R		0	(50)	R	**Richard Ellis**	deferred	Y
CH2, CH3	**Contracts:** re-commissioning of home care contracts. Moving packages from high cost spot purchased care to contract rate.	215	97	118	A		215	0	G	**Richard Ellis**	The new contracts will be in place by February 2018. The ability to transfer current spot purchased packages depends on the ability of the new providers to recruit carers. Issues with the call monitoring system have been resolved	Y
CH35, CH36, CH52	**Supporting People**: re-commissioning of former Supporting People contracts. Savings can be achieved by removing funding from community alarms and reducing the capacity for housing support (including single homeless, mental health and young people at risk)	100	0	100	R		0	(100)	R	**Richard Ellis**	Further work on the options and impacts of changes to the housing support model will be undertaken in the light of the Homelessness Reduction Act requirements.	Y

APPENDIX 6

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18-Dec 2017

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Savings £000	Shortfall £000	RAG	2017/18 Mitigated by Growth £000		2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
CH35, CH36, CH52	**Supporting People**: re-commissioning of former Supporting People contracts. Savings can be achieved by removing funding from community alarms and reducing the capacity for housing support (including single homeless, mental health and young people at risk)	356	0	356	A	(356)		356	0	G	**Richard Ellis**	Further work on the options and impacts of changes to the housing support model will be undertaken in the light of the Homelessness Reduction Act requirements.	Y
CH53	**Vol orgs Grant**	600	669	(69)	G			600	0	G	**Richard Ellis**	Achieved Additional savings have been identified from reductions in demand led budgets.	Y
	Subtotal Adult Social Care	**2,248**	**1,693**	**555**		**(356)**		**2,098**	**(150)**				
	Library & Heritage Service												
CH7	Introduce self-serve libraries at off peak times: Smaller libraries to be self-service and supported only by a security guard during off peak times (nb. Saving would be reduced to £45k if Donald Hope and West Barnes libraries are closed). 3.5FTE at risk	90	47	43	R			90	0	G	**Anthony Hopkins**	These savings were partly delivered as part of a full organisational review, which has reduced the workforce by approx. 33%. The new delivery model has been in place since 1 May 2017. Current issue with agency spend but working to deliver savings	Y
CH49	Additional staff savings (Deletion of 1.5xFTE)	38	38	0	G			38	0	G	**Anthony Hopkins**		Y
CH50	Deletion of Projects & Procurement Manager post (Deletion of 0.6xFTE)	22	22	0	G			22	0	G	**Anthony Hopkins**		Y
CH70	Additional staffing efficiencies and consolidation of branch managers	63	63		G			63	0	G	**Anthony Hopkins**		
CH71	Reduction in People's Network costs	40	40	0	G			40	0	G	**Anthony Hopkins**		Y
	Housing Needs & Enabling												
CH9	Rationalisation of admin budget :	36	36	0	G			36	0	G	**Steve Langley**	Service currently restructuring to achieve savings. Service is awaiting information on HRA settlement in November	Y
CH10	Deletion of one staffing post	36	36	0	G			36	0	G	**Steve Langley**		Y
CH43	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	100	22	78	R			0	(100)	A	**Steve Langley**		Y

APPENDIX 6

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG		2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Cross cutting											
CSF2016-01	Deletion of Assistant Director, Service Manager and half an admin support posts as part of phased restructure of the department.	**224**	**193**	**31**	A		**224**	**0**	G	Paul Angeli	Due to the number of management changes affecting social care and the preparation required for the OFSTED inspection, it is required to provide cover for the Service Manager reduction in the short term. Quantification of this shortfall is reviewed monthly.	**Y**
	Contracts and School Organisation											
CSF2015-05	1 FTE staff saving in property and contracts team.	**65**	**65**	**0**	G		**65**	**0**	G	Jane McSherry		
	Early Years											
CSF2013-01	Substantial reduction in EY budgets whilst retaining existing Children's Centres targeted work in areas of higher deprivation (up to 10% reduction overall to Children's Centre services). Reduction in funding and in kind contributions to voluntary sector organisations	**250**	**250**	**0**	G		**250**	**0**	G	Jane McSherry		
CSF2014-09	We are working on the detailed proposals which will in essence reduce the service to paid-for childcare (parents and DSG) with a very limited targeted service for highly vulnerable families.	**296**	**296**	**0**	G		**296**	**0**	G	Jane McSherry	Consulted on and implemented changes to the Children's Centre model, focusing on first time parents and babies & vulnerable families. Rationalised the childcare service, reducing the number of sites delivered from and a review of fee structure/pricing policy.	
	School Standards and Quality											
CSF2013-02	Reduced service offer from School improvement service.	**75**	**75**	**0**	G		**75**	**0**	G	Jane McSherry		
	Schools											
CSF2015-03	Increased income from schools and/or reduced LA service offer to schools.	**200**	**200**	**0**	G		**200**	**0**	G	Jane McSherry		
	Total Children, Schools and Families Department Savings for 2017/18	**1,110**	**1,079**	**31**			**1,110**	**0**				

APPENDIX 6

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Customer Services										
CS60	Deletion of Assistant Director post	109	109		G	109		G	Caroline Holland		N
CSD17	Reduce Marketing budget - Increase self service by using Panacea - marketing solution software in order to reduce designer costs for smaller marketing jobs	73	73		G	73		G	Sophie Poole		N
CS2015-04	Increase in Registrars income	25	25		G	25		G	Sean Cunniffe/Tomas Dyson		N
CS2016 -04	Increase income through Registrars service	15	15		G	15		G	Sean Cunniffe/Tomas Dyson		N
	Business Improvement										
CS63	Reorganisation of systems development and support arrangements.	74	74		G	74		G	Clive Cooke		N
CSD42	Restructure functions, delete 1 AD and other elements of management	170	100	70	R	100	70	R	Sophie Ellis		Y
CS2015-08	Staffing support savings	13	0	13	R	0	13	R	Sophie Ellis		N
	I & T										
CS70	Apply a £3 administration charge to customers requesting a hard copy paper invoice for services administered by Transactional Services team	35	0	35	R	0	35	R	Pam Lamb	Due to delays in implementation of e5, Sharepoint and EDRMS there will be a delay in achieving this. Alternative to be identified within the division.	N
CS71	Delete two in house trainers posts	42	42		G	42		G	Richard Warren		N
CS72	Consolidation of Infrastructure & Transactions revenue budgets	34	34		G	34		G	Tina Dullaway		N
CS2016-09	Restructure of Safety Services & Emergency Planning team	18	18		G	18		G	Adam Vicarri		N
CS2016-08	Potential income derived from letting two floors of vacant office space within the Civic centre to external/partner organisations.	90	90		G	90		G	Mark Humphries		N
	CEX				G			G			N
CS2015-07	Reduction in running cost budgets	28	28		G	28		G	Sophie Jones		N
	Resources										
CS46	Resources -Deletion of 3 Posts within the Division	78	78		G	78		G	R Kershaw		N
CS66	Review recharges of Resources support function to pension fund	47	47		G	47		G	R Kershaw/Paul Audu		N
CSD20	Increased income	16	16		G	16		G	R Kershaw		N
CSD23	Cut running costs budgets	3	3		G	3		G	Bindi Lakhani		N
CSD26	Delete 1 Business Partner	78	0	78	R	78		G	Caroline Holland	Due to delays in projects this saving will not be achieved until 18/19	N
CSD46	Reduce budget for LCGS to match actual contribution	81	81		G	81		G	John Dimmer		N
CS2016-01	Reduction in contribution to insurance fund	100	100		G	100		G	R Kershaw/Paul Audu		N
	Human Resources										
CSD34	Learning and Development admin support	18	18		G	18		G	Kim Brown		N
CSD35	Learning and Development Budget	134	134		G	134		G	Kim Brown		N
	Corporate Governance										
CS73	Saving from 4 borough shared legal service	20	20		G	20		G	Fiona Thomsen		N
CSD43	Share FOI and information governance policy with another Council	40	0	40	R	0	40	R	Graham Owen		N
CSD45	Share audit and investigation service	20	20		G	20		G	Margaret Culleton		N

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CS2015-13	Reduction in capacity and service efficiency in Investigation service	40	40		G	40		G	Margaret Culleton		
CS2015-14	Reduction in capacity and service efficiency in Audit service	33	33		G	33		G	Margaret Culleton		
CS2016-03	Supplies & Services	50	50		G	50		G	Julia Regan		
	Total Corporate Services Department Savings for 2017/18	1,484	1,248	236		1,326	158				

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG		2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	SUSTAINABLE COMMUNITIES											
ER23b	Restructure of team to provide more focus on property management and resilience within the team.	18	0	18	R		18	0	A	James McGinlay	Business Case for restructure in progress, but due to the delay it's unlikely to be fully achieved this financial year. Saving being achieved through rents (reported through monthly budget return).	Y
E&R5	Team transformation and asset review	82	82	0	A		82	0	A	James McGinlay	Business Case for restructure in progress, but expecting to achieve this saving once implemented. Saving being achieved through rents (reported through monthly budget return).	Y
D&BC1	Fast track of householder planning applications	55	0	55	R		55	0	G	James McGinlay	This saving is not currently being achieved. The team is extremely short of management support and has no resource available to launch this complex new service. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
D&BC2	Growth in PPA and Pre-app income	50	0	50	R		50	0	G	James McGinlay	Monitor throughout the year. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
D&BC3	Commercialisation of building control	50	0	50	R		50	0	G	James McGinlay	This saving is not currently being achieved. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
D&BC4	Deletion of 1 FTE (manager or deputy) within D&BC	45	45	0	G		45	0	G	James McGinlay		N
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	0	35	R		35	0	G	James McGinlay	A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
D&BC6	Stop sending consultation letters on applications and erect site notices only	10	0	10	R		10	0	G	James McGinlay	Not implemented. Linked to national planning fee increase. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
E&R32	Income from wifi concessionary contract to be let from 2015/16	5	0	5	R		5	0	G	James McGinlay	Not yet fully installed - lamp post issues. Income in 2018/19	Y
ENV20	Increased income from building control services.	35	0	35	R		35	0	G	James McGinlay	A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
ENV24	Cease subscription to Urban London and Future London Leaders	10	10	0	G		10	0	G	James McGinlay		N
ENV34	Increased income from the non-operational portfolio.	8	8	0	G		8	0	G	James McGinlay		N
	PUBLIC PROTECTION											
EV11	Increase all pay and display charges for on and off street parking by 10%. it should be noted that no allowance has been made for elasticity of demand this figure could reduce by 25%	125	125	0	G		125	0	G	John Hill		N
E&R7	Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	163	163	0	A		163	0	A	John Hill	The 2017/18 saving is expected to be achieved based on the latest CPZ forecast.	N
E&R8	In response to residents concerns about traffic congestion, enforcement of moving traffic contraventions, following the Implementation of ANPR.	-1,540	-1,540	0	G		-1540	0	G	John Hill		N
E&R14	Further expansion of the Regulatory shared service.	100	0	100	R		100	0	A	John Hill	Wandsworth staff will transfer under TUPE to Merton on 1st November with the new expanded service formally going live on 1st April 2018.	Y
E&R43	Reprofiling how Safer Merton will achieve savings of £70,000 in 2017-18. The reprofiling will see staff levels maintained and budget reductions met through cutting back on non statutory budgetary spend.	70	70	0	G		70	0	G	John Hill	Due to the delay in recruiting the Integrated Offender Management co-ordinator this saving will not be met in full during 2017/18. The shortfall relates to the IOM salary.	Y
ENV02	Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off.	190	0	190	R		190	0	A	John Hill	This saving is not currently being achieved as the there has been slippage in the timetable for the restructure. Mitigation could come from increased revenue.	Y
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	0	45	R		45	0	A	John Hill	This saving is not currently being achieved for the same reasons as those given in respect of ENV02 .	Y
ENV04	Improved management of traffic flows/congestion and availability of parking space through Increase compliance	250	250	0	A		250	0	A	John Hill	Saving expected to be achieved but too early in the year to be certain.	N
ENV05	Review the back office structure based upon the anticipated tailing off of ANPR activity and the movement of CCTV into parking services.	70	0	70	R		70	0	A	John Hill	The implementation of this saving has been delayed by the slower than anticipated implementation of ANPR and its effect on the back office function. The review can take place when a full year's ANPR impact can be measured (which will be late Autumn 2017)	Y

APPENDIX 6

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
ENV06	Reduction in transport related budgets	46	0	46	R	46	0	G	John Hill	A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
ENV09	Investigate potential commercial opportunities to generate income	50	25	25	R	50	0	A	John Hill	Although early in the process, there may be difficulty in achieving the full year effect for 2017/18. The income generating RSP Business Development team is scheduled to become operational in September 2018.	Y
ENV10	Reduction in Transport/Supplies and Services budget through greater efficiency	10	10	0	G	10	0	G	John Hill		N
ENV33	Development of emissions based charging policy for resident/business permits recognising the damage particulary from diesel engined motor vehicles	250	250	0	G	250	0	G	John Hill		N
ENR3	Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	16	16	0	G	16	0	G	John Hill		N
	SENIOR MANAGEMENT										
ENV01	Reduce the level of PA support to Heads of Service by 0.6fte.	19	19	0	G	19	0	G	Chris Lee		N
	PUBLIC SPACE										
E&R1	Arts Development - further reduce Polka Theatre core grant	5	5	0	G	5	0	G	Graeme Kane		N
E&R2	Water sports Centre - Additional income from new business - Marine College & educational activities.	10	10	0	G	10	0	G	Graeme Kane		N
E&R3	Various Budgets - Reduction in supplies & services &/or increased income over expenditure	16	16	0	G	16	0	G	Graeme Kane		N
E&R16	joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	1,100	400	R	1500	0	G	Graeme Kane	Full savings not achieved in Year 1 of contract. Actual savings delivered are being monitored closely	Y
E&R20	To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	-3	-3	0	G	-3	0	G	Graeme Kane		Y
E&R25	Joint procurement of greenspace services as part 2 of the Phase C SLWP procurement contract with LB Sutton	160	160	0	G	160	0	G	Graeme Kane		N
ENV11	Outsource leisure and sports activities	59	59	0	G	59	0	G	Graeme Kane		N
ENV12	Loss of head of section/amalgamated with head of Greenspaces	70	0	70	R	70	0	A	Graeme Kane	Expected to be achieved in 2018/19.	Y
ENV13	Staff savings through the reorganisation of the back office through channel shift from phone and face to face contact.	70	0	70	R	70	0	G	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV18	Increased income from events in parks	100	0	100	R	100	0	G	Graeme Kane	This saving is not currently being achieved. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
ENV19	Planned re-distribution of North East Surrey Crematorium funds	90	90	0	G	90	0	G	Graeme Kane		N
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	0	6	R	6	0	G	Graeme Kane	Cut now deferred for 2017/18	Y
ENV22	Reduction in grant to Mitcham Common Conservators.	24	24	0	G	24	0	G	Graeme Kane		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	89	71	R	160	0	A	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV25	Department restructure of the waste section	191	0	191	R	191	0	G	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV26	Re-balancing of rounds	20	20	0	G	20	0	G	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV27	Remove free provision of food waste liners	66	66	0	G	66	0	G	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV28	Divert gully waste and mechanical Street sweepings from landfill through pre-treatment and recycling	37	37	0	A	37	0	A	Graeme Kane	Working closely with SLWP to prioritise this project.	Y
ENV29	Realign budget to reflect actual income achieved through sale of textiles	20	20	0	A	20	0	A	Graeme Kane	Price of textiles continue to fall. Income levels to be monitored closely.	Y
ENV30	Increase annual Garden Waste subscription fees by £5 p.a.	30	30	0	G	30	0	G	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV31	Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	102	102	0	G	102	0	G	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV36	Review and removal of NRCs	50	50	0	G	50	0	G	Graeme Kane		Y
	Total Environment and Regeneration Savings 2017/18	**3,050**	**1,408**	**1,642**		**3,050**	**0**				

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Department	Target Savings 2016/17	2016/17 Shortfall	2017/18 Projected shortfall	2018/19 Projected shortfall
	£000's	£000's	£000's	£000's
Corporate Services	2,316	288	0	30
Children Schools and Families	2,191	0	0	0
Community and Housing	5,379	1,727	C&H Savings in 16/17 is mitigated by growth received in 17/18.	0
Environment and Regeneration	4,771	2,269	643	240
Total	**14,657**	**4,284**	**643**	**270**

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Dec2017 **APPENDIX 7**

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
	Adult Social Care				
CH02	**Promoting Independence** - Public Value Review - Efficiencies to be found in hospital discharge process and by enabling customers to regain and maintain independence	100	79	22	G
CH29	**Older People - Managing Crisis (including hospital discharge) admissions to residential car**e. This would include a number of activities designed to reduce admissions to residential care placements. We would be looking to families to continue to support people at home for longer. This would fit in with our overall approach to enable independence.	125	0	125	R
CH34	**Substance Misuse Placements - Actively manage throughput in residential rehab placements** - A reduction in the placements available for Substance misuse clients	6	0	6	R
CH05	**Realise benefits of new prevention programme in terms of reduced demand for statutory services, or alternatively if these benefits have not occurred then to reduce investment in the prevention programme through reduced grants to Voluntary Organisations.** -Reduced demand for statutory services or reduced level of preventative services. In the latter case people would lose some of the services which make their life fuller.	500	500	0	G
CH04	**Reduce Management costs and reduction in staffing costs Access & Assessment**- Staffing restructure to deliver efficient processes, and building on planned shift of some customers to manage their own processes.	100	100	0	G

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Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
CH20	**Access and Assessment Employees - Staff Savings12 FTE to be deleted in 2016/17 12 FTE in 17/18, 12 FTE in 18/19 - These savings will come from across Access and Assessment, covering all service area**s. - Reduction in the ability to carry out assessments and reviews, social work support, safeguarding activities, DOLs responsibilities and financial assessments.	511	511	0	G
CH58	**Access and Assessment Employees - Staff Savings**	700	700	0	G
CH22	**Commissioning Employees- Staff Savings- 4 FTE to be deleted**- Reduced capacity to monitor quality within provider services, reduced capacity to monitor performance within services and a reduced capacity to proactively work to sustain and develop a local provider market.	156	156	0	G
CH21	**Direct Provision Employees - Staff Savings 11FTE to be deleted**- Less activities available both at day centres and in the community. Clients would spend more time in larger congregated settings with less choice of activities. These savings would be made across the three LD and PD day centres.	274	274	0	G
CH59	**Direct Provision Residential and supported living management -staff reductions**- We would expect to keep front line support staff but reduce management. This would mean less resource to provide outreach and the emphasis would primarily on providing core services (Bring forward savings -CH37) 2 FTEs	100	100	0	G
CH23	**Directorate- Staff Savings - 0.46 FTE to be deleted- None, post now funded by Public Health**	21	21	0	G
CH64	**Directorate- Staff Savings -** (Budget contribution to Joint Public Health consultant post to be deleted)- None, post now funded by Public Health	30	30	0	G

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Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
CH24	**Learning Disabilities- High Cost Packages** - **Review of High Cost Packages with a view to promoting independence** This would be a holistic review of 17 identified high cost placements (i.e. those receiving packages of care over £1,500 per week and not health funded). We will use promoting Independence as the basis of these reviews. We are designing these figures based on a 6% reduction in support for the identified client group.	100	0	100	R
CH25	**Learning Disabilities- Medium Cost Packages- Review of medium cost packages with a view of promoting independence** -This would be a holistic review of identified medium cost placements of care of between £400 -£1,500 per week and not health funded). We will use the promoting independence model as the basis for these reviews. We are designing these figures based on a 10% reduction in support for the relevant clients within the identified group.	400	0	400	R
CH26	**Learning Disabilities - Direct Payments**- Review of all Direct Payments in Learning Disabilities with a view to promoting independence .We will review the Direct Payments received by clients to assess whether it is still set at the appropriate level for their needs and whether the full payment is being utilised. We will use the promoting independence model as the basis of these reviews. We anticipate this being a reduction of 7% for the individual support packages within this client group. There are currently 98 packages in this group.	50	50	0	R

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Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
CH27	**Mental Health- Care Packages - Review of support packages within all areas of Mental Health services.** - We anticipate this being a reduction of 5% across all support packages and will include a review of Direct Payments within this area. Options include less use of residential placements and quicker reviews as part of a recovery model.	76	0	76	R
CH28	**Older People- Home Care Review of Home Care within support packages.** There are currently 596 Older People within Merton receiving home care within their support packages. This represents an average reduction of 9% in home care support packages.	387	0	387	R
CH30	**Older People - Review of Direct Payments support packages** -Review of Direct Payments in Older People using the enablement model. We will review the Direct Payments received by clients to assess whether the full payment is being utilised. We will use the enablement model as the basis of these reviews. We anticipate this being an average reduction of 15% for individual support packages within this client group. There are currently 225 packages.	345	345	0	G
CH31	**Physical Disabilities- Review of all Direct Payments for clients with physical disabilities using promoting independence**. -We will review the Direct Payments received by clients to assess whether it is still set at the appropriate level for their needs and whether the full payment is being utilised. We will use the promoting independence model as the basis of these reviews. We anticipate this being a reduction of 10% for the individual support packages within this client group. There are currently 150 packages in this group.	134	0	134	R

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Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
CH32	**Physical Disabilities - Home Care -**The saving would be delivered through a review of home care provision within support packages. There are currently 89 Physical Disabilities clients within Merton receiving home care within their support packages. The proposed savings represents an average reduction of 8% in home care for this group.	48	0	48	R
CH33	**Physical Disabilities- High Cost Packages - Review of PD Residential and 1-1 packages .**This saving would be delivered through a targeted review of a small number of PD customers in residential care. These reviews would look at renegotiating unit costs, transferring users to other types of accommodation in the community and reducing or removing 1-1 costs.	60	0	60	R
CH60	**South Thames Crossroads** : Decommission the crossroads service for carers. Replace with domiciliary care service/ Direct Payment offer and commissioned holistic carers support service from voluntary sector.	294	294	0	G
CH61	**Meals on Wheels (Sodexo):** Decommissioning service and embed support within community, neighbourhood and voluntary support infrastructure	153	48	105	R
CH62	**Supported accommodation mental health** : Decommission service as a result of Provider notice to cease service in Merton	106	106	0	G
CH63	**Day support Imagine Independence** : Decommission service and recommission cost effective peer led day opportunities for people with mental health	84	84	0	G
CH51	**NHS Income** :Negotiate extra NHS funding for extra costs of Hospital Discharges - Circa £150k on packages, £50k on staff.	200	0	200	R
	Library & Heritage Service				
CH44	Deletion of all administrative support (Deletion of 1 x FTE)	26	26	0	G
CH45	Reduction in activities programme	2	2	0	G

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Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG
CH46	Withdrawal from annual CIPFA public library user survey (PLUS)	3	3	0	G
CH47	Reduction in volunteering contract	20	20	0	G
CH48	Reduction in media fund	45	45	0	G
	Merton Adult Education				
CH15	**MAE :**Staffing cost reductions -Delivery utilising the use of Information Technology and other efficiencies	8	0	8	R
	Housing Needs & Enabling				
CH8	Reduction of Homelessness Prevention Grant:	56	0	56	R
CH9	Rationalisation of admin budget :	30	30	0	G
CH40	Housing Strategy officer - deletion of 1 FTE :	43	43	0	G
CH41	Environmental health Technical officer deletion of 1 FTE:	33	33	0	G
CH42	Housing options adviser deletion of 1.5 FTE :	53	53	0	G
	Total Community & Housing Department Savings for 2016/17	**5,379**	**3,653**	**1,727**	

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer
	Children Social Care										
CSF2012-07	Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE). 2016/17 savings will be achieved by the closure of Insight and deletion of YJ management post.	**100**	**100**	**0**	**100**	**0**	**A**	**100**	**0**	**G**	Paul Angeli

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DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments
CS39	Impact of Customer Service Review	30	30	R	0	R	A	0	30	A	David Keppler/Sean Cunniffe	Has not be achieved due to delay in Customer Contact Implementation.
CS63	Reorganisation of systems development and support arrangements.	88	88	R	88	0	G	88	0	G	Sophie Ellis	
CS10	Outsourcing - Service Desk	20	20	R	20	0	G	20	0	G	Mark Humphries	Alternative Saving found from supplies budget
CSD2	Energy Savings (Subject to agreed investment of £1.5m)	150	150	R	150	0	G	150	0	G	Mark Humphries	Alternative Saving found from supplies budget
	Total Corporate Services Department Savings for 2016/17	288	288		258	0		258	30			

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DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2016-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Achieved £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	SUSTAINABLE COMMUNITIES													
ER23a	Staff savings from 6th month review following the merger of the traffic and highways and the FutureMerton team in to one team and further budget savings/adjustments within the controllable expenditure budgets	130	130	0	G	130	0	G	130	0	G	James McGinlay		N
ER23b	Restructure of team to provide more focus on property management and resilience within the team.	52	0	52	R	40	12	R	52	0	A	James McGinlay	Business Case for restructure in progress, but due to the delay it's unlikely to be fully achieved this financial year. Saving being achieved through rents (reported through monthly budget return).	Y
EN27	Reduction in the Lining Budget	10	10	0	G	10	0	G	10	0	G	James McGinlay		N
EN30	Reduction in supplies and Services Costs	20	20	0	G	20	0	G	20	0	G	James McGinlay		N
EN31	Reduction in energy costs	30	30	0	G	30	0	G	30	0	G	James McGinlay	LED Rollout - savings generated	N
EN32	Renegotiation of J C Deceaux Contract	10	10	0	G	10	0	G	10	0	G	James McGinlay	Extra income generated	N
EN42	Consultancy Income. This is based on an average daily rate of £300 per day (15/16 equates to 7 days per year for each chargeable member of staff and 16 days in 16/17) based on the consultancy project management working practices adopted by FutureMerton team.	50	50	0	G	50	0	G	50	0	G	James McGinlay	Income achieved via Estates Regeneration income from CHMP.	N
E&R6	Reduced costs incurred as a result of sub-leasing Stouthall until 2024.	39	39	0	G	39	0	G	39	0	G	James McGinlay		N
E&R32	Wifi Concessionary Contract-Income from wifi concessionary contract to be let from 2015/16	20	20	0	G	0	20	R	0	20	R	James McGinlay	Phase one has been successfully implemented, and phase two will be implemented in 17/18.	N
E&R33a	Various D&BC Budgets - Increase in income from commercialisation of services	75	75	0	G	0	75	R	75	0	G	James McGinlay	A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
E&R35	Reduce street lighting contract costs	25	25	0	G	25	0	G	25	0	G	James McGinlay	Contract renegotiated	N
E&R36	Reduction in reactive work budget	60	0	60	R	60	0	G	60	0	G	James McGinlay	Budget taken - saving achieved	N
E&R38	Income from Section 278/Developers agreements where traffic works are required as part of development . Charging for work currently not charged	50	50	0	G	15	35	R	50	0	A	James McGinlay	Development site review underway. Implemented 2018.	Y
E&R39	Pre-application income. This is in addition to any previous pre-app savings proposal.	50	50	0	G	0	50	R	50	0	G	James McGinlay	Monitored throughout the year. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
E&R40	Consultancy income. This is in addition to any previous savings proposal.	60	60	0	G	60	0	G	60	0	G	James McGinlay	Income achieved via Estates Regeneration income from CHMP, GLA and OPE	N
E&R42	Align Vestry Hall income budget with current levels of income being achieved.	20	20	0	G	20	0	G	20	0	G	James McGinlay		N
	SENIOR MANAGEMENT													
E&R31	Senior management and support-Deletion of the 2 management support posts and absorption into existing resources.	70	70	0	G	70	0	G	70	0	G	Chris Lee		N
	PUBLIC PROTECTION													
EN02	Introduction of unattended automatic number plate recognition CCTV parking enforcement cameras at fixed locations.	226	226	0	G	226	0	G	226	0	G	John Hill		N
EV11	Increase all pay and display charges for on and off street parking by 10%. it should be noted that no allowance has been made for elasticity of demand this figure could reduce by 25%	125	125	0	G	125	0	G	125	0	G	John Hill		N
E&R7	Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	260	260	0	G	260	0	A	260	0	A	John Hill		N
E&R8	In response to residents concerns about traffic congestion, enforcement of moving traffic contraventions, following the Implementation of ANPR.	1,700	0	1,700	R	1700	0	G	1700	0	G	John Hill		N
E&R9	Change in on-street bay suspension pricing structure.	500	219	281	R	250	250	R	250	250	R	John Hill	The pricing regime has reduced demand to a greater extent than previously expected. However, income resulting from E&R11 should help to offset this shortfall.	Y
E&R10	Back office reorganisation	80	0	80	R	0	80	R	80	0	G	John Hill	Savings will not be achieved this year as the reorganisation is based on staff numbers required upon completion of ANPR implementation. Excess income could mitigate this saving. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2016-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Achieved £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
E&R11	Enforcement of pavement parking	60	147	-87	G	120	-60	G	120	-60	G	John Hill	Expected to exceed target and will be used to help offset shortfall on E&R9.	Y
E&R12	End lease of Wycliffe Road	14	14	0	G	14	0	G	14	0	G	John Hill		N
E&R13	Increase income from discretionary fees & charges	50	10	40	R	15	35	R	50	0	A	John Hill	Work underway, but potential for slippage and subsequent failure to achieve full year effect in 2017/18. The expanded RSP (includes Wandsworth) becomes operational in April 2018 and the income generating Business Development team becomes operational in September 2018.	Y
E&R15	Alter funding of post dedicated to investigating potential recovery of funds under the POCA, to be funded from costs recovered.	50	50	0	G	50	0	A	50	0	A	John Hill	Income is subject to legal process through the courts and defendants' payments.	N
	PUBLIC SPACE													
EN14	Mobile technology including GPS and in cab monitors. Once implemented will reduce back office staff numbers as a result of reducing reliance on paper schedules and in addition the GPS vehicle tracking system will lead to improved service and fuel efficiency.	100	0	100	R	100	0	G	100	0	G	Graeme Kane	This saving is linked to new CRM project and Environmental asset Management Business case. GPS and vehicle tracking was not delivered in 2016 / 17. This will be delivered as part of Phase C project in 2017 18.	N
EN35	Various Budgets - Increased Income through various charging increases where the service provided will still be purchased eg Increases % commercial uplift from 30% to 50% per hr; increases in charges in halls and at watersports centre, etc	14	14	0	G	14	0	G	14	0	G	Graeme Kane		N
EN36	Various Budgets - Increased Income through sale of advice & guidance from senior professional officers and sale of specialist arts & leisure developed service packages to groups and organisations e.g. private care homes, etc	10	10	0	G	10	0	G	10	0	G	Graeme Kane		N
EN37	Merton Active Plus - Increased Income	5	5	0	G	5	0	G	5	0	G	Graeme Kane		N
EN45	Further commercialisation and development of sports and allied parks services (eg. increase in fees and charges (3.75%); cost recovery plus; service bundling; sponsorship of bedding plants, etc), aligned to the emerging strategy for sports.	13	0	13	R	13	0	G	13	0	G	Graeme Kane		N
E&R1	Arts Development - further reduce Polka Theatre core grant	5	5	0	G	5	0	G	5	0	G	Graeme Kane		N
E&R2	Water sports Centre - Additional income from new business - Marine College & educational activities.	10	10	0	G	10	0	G	10	0	G	Graeme Kane		N
E&R17	To reduce the costs of the service and maintain current standards of cleaning within Merton it is proposed to alter how we deploy our resources by reducing residential solo sweepers and alter the use of mechanical sweepers by investing in electric sweepers	157	157	0	G	157	0	G	157	0	G	Graeme Kane	COMPLETED - Service now provided by Contractor from April 2017.	N
E&R18	Cease the distribution of food caddy liners	70	70	0	G	70	0	G	70	0	G	Graeme Kane	COMPLETED . Service removed April 16, Residents able to collect liners free of charge from libraries 2016 / 17. Full service removed April 2017	N
E&R19	Align income budget to levels of income being generated from the sale of Textiles.	50	50	0	G	50	0	G	50	0	G	Graeme Kane	COMPLETED Revenue budget has been amended to reflect additional income target.	N
E&R20	To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	20	20	0	G	20	0	G	20	0	G	Graeme Kane	COMPLETED current projection indicates that this income will be exceeded. Income shown in budget forecast	Y
E&R21	HRRC Site operations procured to external provider. Contractual savings.	30	0	30	R	0	30	R	30	0	G	Graeme Kane	Although procurement led to significant cost reduction, it was not sufficient enough to reduce below existing budget level. A replacement saving, to be implemented in 2018/19, was agreed by Cabinet in November 2017.	Y
E&R22	Removal of borough wide dog bins including Parks	42	42	0	G	42	0		42	0	G	Graeme Kane	COMPLETED Full savings achieved.	Y
E&R24	Reduction in current levels of staffing in the Greenspaces grounds maintenance and horticulture and sports teams.	130	0	130	R	130	0	G	130	0	G	Graeme Kane		N
E&R26	Introduction of P&D within certain parks responding to demand for the management of parking and controlling excess demand for spaces/ commuter parking	60	0	60	R	1	59	R	30	30	R	Graeme Kane	It is currently expected to go live during February 2018. As a result of the outcome of the formal consultation on the scheme the parking charge proposals at one location, and at all other locations on Saturdays, were dropped by the Council thereby reducing the original annual income expectations	Y
E&R27	Additional property rental income	44	0	44	R	2	42	R	44	0	A	Graeme Kane	New and reviewed tenancies are expected to be implemented during 2017/18 that will help meet this saving. One property is currently on the market at £20-£25k p.a. Others have hit	Y
E&R33b	Various Greenspaces Budgets - Increase in income from commercialisation of services	70	0	70	R	55	15	R	70	0	A	Graeme Kane	Work continues with achieving the £70k saving related to events.	Y

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DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2016-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Achieved £000	Shortfall	16/17 RAG		2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG		2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	18/19 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
E&R33c	Various Commercial Waste Budgets - Increase in income from commercialisation of services	75	75	0	G		75	0	G		75	0	G	Graeme Kane	Commercial services now provided by Contractors.	**N**
E&R33d	Various leisure & Culture Budgets - Increase in income from commercialisation of services	30	30	0	G		30	0	G		30	0	G	Graeme Kane		**N**
	Total Environment and Regeneration Savings 2016/17	**4,362**	**2,093**	**2,269**			**4,128**	**643**			**4,531**	**240**				

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Committee:

Date:

Wards: All

Subject: Local Discretionary Business Rate Relief Report

Lead officer: Caroline Holland

Lead member: Councillor Mark Allison

Contact officer: David Keppler

Recommendations:

1. For Cabinet to review and agree the new Local Discretionary Business Rate Relief Policy for 2018/19

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. To update Cabinet on the new Local Discretionary Rate Relief and seek agreement of the policy.

2 DETAILS

2.1. On the 1 April 2017 a re-valuation of business rates rateable values was implemented. The previous re-valuation took place in April 2010. These re-valuations are meant to be every five years although in 2012 the government announced that the 2015 re-valuation was delayed until 2017.

2.2. Rateable values are calculated by the Valuation Officer and are based on market rental values, size, usage and location.

2.3. Based on the draft valuation list in October 2016 Merton had a 7% average percentage increase in rateable values. The average increase for Outer London boroughs was 14% and the average increase for all of London was 24%

2.4. Although on average the rateable value has increased from April 2017 the poundage multiplier was reduced by 4 %. This means that when rates bills are calculated although the rateable value may have increased the actual rates payable would have increased less the rateable value increase.

2.5. Following every re-valuation there is a Transitional Relief scheme which protects businesses with disproportionately high or low rateable value changes. Although the scheme is quite complicated, it in effect restricts the level of rates increase or decrease a business would face over the five-year period of the re-valuation. The transitional relief a business would receive under the scheme is based on the rateable value of the property.

2.6. Under the business rates regulations there are different ways businesses may have their rates reduced. Some of the reliefs are mandatory and set within the legislation such as small business rate relief (reductions for businesses where the rateable value is below a certain figure), empty rate relief where premises are unoccupied, charitable relief – where a business is a charitable body. In addition, some reliefs are discretionary and determined by the Council, such as discretionary relief as a top up to charitable relief, discretionary relief where mandatory relief is not awarded, hardship relief and in Merton a local discount to encourage new and expanding businesses to move into the borough.

2.7. In the March 2017 budget the government announced a range of initiatives to assist businesses affected by the re-valuation and allocated funding to local authorities to help businesses worst affected by the increases in rates.

2.8. In the government announcement regarding local discretionary relief the government assumes that local authorities will only support businesses that have had an increase in their bill and will make this a condition of the funding and further assumes that by and large authorities will offer support to ratepayers or locations that face the most significant increases in bills and ratepayers occupying lower value properties.

2.9. Local authorities are expected to devise their own local schemes.

2.10. Merton has been awarded £459,000 for 2017/18, £223,000 in 2018/19, £92,000 in 2019/20 and £13,000 in 2020/21.

2.11. Merton's scheme for 2017/18 was agreed by Cabinet on 3 July 2017.

3 LOCAL DISCRETIONARY RATE RELIEF

3.1. As at the end of January 2018 we have awarded £440,831.10 in relief to 426 businesses.

3.2. The table below shows the number of businesses receiving assistance by the percentage band increase and reduction. It also shows the value of relief awarded and average for each band.

% Increase in rates payable	% Reduction	Number receiving relief	Amount of relief	Average relief granted
3-4	2	52	£15,675.98	£301.46
5	4	19	£12,354.09	£650.21
6	5	32	£31,299.21	£978.10
7	6	195	£92,273.54	£473.20
8-9	8	30	£69,300.18	£2,310.01
10-11	10	27	£58,199.79	£2,155.55
12-14	12	29	£84,795.41	£2,923.98
15-19	15	3	£6,726.65	£2,242.22
20+	20	6	£33,204.05	£5,534.01
Total		393	£403,828.90	£1,027.55

3.3. In addition to the above we also provided support to locally owned pubs in the borough and those businesses that faced a bill for the first time. Although these businesses were assisted with specific funding from government we also provided additional help through our discretionary fund.

3.4. The new policy for 2018/19 with qualification criteria has been drafted see Appendix 1, which details the conditions for businesses who will qualify for assistance under the new scheme and lists the types of businesses that will be ineligible.

3.5. In effect the businesses we assisted in 2017/18 will continue to receive support with the exception of the locally owned pubs and businesses that faced a bill for the first time as they will continue to receive specific relief from the government.

3.6. Our estimates show that we can support businesses again on an incremental scale based on the % increase they have in their business rates in 2018/19 compared to 2017/18. The 50 businesses that will have an increase of over 25% will receive a 50% reduction in the increase. Our proposed reductions are listed below:

No of cases	% increase from 2017/18 to 2018/19	% reduction on increase (after other reliefs)	Total cost
50	Over 25%	50%	£112,392.19
143	Between 15 and 25%	30%	£64,941.45
142	Between 7 and 14%	15%	£39,339.97
50	Between 5 and 6 %	10%	£3,787.79
385			£220,461.40

3.7. An alternative method of assistance would be to give all 385 qualifying businesses the same percentage reduction, our estimate shows we can provide 30% reduction in the net business rate increase from the 2017/18 to the 2018/19. This would amount to £222,880.

3.8. In line with the 2017/18 scheme if a business rate payer vacates during the year the relief will be apportioned for the period of occupation

3.9. The Chamber of Commerce have been consulted with regarding the proposed draft policy and they agreed with the criteria and the incremental assistance based on the percentage increase.

3.10. This relief will be applied to accounts before we issue the new business rates bills for 2018/19 in March 2018. This will ensure that businesses have the correct bill from the start of the financial year unlike last year when we had to re-bill the businesses we assisted.

4 ALTERNATIVE OPTIONS

4.1. Do nothing is not an option as we have to have a policy to distribute this additional funding to businesses.

4.2. Another option is to award all businesses that we assisted last year with a 30% reduction of their increase. This approach would disadvantage businesses that will have a large percentage increase in their rates bill. The cost of this option are detailed in 3.7 above

5 CONSULTATION UNDERTAKEN OR PROPOSED

5.1. Consultation with Chamber of Commerce as per 3.9 above.

6 TIMETABLE

6.1. The reduction will be included in the 2018/19 business rates bill which are due to be despatched at the beginning of March 2018.

7 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

7.1. The council will receive funding from government for all local discretionary relief granted and this will be re-claimed via the yearly NNDR1 return which estimates for government the expected income received and reliefs granted.

7.2. As stated above in 2.10 Merton has been awarded £459,000 for 2017/18, £223,000 in 2018/19, £92,000 in 2019/20 and £13,000 in 2020/21.

7.3. The government provided £12,000 New Burdens money to deal with the implementation of this change in 2017/18.

7.4. To administer this new relief the council purchased a new module from the Business Rates system supplier at a cost of £9,061 plus £980 maintenance and support cost for 2017/18. There will be an ongoing 20% yearly maintenance and support charge for the module.

7.5. No announcement has been made regarding New Burden funding for 2018/19.

8 LEGAL AND STATUTORY IMPLICATIONS

8.1. The government announced in the budget statement measures whereby local authorities should offer help to businesses that have been most adversely affected by the 2017 re-valuation. The payment of this award is made as part of the Council's section 31 grant payment.

9 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

9.1. The draft policy has been shared with the Chamber of Commerce for comment and views, please see comments above under 3.9

10 CRIME AND DISORDER IMPLICATIONS

10.1. None for the purpose of this report

11 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

11.1. None for the purpose of this report

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

Appendix A – Local Discretionary Business Rate Relief Policy 2018/19

13 BACKGROUND PAPERS

13.1. None for the purpose of this report

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Local Discretionary Rate Relief Scheme 2018/19

The Local Discretionary Business Rate Relief Scheme will apply for the year 1 April 2018 to 31 March 2019 only. Under the scheme relief will only be provided to businesses that received assistance during 2017/18 having met the criteria for that year.

Where a qualifying ratepayer's 2018/19 and, or 2016/17 rates bill is reduced for any of the following reasons, the amount of their relief will be reduced or removed accordingly:

- a reduction in rateable value in the 2010 and, or 2017 rating lists
- the provision of a certificated value for the 2010 rating list or historical change
- the application of any additional rate relief or exemption
- vacation and re-occupation of the property
- any other reason

To qualify for relief a ratepayer must be in occupation of a property with a rateable value of up to £150,000 and will fall into one of the categories listed below:

- Shops or kiosks (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, chemists, newsagents, hardware stores, supermarkets)
- Post offices (not sorting offices)
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Second hand car lots
- Garden centres
- Art galleries (where art is for sale/hire)
- Shoe repairs/ key cutting
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- DVD/ video rentals
- Tool hire
- Hair salons/barbers and pet grooming facilities
- Restaurants
- Sandwich shops
- Workshops providing a service to the public

Please note that the following types of uses are not eligible for local discretionary business rate relief:

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, amusement arcades, pawn brokers)
- Estate agents, letting agents, employment agencies
- Professional Services (e.g. solicitors, accountants, insurance agents/financial advisers, tutors)
- Fast food outlets
- Beauticians/tanning salons and tattoo shops
- Vape lounges
- Doctors, dentists, vets and GP surgeries
- Gyms and leisure centres
- Telecommunications network facilities
- Storage and warehousing
- Educational establishments

For properties where any of the following apply, the ratepayer will not be eligible for local discretionary business rate relief:

- Where the business runs three or more properties in the borough or across the UK
- Ratepayers in receipt of small business rate relief support which limits increases on small properties caused by the loss of small business rates relief to £600.
- Ratepayers occupying properties after 1 April 2017'
- Properties which were not on the rating list at 1 April 2017.
- Empty property
- Rate payers with any unpaid arrears
- Large organisations such as Transport for London, NHS
- Where the award of relief would not comply with EU law on State Aid.

Ratepayers will be required to confirm that they have not received any other State Aid that exceeds in total €200,000, including any other rates relief (other than exemptions, transitional or mandatory reliefs) being granted for premises other than the one to which the declaration relates, under the De Minimus Regulations EC 1407/2013.

Under the European Commission rules, you must retain this guidance for three years and produce it on any request by the UK public authorities or the European Commission. (You may need to keep this guidance longer than three years for other purposes). Furthermore, information on this aid must be supplied to any other public authority or agency asking for information on 'De Minimus' aid for the next three years.

Further information on State Aid law can be found at https://www.gov.uk/state-aid

How the Local Discretionary Business Rate Relief will be calculated

Local discretionary business rate relief is calculated after any or all of the following have been applied:

- Exemptions and other reliefs
- Transitional arrangements

and before the application of the Business Rates Supplement. The local discretionary business rates relief does not apply to the supplement (BRS).

The amount of relief will be awarded based on the increase in the net rates bill as detailed below:

% Increase from 2017/18 to 2018/19 (after all other reliefs)	% Reduction on increase (after all other reliefs)
Between 5 and 6%	10%
Between 7 and 14%	15%
Between 15 and 24%	30%
Over 25%	50%

This policy will only be applicable for 2018/19 and a revised policy will be drafted for 2019/20.

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CABINET

Date: 19 February 2018

Wards: All

Subject: LEISURE MANAGEMENT AGREEMENT

Lead officer: Christine Parsloe, Leisure & Culture Development Manager

Lead member: Councillor Nick Draper, Cabinet Member for Community and Culture

Contact officer: Christine Parsloe, Leisure & Culture Development Manager

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Recommendations:

A. Members to note the improved financial benefits that have been negotiated and will be available to the council once the new Morden Leisure Centre is open to the public

B. Agree the preferred option and the priority order of alternative choice options detailed below, for an extension of the leisure management contract between the Council and Greenwich Leisure Limited (GLL):

1. Preferred Option - 1st Choice

   An additional 5 years of operation (by means of a variation to the terms and conditions of the existing contract), whilst retaining the option to further extend by up to 2 years as currently existing within the contract (Option D), subject to there being no substantial challenges to so doing from the published OJEU contract notice (i.e. contract expiry 30th November 2030 but the 2-year extension is retained as a possible further extension to 30th November 2032)

   Alternative Choice Options in Priority Order should the Preferred – 1st Choice Option not be possible.

2. 2nd Choice Option

   An additional 5 years of operation, by accepting now the ability to extend the contract by two years and to increase the term, (by means of a variation to the terms and conditions of the existing contract), by a further 3 years with no right to further extend (i.e. contract expiry 30th November 2030) (Option C), subject to there being no substantial challenges to so doing from the published OJEU contract notice (i.e. contract expiry 30th November 2030)

3. 3rd Choice Option

   Take up the 2 years extension currently available within the existing contract (Option B), should there being no substantial challenges from the published OJEU contract notice (i.e. contract expiry 30th November 2027)

C. Delegate to the Director of Environment & Regeneration, in consultation with the Lead Member, the authority to finalise the detail of contract extension changes

D. Delegate to the Director of Environment & Regeneration and the Director of Corporate Services, in consultation with the Lead Member for Community and Culture, the authority to enact the addition of café and associated facilities with Madeira Hall at Canons Leisure Centre to the operational management of GLL

E. Agree not to pursue the change of the contract structure from a management agreement to a lease agreement at this time.

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1 PURPOSE OF REPORT

1.1. The purpose of this report is to seek approval for:

1.1.1. An extension to GLL's existing leisure management agreement at the time that the council is removing the existing Morden Park Pools (MPP) and adding the new Morden Leisure Centre (MLC). To extend the contract to achieve best value for the council, whilst also ensuring that the proposals are in accordance with procurement rules and regulations.

1.2. This report also seeks approval to delegate to the Director of Environment & Regeneration, in consultation with the Lead Member, the authority to:

1.2.1. Finalise the detail of contract extension changes.

1.2.2. The addition of café and associated facilities with Madeira Hall at Canons Leisure Centre.

1.3. This report also seeks the Council's approval not to pursue the change of the contract structure from a management agreement to a lease agreement at this time as has been put forward by GLL.

1.4. This report sets out all of the options that are being considered; the business advice provided by the council's professional leisure business advisors FMG; the procurement advice provided by the council's appointed professional legal advisors Blake Morgan (BM); the offers being made by the Leisure Operators Greenwich Leisure Limited (GLL) and internal advice and guidance from experts within the council.

1.5. The report evaluates all of the options as far as is possible and considers the risks of implementing each of them.

2 EXECUTIVE SUMMARY

2.1. On 1 December 2010 the council entered into a Leisure Management Contract for the borough's three leisure centres with Greenwich Leisure Limited (GLL).

2.2. Since that time GLL have performed the operational management well and with the council have improved the leisure centres ensuring, as far as is practicably possible, local people's leisure and sporting needs are properly met within them.

2.3. In 2014, the council commenced proposals to build a new Morden Leisure Centre (MLC) and demolish the existing Morden Park Pools (MPP). That project is progressing well and in order for GLL to move from operating MPP to MLC a Deed of Variation (DoV) needs to be undertaken in relation to the Leisure Management Agreement (LMA). When the original contract was let the inclusion of a new MLC and the removal of the existing MPP was contained within the LMA and therefore there is no requirement to vary the existing contract to enable this.

2.4. To allow this process to occur, Cabinet agreed on 18 May 2016 to:

"Delegate to the Director of Environment & Regeneration, in consultation with the Lead Member, the authority to vary the Leisure Management Contract, within the terms drawn, to replace the Morden Park Pools with the Morden Leisure Centre."

2.5. This variation will also bring improved financial benefits that have been negotiated and will be available to the council once the new Morden Leisure Centre is open to the public.

2.6. GLL have requested that the council consider a further extension to the LMA above and beyond the parameters of the original OJEU notice. GLL have made this request following conversations with council officers regarding the changes needed to the contract to remove the Morden Park Pools (MPP) and add in the Morden Leisure Centre (MLC). Within these conversations council officers requested GLL to find further contract savings. GLL responded that such savings could be made if the council were able to extend the contract period. It is this request that needs to be considered in this report along with one additional element in respect of Madeira Hall that it might be prudent for the council to also include at this time.

3 DETAIL

3.1. The existing Leisure Management Agreement (LMA) was procured by OJEU, under the Public Contracts Regulations 2006 (PCR 2006), and was entered into on 1 December 2010 with successful tenderer, Greenwich Leisure Limited (GLL). The contract term was agreed as per the published OJEU notice to be 15 years plus up to 2 years extension. The contract was drawn to include for the removal of the existing Morden Park Pools (MPP) and the inclusion of a replacement facility – Morden Leisure Centre (MLC).

3.2. The replacement MLC is currently under construction and following its completion, GLL will move to operate the new facility and the demolition of MPP will be undertaken. There is a need to undertake a Deed of Variation (DoV) as provided for in the existing LMA to ensure the necessary changes are documented for contractual management arrangements.

3.3. Cabinet agreed on 18 May 2016 to:

“Delegate to the Director of Environment & Regeneration, in consultation with the Lead Member, the authority to vary the Leisure Management Contract, within the terms drawn, to replace the Morden Park Pools with the Morden Leisure Centre.”

3.4. Following discussions with council officers, GLL have requested that the council consider a further extension to the LMA above and beyond the parameters of the original OJEU notice and it is this request that needs to be considered in this report.

3.5. GLL have requested that a number of options to extend the LMA at this time are considered. There are a number of reasons why this could be beneficial to the council to do this:

3.5.1. GLL would pay an improved annual revenue amount to the council, dependent on the length of extended term that was approved.

3.5.2. It would ensure that the council had a good quality leisure management company managing the three leisure facilities for the foreseeable future, providing security of service provision.

3.5.3. The provider is a Social Enterprise and therefore invests any revenue surpluses from the company back into the portfolio of services that they provide and Merton would benefit from this during the contract term.

3.5.4. The company is owned by the employees and within the Merton contract over 80% of the staff are ‘stakeholders’.

3.5.5. The extension would allow for stability in operation of the new MLC to a robust business and community facility in accordance with council ambitions.

3.6. GLL have also requested that the council consider whether or not it would wish to amend the contract structure from a management agreement to a lease agreement with the relevant terms, and therefore re-structuring the payment as a rental payment rather than a services payment.

3.7. The council and GLL also wishes to consider extending some of the services within the existing contract.

These are:

3.7.1. As part of the council’s delivery of the Canons Heritage Lottery Funded (HLF) project, ensure that GLL could operate the café, should the council so wish. The café is to be an extension to the existing Madeira Hall, which is part of the existing LMA and is also set to be redeveloped within the HLF project.

3.7.2. This service will be subject to the procurement advice and guidance as well as each meeting a best value assessment by the council, at the time when it would come forward for inclusion. The reason for including it here is to gain council approval of these options and include appropriate terms within the contract via the Deed of Variation is so that it can be enacted with ease in the future, should that be required.

4 PROCUREMENT

4.1. The council has taken legal advice from Blake Morgan (BM) (the council’s appointed legal advisors on the Morden Leisure Centre Project) regarding the procurement risk associated with extending the duration of the contract beyond that which is provided for in the current LMA. BM’s Procurement Advice is attached in full at Appendix 3 and excerpts are included as appropriate in the main report.

4.2. The original Leisure Management Agreement (LMA) was procured under the Public Contracts Regulations 2006 (PCR 2006), and at the time this contract was procured, variations to contracts were governed by the principles laid out in the Pressetext Case and subsequent case law. These principles were codified in Regulation 72 of the Public Contract Regulations 2015 (PCR 2015) and contracts (apart from public works) awarded under the 2006 Regulations are subject to Regulation 72.

4.3. Regulation 72 established six permitted types of variation, known as "safe harbours” and the advice provided by BM with regards the implications of these to what is being proposed by GLL can be found in this report at paragraph 9 (Legal and Statutory Implications) and Appendix 3.

5 ALTERNATIVE OPTIONS

5.1. Financial and specialist leisure business advisors, FMG, have prepared a business case on the contract options for the council. There are a number of options offered for the length of term of the contract. These are:

- **Option A** - The Council incorporates the new MLC into GLL's existing contract with no contract extension and the contract expires on 30th November 2025;
- **Option B** - The Council incorporates the new MLC into GLL's existing contract and enacts the two-year extension (contract expiry on 30th November 2027);
- **Option C** - The Council incorporates the new MLC into GLL's existing contract and grants a 5-year extension (i.e. the 2-year extension clause plus a further 3 years – contract expiry 30th November 2030). The extension would require a change in the terms and conditions of the existing contract and would be implemented by way of a Deed of Variation;
- **Option D** – The Council incorporates the new MLC into GLL's existing contract and grants a 5-year extension without enacting the 2-year extension clause (i.e. contract expiry 30th November 2030 but the 2-year extension is retained as a possible further extension to 30th November 2032) The extension would require a change in the terms and conditions of the existing contract and would be implemented by way of a Deed of Variation;
- **Option E** – The Council incorporates the new MLC into GLL's existing contract and grants a 10-year extension (i.e. the 2-year extension clause plus a further 8 years – contract expiry 30th November 2035). The extension would require a change in the terms and conditions of the existing contract and would be implemented by way of a Deed of Variation.

5.2. Additional to the length of the contract term and not dependent on the outcome of that decision there is one further option for inclusion in the LMA going forward. This option is:

- **Option F** – Add in the operation of the café development at Canons Leisure Centre as part of the HLF project;

5.2.1. Adding this option into the existing contract would require a change in the terms and conditions, which would be implemented by way of a Deed of Variation.

5.3. The option of whether or not Merton would wish to amend the contract structure from a management agreement to a lease agreement was considered by the council's legal advisors, BM, and they have advised that this would be such a fundamental change that it would result in a new contract and Regulation 72 could not be relied on.

6 CONSULTATION UNDERTAKEN OR PROPOSED

6.1. Consultation has been undertaken with both the Environment & Regeneration Departmental Procurement Group on the 11 December 2017 and the Corporate Procurement Board on 19 December 2017. The advice and guidance received from those consultations has been included within this report.

6.2. The Council will publish an OJEU contract notice advising the industry of the Council's intentions thus allowing any challenges to come forward as part of due process.

6.3. Further consultation will be undertaken with GLL to firm up the detailed documentation and final financial position in relation to the selected proposals once the Cabinet decision is known.

6.4. Further discussions with the Canons HLF project team as to the inclusion or otherwise of the Café operation linked to the Madeira Hall redevelopment.

7 TIMETABLE

7.1. The timetable is as follows:

Table 1 – Timetable for Leisure Management Agreement Implementation

Activity	Date: 2018
Leaders Strategy Group	29 Jan
Cabinet	19 Feb
Deadline for Internal Council 'Call-In' - noon (If no 'call in' timetable continues – otherwise delayed until 'call-in' considered)	26 Feb (noon)
Finalise discussions with GLL	Mar - May
Publish OJEU contract notice	15 May
30 day period for objections ends	15 June
Changes to LMA approved (subject to no objections)	15 July
Complete DoV documentation for signing	1 August

8 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1. Prior to any further discussions with GLL the Council will undertake a fresh review of GLL's financial standing to ensure that they are financially capable of being able to deliver against the proposed revised contract at this point in time.

REVENUE

This section contains exempt information and has therefore been moved to an exempt Appendix (Appendix 1 – Leisure Management Agreement).

CAPITAL

8.15. GLL have advised that they would wish to operate the new café as part of the council's Canon's HLF project, but in order to make this a venue that communities and families frequent they would wish to redevelop the Madeira Hall as a children's soft play facility.

8.16. GLL are not able, at this time, to use their own capital finances to redevelop the Madeira Hall into a soft play facility but are able to repay the council over the period of the extended Leisure Management Agreement should the council be able to fund the capital investment.

8.17. The current estimated projected cost for this development is £435,039. The current capital programme contains no provision for this loan. If progressed a scheme would need to be added to the programme in accordance with financial regulations.

8.18. Should the council be able to agree to the option for GLL to operate the café, officers would bring forward a request for capital funding to be available in line with the HLF capital investment plans. (Note: The revenue position for this development is not included in this report's revenue plans as these are limited to changes relating to the potential contract extension).

8.19. This capital investment would be a one-off and GLL/subsequent leisure operators would be expected to bear the costs of refurbishments and upgrading within their base trading accounts.

PROPERTY

8.20. The life of a new leisure facility should be expected to be 50-60 years.

8.21. As part of the Deed of Variation to the Operations Contract with GLL a new lease will need to be granted for the Morden Leisure Centre and the existing lease for Morden Park Pools brought to an end. These processes will be undertaken during 2018 in readiness for the opening of the new centre.

8.22. To provide the necessary electrical supply to the centre it was determined that a new sub-station would need to be provided within the service yard of the new MLC. To provide this the council have agreed to enter into a lease with UKPN for a term of 99 years at a peppercorn rent.

8.23. In order for the council to meet statutory obligations under section 123 of the Local Government Act 1972 to enable them to enter into the lease referred to in 8.21 the council is required to carry out a consultation which requires they publish two consecutive notices under section 123 of the Local Government Act 1972 of their intention to grant a lease of a small parcel of land which is public open space to UKPN and consider any objections. The notice was duly published on the 28 July and 4 August 2016, no objections were received. The council is therefore able to enter into the lease with UKPN when required.

8.24. In accordance with their statutory obligations under section 123 of the 1972 Act the Council are also required to publish Notices of their intention to grant a lease under section 123 to GLL of Morden Leisure Centre and work on this process has commenced.

9 LEGAL AND STATUTORY IMPLICATIONS

9.1. The original procurement process was undertaken in accordance with the Council's Contract Standing Orders, the Council's Procurement Strategy and the Public Contracts Regulations 2006 (PCR 2006).

9.2. The operation of the centre will be by Greenwich Leisure Limited (GLL). When the last leisure centre contract was let (December 2010) it allowed for the closure of Morden Park Pools and for the operation of a replacement leisure centre.

9.3. The council has a statutory obligation under section 123 of the local Government Act 1972 to advertise its intention to grant a lease of land which is held as public open space and to consider any objections to the proposal. Morden Park is held by the council as public open space. This obligation has been discharged to allow the lease to UKPN to go ahead. The work on the advertisement for the Morden Leisure Centre is underway.

9.4. GLL have proposed amending the contract structure from a management agreement to a lease agreement with the relevant terms and re-structuring the payment as a rental payment. This latter option would have advantages for the Council with regards VAT. However as stated above in paragraph 5.3 this would constitute a fundamental and material amendment to the contract structure which would lead to a new contract requiring a new procurement in order not to be in breach of the Public Contract Regulations 2015.

9.5. Other modifications have been proposed and advice sought from BM. The modifications in question being Options C and D in Paragraph 5.1 above and Option F in paragraph 5.2 above. The full advice from BM can be found in the exempt Appendix 3 attached to this report.

9.6. With regards Option C and D the advantages of these are improved financial outcomes for the Council and a better return on investment. BM had previously advised that there was scope to rely on the provisions of Regulation 72 with regard these options and before finalising their advice they required further information which the Council could provide by way of a business case in support of the modifications. FMG Consulting (FMG) has provided a business case and BM have confirmed that with regards Option C or D, Regulation 72(1)(b) could apply and that on the facts and reasons for the proposed extension both limbs of the test for Regulation 72(1)(b) appear to be met (see Appendix 3 to this report). Regulation 72(1)(b) requires the publication of an OJEU contract notice.

9.7. With regards Option F, Madeira Hall is currently under the management of GLL under the current LMA. The Council is delivering a Heritage Lottery Funder project which includes an extension to Madeira Hall and the provision of a café facility. The proposed modification to the LMA is an extension of the services being provided, by including in those services a new café facility and converting Madeira Hall into a soft play facility. The advice from BM is that it is possible for the Council to rely on either Regulation 72(1)(b) or Regulation 72(1)(c) in these circumstances. A contract notice will be required if either of these grounds are relied on.

10 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1. There are not expected to be any human rights implications or community cohesion implications for this report.

10.2. The due processes being undertaken by the council in considering changes to be made to an existing Leisure Management Agreement entered into in December 2010 are ensuring that the council gives proper consideration to the equal opportunities of other potential contractors, both from the time of the original procurement and those that could be wishing to bid to future contracts with the council. A transparent and open approach is being taken, as far as is possible, whilst also taking account of the commercial confidentiality of the existing contractor.

10.3. The publication of a contract notice within the OJEU will be required.

11 CRIME AND DISORDER IMPLICATIONS

11.1. None for the purposes of this report.

12 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1. There are no health and safety implications for the purposes of this report.

12.2. Risk, assumptions, issues and dependencies are being actively managed as part of the programme.

12.3. **<u>Table 6 – Risk Assessment of the Options</u>**

	IMPACT ->	1- Negligible	2- Minor	3 - Moderate	4 - Major	5 - Severe
Likelihood	1 - Rare	INSIGNIFICANT	LOW	LOW	MODERATE	MODERATE
	2- Unlikely	LOW	MODERATE	MODERATE	MODERATE	HIGH
	3 - Possible	LOW	MODERATE	MODERATE	HIGH	HIGH
	4 - Likely	MODERATE	MODERATE	HIGH	HIGH	EXTREME
	5 - Almost Certain	MODERATE	HIGH	HIGH	EXTREME	EXTREME

Option	Details:	Likelihood	Impact	Risk	Risk	Recommended Management Strategy and Response	Likelihood	Impact	Risk	Residual Risk	Current Status
A	No contract extension. Contract expires on 30th November 2025	1	1	**1**	**I**	No contract change required	1	1	**1**	**I**	Deed of Variation would remove MPP and add MLC
B	Enact the two-year extension. Contract expiry on 30th November 2027	2	1	**2**	**L**	Cabinet awarded this decision to be taken under delegated authority	2	1	**2**	**L**	Could enact this decision and add two year extension into the Deed of Variation
C	Grants a 5-year extension (i.e. the 2-year extension clause plus a further 3 years) Contract expiry 30th November 2030	3	3	**9**	**M**	Publish an OJEU contract notice and wait the statutory 30 days before confirming contract extension decision	3	2	**6**	**M**	Await decision and then take necessary steps to minimise risks of challenge. If challenged would revert back to review decision further in light of the challenge
D	Grants a 5-year extension without enacting the 2-year extension clause. Contract expiry 30th November 2030 but the 2-year extension is retained as a possible further extension to 30th November 2032	3	3	**9**	**M**	Publish an OJEU contract notice and wait the statutory 30 days before confirming contract extension decision	3	2	**6**	**M**	Await decision and then take necessary steps to minimise risks of challenge. If challenged would revert back to review decision further in light of the challenge
E	Grants a 10-year extension (i.e. the 2-year extension clause plus a further 8 years) Contract expiry 30th November 2035	3	4	**12**	**H**	Publish an OJEU contract notice and wait the statutory 30 days before confirming contract Note: If a challenge were to be forthcoming reverting back to Options C or D may not be possible	3	3	**9**	**M**	Await decision and then take necessary steps to minimise risks of challenge. If challenged would revert back to review decision further in light of the challenge

F	Add in the operation of the café development at Canons Leisure Centre as part of the HLF project	3	3	**9**	**M**	Should this option wish to be taken up - Publish an OJEU contract notice and wait the statutory 30 days before confirming contract extension decision	3	2	**6**	**M**	Await decision and then take necessary steps to minimise risks of challenge. If challenged would revert back to review decision further in light of the challenge

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

13.1. Appendix 1 – Leisure Management Agreement – Exempt Sections of the Main Report

13.1.1. Exempt from publication by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972

13.1.2. This Appendix is exempt from publication as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

13.2. Appendix 2 – Business Case – FMG

13.2.1. Exempt from publication by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972

13.2.2. This Appendix is exempt from publication as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

13.3. Appendix 3 – Procurement Advice – Blake Morgan

13.3.1. Exempt from publication by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972

13.3.2. This Appendix is exempt from publication as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

14 BACKGROUND PAPERS

14.1. Project files.

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

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